

The looting of US workers' pensions

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Behind the backs of the American people, the Obama administration is carrying out one of the most significant measures of its tenure in office: the gutting of benefits for hundreds of thousands of retired workers covered by multiemployer pension funds. This attack on private-sector pension benefits coincides with an escalating assault on the pensions of public-sector workers.

On Monday in Detroit and Tuesday in Minneapolis, longtime Washington fixer Kenneth Feinberg held the final public hearings before the implementation of plans to slash the pension benefits of 270,000 retired truck drivers, package handlers and other beneficiaries of the Teamsters Central States Pension Fund by between half and 75 percent.

Pensioners will receive ballots to vote on the benefit cuts, which will be counted and totally ignored, as Feinberg, appointed by the administration to serve as the Treasury Department's "special master" for multiemployer pension funds, rules unilaterally to proceed with the cuts.

As the Obama administration's special master on executive compensation for banks and other firms that received taxpayer bailouts in 2008-2009, Feinberg rubber-stamped multimillion-dollar bonuses at companies such as the insurance giant American International Group (AIG), which was bailed out by the government to the tune of \$185 billion.

At the Detroit meeting, hundreds of retired long-haul truckers, package handlers and delivery workers packed the hall to protest the brutal cuts. One after another—their hands trembling, many clutching canes, others in tears—workers rose to explain how their lives and those of family members would be destroyed by the proposed reductions in benefits.

The workers seemed shell-shocked. How could this be happening? Had they not worked their whole lives, spent years alone on the open road, broken their bodies,

missed hundreds of family functions, strained or ruined marriages—all so they could have some security in their retirement? Were these not contractual guarantees? Did not institutions such as the government, the courts, the unions, the press exist to prevent such injustices?

History, wrote the Russian revolutionary Leon Trotsky, is cruel, not kind. Like the proverbial wicked stepmother, it teaches lessons with blows, not caresses.

In letters received over the Christmas holiday, these workers were informed, in effect, that the official political institutions had conspired to rob them of any rest in the final years of their lives. In the eyes of capitalist society, they have no rights, their lives mean nothing, and they should just hurry up and die.

The drive to dismantle pensions is part of a conspiracy to destroy all of the social gains won by workers over the course of more than a century of struggle—a conspiracy that extends beyond America to the entire world.

This is a social counterrevolution, and it has been underway for decades. It has seen the destruction of millions of US manufacturing jobs, the slashing of wages, the undermining of health benefits, the gutting of social programs, a frontal assault on public education, and the replacement of defined-benefit pensions with 401(k) plans tied to the stock market.

As a result of this ruling-class offensive, the share of US private sector workers receiving only a defined-benefit pension has fallen from almost 30 percent in 1980 to less than 3 percent today.

The social counterrevolution has been intensified since the financial crisis of 2008-2009. To pay for the bank bailouts, in which the US government handed over some \$7 trillion to Wall Street, the Obama administration, with the support and collaboration of the unions, ratcheted up the attack on the living standards of the working class.

First came the 2009 restructuring of the auto industry,

in which the pay was slashed for all newly hired workers and the share of “second-tier” workers, earning half the pay of older workers, was expanded from 20 to 40 percent at GM and Chrysler, even as health benefits for retirees were slashed.

In 2010, President Obama signed the Affordable Care Act, which created a mechanism for companies to offload workers from their existing health care plans into low-quality, high-cost private plans sold through exchanges. It introduced a sharp penalty, known as the “Cadillac tax,” on higher-quality health plans.

Next, in a series of deals with congressional Republicans, the White House repeatedly slashed vital social services such as food stamps and unemployment insurance and chipped away at the bedrock social programs Medicare and Social Security.

Then came the 2013-2014 Detroit bankruptcy, in which an unelected emergency manager used the bankruptcy courts, in collaboration with the Obama administration, to set a precedent for slashing constitutionally protected pension benefits of public-sector retirees. This opened up the floodgates for the dismantling of pensions in states throughout the country, including Illinois, California, Pennsylvania and New York.

In late 2014, the Obama administration worked with Congress, major corporations and trade unions to pass the Multiemployer Pension Reform Act, which opened the door to the slashing of the pensions of up to a million retirees, starting with the beneficiaries of the Teamsters Central States Pension Fund.

Every one of these initiatives was promoted by the unions, which backed Obama’s forced bankruptcy and restructuring of GM and Chrysler, served as cheerleaders for the Affordable Care Act, supported the Detroit bankruptcy “plan of adjustment,” and worked behind the scenes to ensure the passage of the law to cut multiemployer pension benefits.

In the years since the 2008 financial crash, the mask has fallen off capitalist society: the essence of social relations has increasingly appeared on the surface.

Capitalism stands exposed as a de facto dictatorship of the corporations and banks. No one should be under any illusions: with the US teetering on the brink of recession, the ruling class will redouble its efforts to shore up its own social wealth at the expense of workers.

The drive to reduce the working class to penury will not end until workers organize a counteroffensive that matches and exceeds the determination and consciousness with which the ruling class pursues its interests.

There are signs of growing militancy in the working class. Last year’s auto contract votes were marked by mass opposition to the UAW-corporate alliance. In Detroit, teachers and students have launched mass sickouts this year. In Flint, Michigan, workers have staged protests and demonstrations against the lead poisoning of the city’s water supply. The widespread support for Democratic candidate Bernie Sanders, who falsely claims to be a socialist, is a pale and distorted reflection of growing anticapitalist sentiment within the population.

The central task is to unify the mounting struggles of workers and youth and arm them with a political perspective capable of opposing the dictates of the financial aristocracy. Workers must realize that all of the official institutions, including both major political parties, the courts and the media, are instruments of the financial oligarchy and are rigged against them.

It is not a matter of appealing to the politicians or courts, but rather of independently mobilizing the immense social power of the working class, both within the United States and internationally.

None of the social rights of the working class can be defended outside of the building of a working-class socialist movement aimed at overthrowing the capitalist system and reorganizing society to meet social needs, not private profit.



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