With appointment of Kenneth Feinberg to oversee cuts

White House steps up assault on pensions

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The White House has announced details of a plan to slash pension benefits for hundreds of thousands of beneficiaries of multiemployer pension funds, appointing long-time Washington fixer Kenneth Feinberg to oversee the cuts.

Feinberg, who as the Obama administration's "pay tsar" rubber-stamped multimillion-dollar executive bonuses to Wall Street banks bailed out with taxpayer funds, will now be given power to slash workers' benefits at his discretion.

The announcement stems from legislation passed by Congress in December allowing multiemployer pension plans to slash the benefits of current retirees, something that was previously barred under federal law. The bill was endorsed by a broad range of unions that oversee multiemployer pension funds, including the Service Employees International Union, the United Food and Commercial Workers Union, and North America's Building Trades Unions.

There are more than 10 million participants in multiemployer pension funds, which cover employees in industries such as building trades, transportation and food service. The White House said in a statement that ten percent of participants are in plans that are significantly underfunded, putting as many as a million current employees and retirees in danger of having their retirement benefits slashed.

Treasury Secretary Jack Lew declared that Feinberg "has a proven track record." In fact, this "track record" is a sign of what is in store. Over the course of two presidencies, Feinberg has been Washington's go-to fixer whenever it needed to present a totally inequitable and unfair process as "impartial."

In addition to his role as "pay tsar" for the bank bailout and "special master" for claims related to the September 11, 2001 terror attacks, Feinberg has been intimately involved in cleaning up after some of the biggest corporate scandals of the past decade. He oversaw the disbursement of a $20 billion settlement fund following the 2010 BP oil spill. The fund paid ruined fishermen, shrimpers and oyster farmers cash up front in exchange for waiving their right to sue the company for damages related to the worst ecological disaster in US history.

General Motors hired Feinberg in 2014 to help manage compensation payments to the families of the more than 114 people killed as a result of the company's negligence in failing to recall vehicles with ignition switches it knew to be faulty.

Feinberg will continue his service to the banks and corporations by slashing workers' retiree benefits. Although retirees will nominally have a vote on whether to accept cuts, the White House has given Feinberg the right to unilaterally override the decision of any group of retirees that votes down a proposal to slash benefits.

The attack on multiemployer pension funds is the latest stage in a decades-long drive by Wall Street and major corporations to slash the pension benefits of workers in both the private and public sector. This campaign has been dramatically accelerated in the aftermath of the Detroit bankruptcy, which set a precedent for slashing the benefits of public-sector retirees whose pensions are guaranteed by state constitutions or other laws.

In the months following Detroit's bankruptcy, cities and states throughout the country have launched an offensive against public employee pensions.

· In California, Democratic politicians have filed a ballot proposal for a constitutional amendment to remove the state's protection of public employee pensions.

· Last month, the Pennsylvania Senate passed a bill to slash benefits for current workers and eliminate defined-benefit pensions for new-hires.

· In Illinois, Governor Bruce Rauner, a Republican, is campaigning for an amendment to the state's constitution that would allow him to rip up public-sector pensions. Last month, the Illinois House of Representatives approved a separate plan by Chicago Mayor Rahm Emanuel, a Democrat, to cut the pension benefits of teachers and municipal employees.

A multiemployer pension plan is defined by the government as "a collectively bargained plan maintained by more than one employer, usually within the same or related industries, and a labor union." Such plans were created to allow unionized workers to receive a secure retirement even if they switched employers within a single industry.

There are some 1,400 multiemployer defined-benefit pension plans, many of them covering small companies. The plans are jointly administered by trustees appointed by the unions and management.

Multiemployer pension funds, like pension funds more broadly, have for decades been starved of contributions by the corporations that are legally obligated to finance them. As a result, the federal Pension Benefit Guaranty Corporation, which guarantees the funds against default, posted a record deficit of $ 61.7 billion in 2014 and warns that it will run out of money within a decade.

One major pension plan, the Teamsters Central States plan, pays out $2.8 billion per year in retirement funds, but takes in only $700 million a year from corporations. The plan's director claims it will run out of money in 10 to 15 years.

The systematic underfunding of multiemployer pension funds had taken place with the full complicity of the unions that help run them. For decades, union officials have allowed corporations to exit the plans in exchange for various perks favorable to the union bureaucracies.

The Teamsters Central States plan suffered a massive blow when Teamsters officials voted to allow United Parcel Service to exit the fund, dramatically reducing its active employees. The Teamsters rubber-stamped UPS's move in exchange for being allowed to organize the company's newly acquired freight division (and extract union dues from its employees).

The bill signed into law in December is the outcome of a February 2013 proposal, entitled "Solutions not Bailouts," from the National Coordinating Committee for Multiemployer Plans, composed of major corporations and labor unions.

"Solutions not Bailouts" lists among those organizations that participated in its development the International Brotherhood of Teamsters (IBT) and the International Association of Machinists and Aerospace Workers (IAM), both of which have since sought to publicly distance themselves from the pension-cutting bill.

While the Teamsters were among the most enthusiastic lobbyists for the proposal in early 2013, union president James P. Hoffa later disassociated himself from the plan after encountering widespread opposition from the rank and file. In an October 28, 2013 letter to Congress, Hoffa withheld his official support from the proposal while declaring that "'Solutions Not Bailouts' is an extremely thoughtful and sophisticated document." He added that "the IBT supports many of the proposals in the document."

Even while publicly claiming to oppose the pension-cutting law, Teamsters officials have participated in preparations to slash benefits for workers covered by funds they help manage. The Teamsters Central States executive director, Thomas Nyhan, has stated that all trustees, including union trustees, support his plan to cut benefits.