US unions back historic assault on workers' pensions

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Last week, the US Congress approved a bipartisan "pension reform" measure that will undo 40 years of retirement income rights for industrial and other private-sector workers in the United States.

Coming on the heels of the ruling in the Detroit bankruptcy case overturning state constitutional protections for public employee pensions, the new measure, included in the federal budget bill backed by the White House and passed over the weekend, opens the floodgates to the gutting of pensions for current retirees across the country and in every sector of the economy.

It marks a major escalation of a social counterrevolution that aims to take back every gain won by workers in the 20th century.

The pension provision was backed by major corporations such as UPS and Kroger and by trade unions that jointly administer so-called "multi-employer" pension plans covering 10 million retired and active workers in the trucking, coal mining, construction and other industries.

Cynically pitched as a means of "saving" financially troubled plans and protecting retiree benefits, the bill allows employer and union trustees to "adjust" monthly pension checks, with cuts expected to range from 10 to 30 percent.

While US employers, with the complicity of the unions, have repeatedly frozen or reduced benefits for future retirees, the Employee Retirement Income Security Act (ERISA) of 1974 prohibited the rescinding or reduction of benefits for those already in retirement. The law made payment of these vested benefits legally binding on employers. It also required corporations to pay into the government's Pension Benefit Guaranty Corporation (PBGC) to insure a portion of the pension benefits if they sought to escape their obligations through bankruptcy.

The new bill permits preemptive cuts in benefits from still-solvent pension funds if the funds are deemed to be in a "critical status." While the bill ostensibly allows retirees to vote against such cuts, their votes can be overridden if the pension plan is considered big enough to pose a threat to the solvency of the PBGC.

As it is, the average annual pension of the 410,000 retired truck drivers and warehousemen enrolled in the Teamsters Central States pension fund is only $15,000. A 10-30 percent cut will throw hundreds of thousands of retirees and surviving spouses into poverty and lead to early deaths.

The Pension Rights Center declared that the bill "sets a terrible precedent," encouraging similar cuts in state and local pension plans as well as in Social Security and Medicare. The *Wall Street Journal* noted the watershed character of the measure in a December 14 article, headlined "Pension Bill Seen as Model for Further Cuts."

The financial oligarchy has long coveted the trillions of dollars in pension money owed to workers. The campaign by both big business parties and the media over the supposed "pension crisis" has provided a political cover for theft on a grand scale. The ruling class seeks nothing less than to turn the clock back to the days when workers were forced to labor until they dropped dead.

In this attack, the working class faces in the union apparatus an enemy no less savage than the corporations. The pension measure is largely based on the February 2013 document "Solutions, Not Bailouts," drawn up by the National Coordinating Committee for Multiemployer Plans (NCCMP), a joint labor-management body that includes the Teamsters, the Service Employees International Union (SEIU), the

United Food and Commercial Workers (UFCW) and several construction unions.

As the title of the document implies, the unions reject any call for a Wall Street-style government rescue of the pension funds and accept without question that the working class must pay to keep the funds solvent. The union executives know full well that the funds have been depleted due to the failure of corporations to keep up their payments as well as losses resulting from speculative investments by union trustees and their Wall Street advisors in the sub-prime mortgage bubble that crashed in 2007-08.

In a joint letter urging Senate leaders to pass the legislation, UFCW President Joseph T. Hansen and the CEO of the Kroger supermarket chain noted that they had already increased pension contributions from workers and reduced their benefits. Nevertheless, Hansen co-wrote: “Unless these plans are allowed to reduce benefits, nothing can prevent some of these plans from certain insolvency.” What was needed was further “sacrifice” insisted Hansen, whose 2013 salary of $350,960 is ten to twenty times the average pension of a supermarket worker.

The unions have long been accomplices in the looting of pensions and retiree health benefits. In the 1980s, they collaborated with corporate raiders and executives who stole pension money to finance leveraged buyouts, fund golden parachutes and conceal slumping profits. The unions established the closest ties to Wall Street, peddling such financial scams as Employee Stock Ownership Plans (ESOPS) that put union officials on corporate boards and left workers penniless.

Even as the number of union members and their wages and benefits plummeted over the ensuing three-and-a-half decades, the businessmen who run the unions parleyed these connections into lucrative careers through the administration of pension, retiree health care and housing investment funds worth hundreds of billions, if not trillions, of dollars.

Established in 2011, the AFL-CIO’s $4 billion Equity Index Fund is a case in point. As a glossy brochure entitled “Investing In Ourselves” boasts, the fund “tracks the S&P 500 closely, outperforming 89 percent of its peer funds in every period measured.”

The unions have a direct financial incentive to lower both the benefits and life expectancy of workers. They are determined to reduce payouts from pension funds that provide a source of income to the parasites who control these misnamed “labor organizations.” Similarly, as holders of corporate stock, they have a direct interest in lowering the wages of their members in order to boost profits and stock prices.

Workers cannot fight the corporate-government attack within the framework of organizations that are completely hostile to their interests. They must rise up against these bureaucratic, corrupt anti-working class outfits and build new, democratic organizations of struggle.

Every day it becomes clearer that the most elementary social rights—to a decent-paying job and a secure retirement—are incompatible with the profit system. Just as clear is the failure of a “labor movement” based on the defense of capitalism and nationalism.

The new organizations of the working class must be part of a mass movement for the international unity of workers in the fight for socialism.