

The government-union conspiracy to raid US workers' pensions

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10 October 2015

This month the Teamsters Central States pension fund, one of the largest retirement funds in the United States, unveiled the details of its plan to slash pension benefits for over 400,000 current and retired truck drivers, parcel carriers and other employees. Workers received letters informing them that pension benefits for which they had worked for decades, and which had been guaranteed by law, had simply gone up in smoke.

While the pension cuts amount to an average of 23 percent of workers' benefits, for many it will mean a reduction of 50 percent, reducing tens or even hundreds of thousands to poverty and destitution in their old age.

The move is the result of a conspiracy by the Obama administration, Wall Street, major corporations and the trade unions to slash hundreds of billions of dollars from multi-employer pension funds.

In December 2014 Congress passed the Multiemployer Pension Reform Act of 2014, with essentially no public discussion, setting up a mechanism for slashing the pension benefits of 1 million employees in "underfunded" multi-employer pension funds. This year, the White House appointed longtime Wall Street fixer Kenneth Feinberg to oversee the benefit cuts, giving him the unilateral authority to impose cuts even if beneficiaries vote them down.

A multi-employer plan is a pension plan created through an agreement between two or more employers and a union, usually in the same or related industries. They are governed by trustees appointed jointly by the unions and management. These funds allow workers to accrue benefits even when they switch employers in the same industry, and were nominally protected by the federal government from corporate default.

But the funds have been systematically underfunded by major corporations, with the direct collaboration of their union "partners." The multibillion-dollar funds

were used not only to produce sinecures for union functionaries, but also as bargaining chips in the unions' haggling with corporations in their efforts to shore up their income streams.

A case in point was the Central States plan, which was essentially given a deathblow when Teamsters officials allowed UPS to exit the fund in 2007, removing the largest base of active employees. In exchange, the Teamsters were given the privilege of extracting union dues from UPS's recently acquired freight division.

As a result of this and similar deals, the fund now takes in one dollar for every three it pays out. The Teamsters' response to the shortfall was given in the title of a 2013 document it helped draft with major corporations entitled "Solutions, not bailouts." Despite the fact that the federal Pension Benefit Guaranty Corporation was legally obligated to protect the pension benefits of workers in the plan, no money was to come from the government. Rather, it was workers' benefits that would be cut, ensuring the continued existence of a capital stock that highly paid union functionaries see as their own personal property.

One can say without exaggeration that this government-sponsored robbery makes the days when the Teamsters union was run by the mafia look like a model of financial integrity.

The drive to dismantle employee pensions expresses the anti-working class character of the trade unions, which have been transformed from organizations that bargained for better wages and conditions within the framework of capitalism to junior partners of major corporations in slashing workers' wages and benefits.

For decades, the unions have sought to shore up their declining dues base by taking on the management of workers' retirement and benefit accounts, in the

process becoming major players in the financial markets. A case in point was the Voluntary Employee Beneficiary Association (VEBA) set up by the auto companies in 2007 to give the United Auto Workers direct control over the multi-billion-dollar health care benefit fund for retirees.

In the current contract being negotiated with Fiat Chrysler, the UAW is seeking to establish a health care “co-op,” modeled on the VEBA, to manage the health care benefits of active employees, further establishing the union as a health insurance business. Autoworkers should take a warning from the assault on the Teamsters pension plan: The UAW will have no qualms about slashing and ultimately eliminating workers’ health care benefits for its own financial gain.

The drive to cut multi-employer pension benefits is one component of the nationwide assault on pension benefits in the wake of the Detroit bankruptcy, which set a precedent for using a “financial emergency” to slash workers’ constitutionally protected pensions. The unions were key allies of Emergency Manager Kevyn Orr in imposing a significant reduction in workers’ pension benefits as part of an overall restructuring of the city in the interests of the rich.

In the wake of the bankruptcy settlement last year, states throughout the country, most notably Illinois and California, launched campaigns to slash retiree pensions without having to go to the trouble of a bankruptcy proceeding. At the same time, the assault on multi-employer pensions has kicked into high gear at the national level.

Seven years since the collapse of Lehman Brothers, the assessment made by the *World Socialist Web Site* that the ruling class would seek to use the financial meltdown as an opportunity to restructure class relations and make the working class shoulder the burden of the capitalist crisis has proven to be correct. While the wealth of the richest 400 people in the US has doubled since 2009, the income of a typical household has fallen by more than 5 percent, on top of a 7 percent decline between 2007 and 2010.

Now, with the International Monetary Fund predicting the slowest global growth this year since 2008-2009, and with mounting signs that the latest financial bubble is on the verge of collapse, the ruling class, working with its trade union allies, is doubling down on its drive to impoverish the working class.



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