# Ohio workers face precedent-setting pension and retiree health cuts

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This month, 2,000 members of Iron Workers Local 17 of Cleveland, Ohio are being forced by their union to choose whether to lose half of pension benefits on February 1, or all of them when their underfunded multi-employer pension fund runs out of money in 2024. At the same time, 800 Honeywell retirees from UAW Local 533 are bracing for the loss all retiree health benefits. In each case, workers are under attack by the courts, the Republican and Democratic parties, and the trade unions, whose corporatist orientation allowed companies to underfund pensions for decades while the unions were integrating themselves into the structures of management.

The voting process thrust upon the Cleveland iron workers is blackmail, and a mockery of democracy. The choice offered to the workers is this: Give up half of pension benefits now, or lose everything in less than a decade. This pits active workers, who will get nothing if the fund goes bankrupt, against retirees, who will be thrust into poverty by the proposed cuts.

The 21-day mail-in voting period ends January 20. All votes not received will be counted as votes in favor of the cuts. Of the local’s 2,000 voting members, fewer than 700 are active. Of the remaining 1,300, many have either retired or moved to other jobs, making them more difficult to reach, and increasing the likelihood of a “yes” vote in favor of cuts.

The pension payouts for a career Local 17 ironworker currently amount to roughly $2,500 monthly, after a $600 deduction for spouse healthcare. A 50 percent cut would mean an annual income of about $15,000, below the federal poverty level for a family of two. The Iron Workers Local 17 fund currently has $223 million in liabilities with only $90 million in assets, due in large part to a shrinking workforce and decades of underfunding.

Iron Workers Local 17 announced the vote on pension cuts in early December 2016, after receiving approval from the US Treasury Department under authority of the Kline-Miller Multiemployer Pension Reform Act (MPRA), sighed by Obama in 2014. This law allows union-run multi-employer pension funds to cut retiree benefits for underfunded pensions, but only if the Treasury Department deems that the cuts would prevent insolvency. The Treasury Department rejected a similar 2016 proposal by the Teamsters Central States, Southeast & Southwest Areas Pension Fund on the grounds that the cuts were unlikely to prevent insolvency.

Although the AFL-CIO and individual unions largely voiced opposition to the MPRA, the bill was in fact mostly based on a proposal drafted in 2013 by the National Coordinating Committee for Multiemployer Plans and signed by the trade unions themselves, the International Brotherhood of Teamsters and the International Association of Machinists and Aerospace Workers.

Pensions for Iron Workers Local 17 retirees are organized through a multi-employer pension fund, common among workers in construction, trucking and other trades in which workers tend to have multiple employers throughout their career. Unlike single-employer pension funds, distressed multi-employer pensions cannot be absorbed by the Pension Benefit Guaranty Corporation, largely due to concerns that the PBGC, which is itself on course to run out of money within ten years, would be bankrupted by absorbing large multi-employer obligations.

Approximately ten million US workers are covered by multi-employer pension funds. Of these, about one million are covered by funds likely to run out of money in the next two decades.

The trade unions have profited greatly from these multi-employer funds, which are often operated at least in part by the unions themselves. Over the past several decades the unions have collaborated with management to offload retiree pension and healthcare obligations into similar underfunded entities, some of which unions were able to use as investment vehicles to line their own pockets while imposing cuts to workers' benefits. In a particularly striking example, between 2002 and 2005, the United Steelworkers union collaborated with Wilbur Ross, President-elect Trump's pick for Commerce Secretary, to offload over $15 billion in retiree pension and healthcare obligations for hundreds of thousands of steelworkers in this manner, all in the name of improving the international competitiveness of the US steel industry.

Meanwhile in Fostoria, Ohio, one hundred miles west of Cleveland, defense and aerospace giant Honeywell is preparing to terminate retiree health benefits for 800 members of UAW Local 533. Honeywell, which sold the now-shuttered Fostoria vehicle components factory in 2011, is arguing, based on contract language, that its healthcare obligations were only valid through the three-year contract period.

Workers at the Fostoria plant have held lifetime retiree healthcare since the 1960s, when Ford Motor Company owned the plant. Honeywell purchased it in 1973. In recent decades, workers have given up substantial concessions with the understanding that retiree healthcare was guaranteed for life. If it is indeed true that the latest contract did not include lifetime health insurance, a claim the UAW denies, this is a devastating exposure of the UAW.

The UAW has asked Fostoria retirees to rely on the courts, seeking to isolate them from other workers, particularly the 317 Honeywell workers in South Bend, Indiana who spent most of 2016 in contract negotiations, and have been locked out since May 9. On December 16, Senior US District Judge James G. Carr, a Clinton appointee, dismissed a class action lawsuit filed by the UAW against Honeywell, rejecting the claim that contract language guaranteed benefits for life. Similar lawsuits by Honeywell retirees in Michigan won a preliminary injunction on December 14 against analogous benefit cuts for those workers, while a judge in Greenville, Ohio allowed another similar lawsuit by other Honeywell workers to proceed.

In each case, the final ruling will be influenced by the Supreme Court's 2015 decision that retiree health benefits be resolved through the ordinary rules of contract negotiation, bucking the previous precedent of operating with the "thumb on the scale" in favor of retirees.

The iron workers and Honeywell retirees are facing precedent-setting attacks through methods that will soon be used to rob millions more workers of their retirement benefits.

Under the Obama administration, workers have had eight years of stagnant or falling wages, as well as forced benefit cuts in the auto bailout and the Detroit bankruptcy. The incoming Trump administration and its cabinet of billionaires, warmongers and quasi-fascists is preparing to continue and intensify this war on the working class to boost corporate competitiveness.

The corporatist trade unions will continue to serve as willing accomplices in this assault, working to stifle working-class resistance to cuts, smothering strikes and seeking to redirect workers into the dead end of the courts and appeals to management and the Democrats or Republicans.

Epitomizing the incestuous relationship between the corporate elite, the political establishment and the unions, Honeywell CEO David Cote, who visited Obama's White House more than 50 times, sits on the White House Advanced Manufacturing Partnership, a corporate competitiveness committee, alongside United Steelworkers President Leo Gerard.

Workers and retirees can defend the right to a secure retirement only by exercising their own strength, through democratically-controlled rank-and-file committees, independent of and in opposition to the pro-company trade unions and the whole big-business political establishment.