

# White House pushes ahead with plan to slash pensions for up to one million retirees

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The Obama administration is pushing ahead with its plans to slash pension benefits for up to one million participants in “underfunded” multiemployer pension funds as part of its drive to make defined-benefit pensions a thing of the past for all US workers.

The White House campaign, carried out in a conspiracy with the major trade unions and multinational corporations, takes place in the wake of the 2013–2014 bankruptcy of Detroit, which set a precedent for slashing the legally protected pension benefits of retirees.

Kenneth Feinberg, the Obama administration’s appointee to oversee the pension cuts, held a hearing on behalf of the Treasury Department in Detroit Monday to hear objections to the plan to slash the pension benefits of some 270,000 retired truck drivers, package handlers and other members of the Teamsters Central States Pension Fund.

The hearing, which took place at Wayne State University, drew an overflow crowd at a 500-seat lecture hall, with up to 1,000 people participating in total. With the exception of the *World Socialist Web Site*, the media ignored the event, with no US video crews present.

Although retirees had initially been told that the cuts to their benefits would average less than 30 percent, nearly all of those who spoke at the hearing said they had been notified over the Christmas holiday that they would lose between 50 and 80 percent of their pension benefits.

During the two-hour hearing, not a single one of some two dozen pre-selected speakers spoke in favor of the plan to slash pensions. Instead, retirees voiced scathing denunciations of the managers of the Central States Pension Fund, who have received six-figure annual payouts even as they have moved to impose massive benefit cuts. Many made pointed criticisms of the International Brotherhood of Teamsters union that jointly administers the fund.

This overwhelming opposition by pensioners does not

matter, according to Feinberg. When asked by the *World Socialist Web Site* after the hearing what would happen if workers voted down the proposed pension cuts, Feinberg said he had the prerogative to impose pension cuts regardless.

“The law says that I must impose it over their objections” Feinberg said. “So if I accept the plan and it’s rejected by a vote, the law requires me in that situation to overrule the vote.”

The law Feinberg was referring to is the Multiemployer Pension Reform Act of 2014, passed by Congress in December 2014 with virtually no public discussion as part of an omnibus appropriations bill. Acting on this law, in October 2015 the Teamsters Central States Pension Fund unveiled its plans to cut the benefits of workers it covers.

That law is itself the outcome of a February 2013 proposal, entitled “Solutions not Bailouts,” from the National Coordinating Committee for Multiemployer Plans, composed of major corporations and unions. The document lists among its signatories 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.

Workers denounced the Teamsters’ lobbying on behalf of the bill, as well as the decision by the union to allow shipping company United Parcel Service (UPS) to exit the fund in 2007. This removed the largest base of active employees in the fund in exchange for allowing the Teamsters to extract union dues from the company’s freight division workers. As a result, UPS retirees said at the meeting that they are facing pension cuts of more than 50 percent, despite the fact that UPS earned record profits in the fourth quarter of 2015.

“Why on Earth would you let UPS leave the fund?” asked Debra Bakus, the daughter of Dennis Siecienski, a member of Teamsters Local 51 who worked for

Entenmann's for 41 years. She added, "I find it appalling that the trustees of this fund would pay millions to lobbyists out of your fund to get [the Multiemployer Pension Reform Act] passed."

"I have to move in with my daughter if they cut my pension," said Mr. Siecienski, who faces a reduction of 51 percent. "His employer is still contributing to the fund," added Ms. Bakus.

Nationwide, there are some 10 million beneficiaries of multiemployer pension funds, of whom about 1 million receive benefits from "underfunded" plans.

As the Obama administration's "special master" of executive compensation during the 2008 bank bailout, Feinberg rubber-stamped multi-million-dollar bonuses for executives at companies whose activities helped cause the financial crash.

Now, as the official responsible for imposing sweeping benefit cuts on hundreds of thousands of workers, Feinberg is working diligently to ensure that the transfer of social resources from working people to Wall Street continues unimpeded.

In 2009, the Obama administration justified giving multi-million-dollar bonuses to executives at American International Group, which had received a \$185 billion bailout from the federal government, on the grounds that contractual obligations were sacrosanct and could not be abridged by the government.

Asked by the *World Socialist Web Site* whether he would use a similar approach with regard to workers' pensions, Feinberg declared that he never approved multi-million-dollar bonuses to Wall Street executives.

But a 2012 report by Neil Barofsky, the inspector general for the TARP bank bailout, exposes Feinberg's statement as a lie. Barofsky found that Feinberg "approved total compensation packages in the millions" and did not "effectively rein in excessive compensation."

Barofsky's report added, "In 2009, OSM [Office of the Special Master, i.e., Feinberg] approved total compensation of cash and stock of more than \$1 million each for five AIG employees including a \$10.5 million pay package for AIG's new CEO that included a \$3 million cash salary." Barofsky added that Feinberg "approved compensation ranging from \$4.3 million to \$7.1 million each for four AIG employees who that year were also scheduled to receive cash retention awards of up to \$2.4 million."

At the hearing, speaker after speaker described how the proposed pension cuts would financially devastate them and their families. They appealed for Feinberg to see

reason and deny the proposal by the Teamsters Central States Pension Fund.

But far from being an independent arbiter, Feinberg is a bag-man for Wall Street and its representatives in the Obama administration. His role is not to arbitrate an equitable solution to the chronic de-funding of employee pensions in the United States, but rather to facilitate the outcome most favorable to the banks and major corporations.

Monday's meeting took place in the context of a growing resistance and opposition by the working class. Over the past month, Detroit teachers and students have defied the Detroit Federation of Teachers to stage sick-outs at over eighty schools. Teachers in Chicago, Illinois have launched protests against efforts to further starve public schools and slash wages and benefits.

Meanwhile, protests in Flint, Michigan have made the lead poisoning of residents by officials at the state, local, and federal level a national and international issue. These actions follow the eruption of opposition among US autoworkers last year against efforts by the United Auto Workers to ram through contracts that further undermine jobs and benefits.

In each case, workers are being drawn into conflict with both big business parties, along with the trade unions, which defend the capitalist system and are collaborating with the corporations in driving down the conditions of the working class.

The task now is to unify these struggles in a common working class movement, armed with a socialist perspective of breaking the power of the financial oligarchy and reorganizing society in the interest of social need, not private profit.

*The author also recommends:*

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