General Electric freezes pension benefits for over 20,000 employees

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General Electric (GE) executives, at the behest of voracious shareholders and Wall Street hedge fund managers, announced Monday that they had made the "difficult decision" to freeze the pension benefits belonging to 20,000 GE employees beginning January 1, 2021.

In little more than year, an additional 700 employees will also have their supplementary pension benefits frozen, while 100,000 employees, who have yet to start receiving any benefits but would eventually be eligible, will be offered a one-time lump sum payment in lieu of any future benefits.

This craven maneuver is expected to save the multinational conglomerate $4-6 billion in net debt, while reducing future pension benefits by a further $5-8 billion. This enormous sum, however, is not nearly enough for the vampires on the trading floor or the executives running the company. Current CEO Larry Culp has previously stated his intentions to slash nearly $25 billion in GE's debt. Pension obligations, which GE has purposefully and criminally underfunded for decades, accounts for nearly half of the multinational conglomerate's $54 billion debt.

In a prepared statement, GE Chief Human Resources Officer Kevin Cox didn't specify that his or any other executives' benefits and compensation would be affected by the announced freeze. Instead the burden of returning GE to a more "favorable market position"—GE's stock has fallen in value more than 32 percent over the last 12 months—would fall on unwilling rank and file workers. The executive went on to state that "returning GE to a position of strength has required us to make several difficult decisions, and today's decision to freeze the pension is no exception."

According to the website *Glassdoor.com* the salary of an average General Electric executive is $200,602 in base pay with an average yearly additional cash bonus of $41,785. In total, *Glassdoor* estimates that the average GE executive could expect to "earn" $260,749 in yearly compensation in 2018. This is over six times as much as the estimated $47,060 median wage of a US worker according the Bureau of Labor Statistics.

The "freezing" of a pension plan usually precedes the outright termination of the plan or benefit. As of 2012 GE has not offered a defined pension plan to any new employee. Current retirees receiving benefits will not be affected, for now. However, future benefits may be terminated at any time by the company.

The Pension Benefit Guaranty Corporation (PBGC) is severely underfunded and would be the last and only recourse for the thousands of American General Electric workers and retirees who are currently, or are slated to receive some form of earned pension benefits in the future.

The new plan that GE workers have access to will be a 401(k). The main difference between a typical pension and the now ubiquitous 401(k) is that while an employer may match contributions up to a certain percent of a worker's paycheck towards the plan, the worker is not guaranteed a base level of payments upon retirement. The 401(k) contributions are invested into various stocks and bonds that may not exist or hold value once a worker has reached the age of retirement. Companies prefer this model as it shifts the burden of providing for retirement away from the company and onto the worker while injecting liquidity into the casino known as Wall Street.

General Electric has been a pillar of American capitalism for 127 years, posting a 2018 revenue of over $127 billion. Its profitability has tanked in recent years, however, with a loss of $22.4 billion last year, while also laying off thousands of workers. GE stock has also been adversely affected by the grounding of the Boeing 737 Max, for which GE produces the engines.

GE's stock initially jumped 2.6 percent in pre-market trading upon news of the planned freeze, however, by the end of the trading day it eventually settled back down 0.1 percent from its opening price, as investors and stockholders weren't satisfied with the proposed dollar amount to be taken from workers.

Similar to the auto industry, and Sears, GE—known for producing, appliances, turbines, engines, and lighting, in addition to founding media giant NBCUniversal, which it sold to Comcast in 2013—is attempting to appease Wall Street by dismantling the conditions and benefits workers had won in previous generations of struggle by stripping away healthcare, pensions, and decent wages.

J.P. Morgan analyst Stephen Tusa, in an article published by CNBC, wrote that GE expects to announce more cuts to employee benefits in the future.

While acknowledging fluctuating interest rates, Tusa plainly stated what Wall Street perceives as the primary factor for destroying worker's pensions, "We understand rates are outside of the company's control, but that is the point, it's a risk that is a known unknown and something we think a key consideration to investing in, and running for that matter, a company with almost 1,000,000 people under entitlement."

No, Tusa, an entitlement is what former GM Corporate Chair and CEO John F. Welch Jr. and his wife, Jane Beasley Welch, were privy to during and after their employment with the company. During their court proceedings regarding a 2002 divorce the *World Socialist Web Site* detailed the many luxuries the Welchs were afforded, because of their exploitation of over 300,000 international workers toiling under GE's many subsidiaries.

Among those "entitlements" was unlimited access to a corporate-owned Boeing 737 jet for personal travel, dugout tickets to New York Yankee baseball games and a reserved skybox for Boston Red Sox games, in addition to tickets to Wimbledon, court-side seats to New York Knicks basketball games and memberships to prestigious golf clubs such as Augusta National. Mr. and Mrs. Welch also received their own personal driver and limousine along with compensated meals, a cook and wait staff, and access to a company-owned luxury apartment at the Trump International Hotel and Towers on Central Park West in New York City. For spending cash, a $9 million-per-month pension was also included as part of the "entitlement package" that the Welchs received from GE, as revealed in their divorce filings.

Tusa's sentiments about the need to restructure the benefits for the employees who have spent their whole working lives earning them was shared by his fellow travelers in the craven financial aristocracy.

In an interview with CNN, Howard Silverblatt, senior index analyst at S&P Dow Jones Indices, agreed with Tusa that the main problem was the very concept that companies had any obligation to fund the pensions of the workers whose labor created trillions of dollars in profits and shareholder value noting that "over the past three decades, corporations in the private sector have successfully shifted the responsibility of retirement to individuals."

The shedding of all obligations to workers in favor of maximizing shareholder value is a core principle of capitalist development and financialization. This process has continued for decades with the help of the trade unions that enforce concessions under the guise of "saving jobs" and "labor-management cooperation" while swindling workers out of their pay through usurious dues.

The various business operations that purport to represent workers in negotiations with the multinational company, from the United Electrical, Radio & Machine Workers (UE), to the International Association of Machinists and Aerospace Workers (IAM), have repeatedly sold out workers interests while overseeing the introduction of tier systems and the elimination of jobs.

The further "Amazon-ation" of the global workforce into at-will, temporary employment with no benefits or future retirement can be stopped only through the collective action of workers across industries and national boundaries who face the same class enemies. The pensions of every worker can be guaranteed only through the formation of rank-and-file committees operating independent of the trade union and in opposition to the entire capitalist system.