

Democrats, Teamsters and UAW promote deal to continue robbing pensions

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At a town hall meeting on Friday morning, Democratic Party politicians and union executives led a showcase of lies and empty promises as they professed commitment to “save the pensions” of millions of workers.

The event in Detroit attracted around two hundred retired and active workers from across the Midwest who fear looming pension cuts or have already suffered from them. After paying into the pension funds throughout decades of work in private industries, workers in every state are now confronted with the very serious threat of losing everything as pension funds go into insolvency.

In front of these retirees stood the well-off leaders of the trade unions, James P. Hoffa, president of the International Brotherhood of Teamsters (\$2 million net worth) and newly installed United Auto Workers president, Gary Jones (\$199,000 salary). They were joined by a panel of prominent Democrats, to whom the unions donate millions, including House Minority Leader Nancy Pelosi and Michigan Representative Debby Dingell.

Official speakers at the event in Detroit promoted the Butch-Lewis Act of 2017, a proposed bill to channel private investment into over one hundred multiemployer pension funds that are set to run dry in ten to twenty years. The jointly-operated funds alone cover 1.5 million people from union jobs in a variety of industries, such as communications, trucking, and manufacturing. Butch-Lewis would create a new agency within the Department of Treasury which would sell bonds to private investors, then use that investment to provide 30-year loans to the underfunded or currently insolvent pension plans.

The entire establishment of Democrats, union bureaucrats and media outlets portray the bill as a holy grail that will finally restore funding in nearly-collapsed multiemployer plans and provide pensions to all those who earned them. “Some people ask: Well what are we going to do? Read Butch-Lewis! That’s the answer to our problems,” Hoffa told the crowd.

Nancy Pelosi followed up with “Two words: No cuts.” She told the crowd that the goal of the bill is “to put failing

plans back on solid ground so they can meet their commitment to retirees today and into the future for decades to come.” Later, when several retirees in the crowd expressed skepticism in Congress’ ability to uphold their promise or even pass this bill, a Teamsters official not only promised there would be no future cuts but that the new loans could restore lost pension benefits.

Their pie-in-the-sky portrayal is deceiving. The legislation only serves as a new way to cut pensions down to poverty levels, while covering up the role of the big business, unions and the government in escalating the decades-long assault on one of the most elementary social rights of workers.

On top of subjecting the entire base of pension funding to the whims of private investors and financial markets, there are no limits to how much the new Pension Rehabilitation Agency will cut pensions. There is no question that when the agency establishes terms and conditions of the loans, especially for plans on the brink of insolvency, they will shrink the funds first and foremost by cutting benefit payments.

After pensions are cut back for the 30-year duration of the loan, the funds will surely be incapable of protecting millions of new workers, many of whom are part-time and have no pensions in the multiemployer funds, despite paying dues to the unions.

The bill also does not adequately address the restoration of benefits and paybacks to workers who have already seen drastic cuts to their pensions, contrary to the Teamsters representative’s statement. The Kline-Miller Multiemployer Pension Reform Act (MPRA) of 2014, passed in the 2015 spending bill with overwhelming Democratic Party support, allowed plans to apply to for astonishing pension cuts.

Under the MPRA, the Treasury Department has already approved cuts of up to 60 percent for five pension plans, which collectively represent nearly 10,000 retirees and many more active workers. After cuts were approved, they passed through mass opposition by workers due to rigged voting where a non-vote counts as a vote of approval. One of these plans is the New York State Teamsters Fund in Syracuse,

where 4,000 retirees faced immediate cuts of 30 percent last fall.

John, a retired machinist at a trucking company, told attendees at the town hall that he and hundreds of other workers have faced a 72 percent cut to pension benefits since the beginning of 2018, after a successful MPRA application by the International Association of Machinists of Motor City Pension Fund. “Seventy-two percent out of my pension hurts really bad. Out of millionaires’ money, well maybe not so bad. They can still live. But 72 percent out of my pension hurts. And it was all because of the reform act [of 2014].” He continued, “Now I’ve taken a cut, and they say [the Butch-Lewis Act] is still not going to save it. So, we need help bad.”

More than a dozen other plans applied for the pension cut reforms, with five still pending and five rejected so far, including the Teamsters’ Central States Plan that covers over 400,000 workers. Central States has the greatest of all unfunded liabilities at \$36.2 billion (November 2017 Boston report), which became especially pronounced after the 2008 financial crash when companies went bankrupt, or withdrew or reduced their contractual contributions. The Treasury Department only rejects deals because the cuts are not deep enough to avoid insolvency in the near future.

On top of the false and exaggerated statements by officials at the event, several points were entirely missing from the discussion: an explanation of why the pension funds are collapsing in the first place and how the withdrawal of corporations from their payment obligations was allowed by the unions. Such questions openly reveal the role of the Democrats and union officials in destroying pension and health care funds, to assist in record profits for the rich while placing retirees in poverty conditions.

Pension benefits have been slowly crumbling since the 1970s and reached their breaking point during the 2007-08 recession when companies withdrew their obligations. Corporations did this often with the direct help of the unions, in the case of Teamsters, or without their resistance. The unions themselves have financial interests in cutting benefits, so that they can uphold their lucrative assets and trustee positions in the pension funds.

The corruption trail leads to General President Hoffa and his inner circle, including Hoffa’s son, Hoffa-Hall Vice President Rome Aloise and Hoffa’s Chief of Staff Willie Smith.

Anti-corruption officers are now in Federal Court as part of a widening probe into top officials for taking employer gifts and payoffs in exchange for rigging the bidding process for business with Teamster benefit funds. Teamsters officials, including those with close ties to Hoffa, have been implicated in receiving payoffs to steer pension investment

to private business. In 2016, federal investigators revealed that Charles Bertucio, an investment firm owner and insurance broker who was paid by health insurance corporations to land business with Teamster benefit funds, bought access to Hoffa and top Teamster officials by taking them on golf trips to Ireland and Scotland, adventures in Alaska and South Carolina, lavish meals and bar tabs in Las Vegas, and giving away tickets to the World Series and the NBA Finals. Bertucio even hired Hoffa’s son, Geoffrey Hoffa, to help land Benefit Fund business from the Teamsters.

Over the past decade, workers have been made to pay for criminal actions of the corporations and the unions. In 2017, companies on the S&P 500 stock index held \$1.8 trillion collectively, an amount which could cover the deficits of all 1,300 multiemployer pension plans (\$150 billion, Forbes 2017) twelve times over. Despite the exponential rebound of corporations and Wall Street after the recession, along with the trillions that have been spent on war, politicians and union officials want workers to believe there is simply “no money” to fully fund social programs, whether it be pensions, health care or education.

Many retired and active workers who spoke out at the meeting searched for answers to this fundamental contradiction, but nothing substantial was offered to them by those who stood on the stage simply to get votes for Democrats and defend the assets of the upper-middle class and big business. Two older African-American workers told WSWs reporters, as they recalled earlier civil rights struggles, “We may have grey hair, pain in the joints and other problems but there is one thing we can still do and that’s fight. If they take away the pensions of millions of retirees, there needs to be a revolution.”

No section of the political establishment will provide a solution to the pension crisis confronting millions of retirees and a whole new generation of workers. Even if the Butch-Lewis Act is dropped, all proposed deals in its place will be constructed as part of the social counterrevolution against the basic rights of the working class.



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