

# Rhode Island pension-cutter wins Democratic primary

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State Treasurer Gina Raimondo, who has made a national reputation as an enemy of public employees, won the Democratic Party primary for governor of Rhode Island September 9.

A former hedge fund manager with ties to the ultra-right Manhattan Institute, Raimondo received 42 percent of the primary vote. Providence Mayor Angel Taveras received 29 percent and Coast Guard lawyer Clay Pell 27 percent.

Of slightly more than 750,000 eligible voters in the state, 153,700—only 20.5 percent—voted in the Democratic and Republican primaries for governor. While she received the most votes of any candidate, Raimondo's 51,770 votes represent less than 7 percent of eligible voters.

Cranston Mayor Allan Fung will be Raimondo's Republican opponent in the November primary. The choice between the two—a woman and an Asian-American—is being presented by the corporate media as a victory for identity politics. This is a thin disguise for a “contest” in which both candidates are viciously anti-working-class.

The support that Raimondo's campaign has received from former New York Mayor Michael Bloomberg and Chicago Mayor Rahm Emmanuel is evidence of the national forces backing her attacks on public workers.

She is best known for her role in engineering Rhode Island's 2011 public pension “reform” that raised the minimum retirement age from 62 to 67 while doing away with cost of living increases. The latter were suspended until the government has funded at least 80 percent of the plans' estimated liabilities, a level which will not be reached until 2030 at the earliest. The government, in other words, is refusing to set aside enough money to fully pay workers' pensions even after they are deprived of COLA adjustments for the

next 16 years.

The *Wall Street Journal* published a chart in 2011 showing Rhode Island's yearly funding levels of its pension liabilities. The level decreased from 77.9 percent in 2001, at the start of the dotcom recession, to only 48% in 2010. Raimondo and the Democrats blame workers for this collapse in funding, which didn't stop the state from cutting its capital gains tax rate to 5.99 percent in 2011. Rhode Island's corporate tax rate is only 9 percent.

Raimondo has also sought to divide workers by pitting retirees against those still working, claiming that there is not enough money to cover both. A 2011 *Wall Street Journal* article quoted one retiree's reaction to her public relations campaign about pension cuts: “She says it nicely. But it's clear we are the target. It's us against them: retired workers versus current workers.”

While denying workers the benefits they've earned, Raimondo has invested at least \$1 billion of Rhode Island's pension funds in hedge funds (see: “Rhode Island workers' pensions cut as hedge funds profit”) while paying tens of millions of dollars in fees to those funds. According to the *Providence Journal*, the fees totaled \$70 million in fiscal year 2013 alone.

The looting has been so blatant that significant sections of the bourgeois press are concerned about the sustainability of Raimondo's approach. *Forbes*, for example, has published on its web site several articles and blog posts by forensic accountant and former SEC lawyer Edward Siedle. In one published just days before the primary, he repeated an April 2013 statement saying, “there's no prudent, disciplined investment program at work here—just a blatant Wall Street gorging, while simultaneously pruning state workers' pension benefits. It's no surprise that some of Wall

Street's wildest gamblers have backed her so-called pension reform efforts in the state legislature.”

On August 28 of this year the *International Business Times* published an article titled

“Rhode Island Has Lost \$372 Million As State Shifted Pension Cash to Wall Street.” Aware that the state is a “battleground” in the campaign against workers’ benefits, the *IBT* is concerned only that the money could have been invested at higher rates of return.

Raimondo’s politics are as unscrupulous as her economics. Hedge fund billionaire and former Enron manager John Arnold supported both her primary campaign and her 2011 attacks on pensions. In 2013 an organization called EngageRI spent \$740,000 supporting her while hiding its donors’ identities, a practice enabled by the Supreme Court’s *Citizens United* decision.

In 2011 she was named an “Urban Innovator” of the year by the Manhattan Institute, which counts Bill Kristol on its Board of Trustees and boasts Judith Miller — infamous for peddling George W. Bush’s Iraq propaganda through the *New York Times* — as an “adjunct fellow.” William J. Casey, who went on to become Reagan’s CIA Director, was a co-founder of the Manhattan Institute in 1978.

Raimondo’s Democratic opponents were neck-and-neck with her in the anti-worker race. One of Taveras’ first acts as Mayor of Providence was to fire more than 1,900 teachers and then rehire them; the move was a backhanded attack on their benefits and seniority (see “Providence, Rhode Island rally protests mass teacher firings”).

In a blunt description of the political calculations that went into such attacks, Taveras’ spokesman has said that “in a sense, the administration faced a choice: do we push Providence into bankruptcy to give a receiver the ability to cut pensions? The mayor believed the cost and collateral damage of pushing Rhode Island’s capital city into bankruptcy was not worth extra pension savings we would have been able to pursue.”

Clay Pell, the third Democrat, was registered as a Republican in Arizona during the whole of the Bush presidency. The grandson of former Senator Claiborne Pell, he spent nearly \$3.5 million of his own money on the campaign. Among other federal positions, he was a director for strategic planning in Obama’s National

Security Council.

In part because of Raimondo’s blatant attacks on workers, the National Education Association of Rhode Island supported Pell against her. He repaid the favor by endorsing her in his concession speech on the night of the primary.



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