

Teamsters push through cuts in pensions for workers at New York supermarket chain

Jason Melanovski
25 November 2013

Workers for the Rochester, NY-based grocery store chain Wegmans have reluctantly accepted a union- and company-backed contract offer after overwhelmingly rejecting a nearly identical contract on two previous occasions. The approved contract will apply to approximately 900 Wegmans truck drivers and other hourly workers who are members of Teamsters Local 118.

At issue was the status of the Teamsters' multi-employer pension fund. Wegmans plans to withdraw contributions from it and subsequently move workers into its own 401(k)-type retirement fund. Other terms included in the contract include the removal of paid delay time and the increased use of outside contractors for company work.

The shift will mean that workers will no longer have a guaranteed pension when they retire. Instead, their retirement will depend upon how much they can save in their 401(k) and on the performance of the stock market.

Wegmans is a privately owned grocery chain that employs approximately 42,000 people with more than 80 stores in New York, Pennsylvania, Maryland and Virginia. Wegmans stores are much larger than traditional grocery stores and often include large cafes, pastry and cheese shops, tea bars, and other features directed at attracting affluent "lifestyle" consumers. In 2012, the company's revenue reached \$6.2 billion.

The company, which markets itself as a benevolent employer and regularly ranks in the top-five of Forbes' annual list of "Best Companies to Work For," used the issue of the Teamsters' own underfunded pension status to attack workers' benefits and portray itself as the protector of workers' retirement funds.

Like many pensions funds, the Teamsters' suffered significant losses as a result of the financial crisis. The

ongoing recession has compounded losses in the United States trucking industry, wiping out the jobs of workers who were previously contributing to the funds and keeping them afloat. The Teamsters' Central States Funds has been deemed to be in "critical" status by the Pension Benefit Guaranty Corp., the federal agency that oversees pension funds. The New York State Teamsters Conference Pension and Retirement Fund, which covers the Wegmans workers, was funded at only 45.6 percent as of January 2013.

In a statement regarding the negotiations, Wegmans stated, "The Teamsters Fund is in 'critical' status under federal law because it does not have enough assets. Based on the Teamsters Fund's own numbers, for each dollar of retirement benefits promised by the Fund it has only \$.46 in assets, and they project it to decline over time to \$.34. The Fund has already cut benefit levels twice."

Rather than mount a struggle for increased contributions from the companies to shore up the pension fund, the teamsters' union allowed company after company to withdraw completely from pension fund, which force the funds into an even faster tailspin of asset losses and increasing insolvency risk. UPS was the first major company to withdraw from a Teamsters pension fund in 2007, signaling the employment of a new strategy in the corporate war against guaranteed retirement funds for workers.

Despite workers' first rejection of the contract, the union and the company reached a tentative agreement in early October that would be put before members for ratification containing very similar terms, including the complete withdrawal of Wegmans from the Teamsters' pension fund. Despite the union-negotiated agreement, which included an 18 percent raise over six years and a one-time \$1,000 payment for full-time workers and

\$500 payment for part-time workers, workers still overwhelmingly defeated it, concerned about deteriorating working conditions and a stable retirement for themselves and their families.

At the same time, workers also overwhelmingly authorized the union to call a strike.

After the second rejection, the Teamsters quickly moved to have members vote again on a nearly identical contract just over a week later. At the same time, both the Teamsters and Wegmans made it clear to workers that rejecting the contract a third time would result in a loss of their jobs altogether. Seeing that the union would not mount a struggle against the company, workers accepted the contract.

After the ratification of the contract on its third attempt, several workers expressed anger toward the union on the “Wegmans Teamsters” Facebook page. On the page, one worker reported being denied voting rights since he did not attend a pre-vote union meeting. Another worker reported that the hours for voting had been reduced in attempt to keep “trouble-makers” from voting, while several workers reported the union kept them in the dark about the contract’s final terms until the day of each vote. The union-created page, which clearly documented the anger and frustration of union members towards a bankrupt and corrupt union leadership, was quickly removed after the contract’s approval.

In the post-World War II period, pensions were used by both unions and companies to attract and keep new members and workers. If a company did not have its own pension fund, it could agree to contribute to a union-backed fund as part of the post-war corporate-labor “partnership.” For its part, the union was willing to negotiate sweetheart contracts with the companies as long as it ensured dues and pension funds flowing into the union coffers.

Rather than attempt to unite the working class in a unified defense against the corporate destruction of workers’ pensions, the Teamsters and other unions have responded by forming a “think-tank” calling itself the Partnership for Multi Employer Retirement Security. The group, which labels itself a “business-labor initiative,” seeks to alter existing laws to allow troubled funds to stay afloat. Its main efforts involve releasing reports on the need for pension “reform” and lobbying Congress to allow troubled funds to cut the

benefits of current retirees, which is currently prohibited by federal law. In other words, the Teamsters would keep control of the pension fund while cutting benefits for the workers and retirees.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact