Pensions – Our Future Security?

Construction workers, one of the highest paid groups of workers in this country, are beginning to question the effectiveness of their retirement plans. This country is a result of two things: 1) the manager payments made each month to retiring plant participants, and; 2) an organized movement to increase "fringe benefit packages," for cause substantially higher wages in the construction field are doubtful, particularly with the depression of this economy.

Pension plans are designed to supplement other retirement programs as a basis of worker's future security. U.S. officials in charge of programs for the elderly use the analogy of a three-legged stool when describing retirement incomes: the three legs being savings, social security, and pensions. Just as with any three-legged stool, if a leg gets cut off or is shorter than the others, the person using the stool wobbles and often crashes. As designed, neither savings, nor social security, nor pensions can alone provide adequate retirement security. Together they barely provide subsistence.

Retirement should be a time when workers, who have through their labor built this country, can enjoy the rest of their lives doing things they were unable to do while they worked.

However, retired workers must struggle just to keep what they have earned and to feed, shelter, and clothe themselves and their families.

In the month of October, 1975, the International Brotherhood of Electrical Workers' Pension Benefit Fund paid out over $3 billion to almost 60,000 retired electrical workers. This averages only $54 per month, each, which doesn't allow for too much relaxation of enjoyment.

Most labor (mis)leaders call for increased employer contributions during contract negotiations, or the distribution of regular annual statements to each plan participant listing current hour and dollar amounts in Trust. These would certainly be improvements. But they do not address themselves to the question of working people's future security.

In the construction industry, an equal number of plan trustees are appointed by labor (mis)leaders and management. These Trustees are responsible for the administration of pension trusts. Rank-and-file members have no voice in deciding the policies and practices of the pension trust administration. Moreover, the administration exerts little effort to provide the rank and file with pertinent information as to the activity of the Trust itself.

In who interests do pensions work?

The lack of worker control allows Pension administrators to handle these funds as "they" alone see fit. Pensions are not administered by the Trustees. Rather, some financial institution is commissioned to do the actual administration. A financial institution is set up separate and apart from the Union to handle pension funds, thereby taking the worker's pension millions one more step away from their control.

It is because of this lack of worker control that pension funds are important to employers and even more, the financial institutions.

The Employee Retirement Income Security Act (ERISA) of 1974 was designed to stabilize the "mismanaged" corporate pension plans. ERISA did nothing to give control of these funds to the workers. The most glaring defect in the private pension system was not even addressed in the new law – the fact that over 50% of wage and salary workers in the U.S. do not participate in any pension plan at all. Further, the Bureau of Labor Statistics (BLS) estimates that fewer than half of all employees now covered by pension plans will ever collect a penny of benefits.

Employers realize that meager pension plans can serve their interests in two ways: 1) by tying pension benefits to 30-40 years of continuous service, they provide a way of retaining good employees for long periods, thereby reducing costly turnover; and 2) the pension plan can be less expensive than keeping older, "less productive" workers on the payroll. For the company, meager pensions often equal increased profits.

Today pension reserves surpass $180 billion and constitute a section of the great wealth in pension management. Originally banks were able to attract pension fund clients due to their supposed conservatism and solvency, which were considered important for long term planning of retirement incomes. But, as the large banks competed for more and more funds, they began to link their managed funds into more speculative equity stocks and attempted to out perform each other. On average, 70-80% of pension monies are invested in such stocks.

With access and control of so much wealth, the financial institution is free to invest pension monies to serve its own interests rather than those of the workers. The equity investments (stock) in various corporations purchase influence in the form of "stockholder votes."

Yet, as workers, we cannot even control the proxy votes we buy. These stocks provide an added incentive to financial institutions to participate in pension management. It allows them more direct control over corporations, more power, and more profits.

As Executive Vice-President C. Roderick O'Neill, head of Trust operations at Hanover Trust Company said, " Corporations have become increasingly aware of how many dollars a 1% increase in return can involve." A pension industry "rule of thumb" is that a 1% improvement in fund investment performance means a 10% reduction in corporate contribution to the fund.

However, workers do not benefit from increased performance. Their pension benefits do not rise with the stock market. But, on the other hand, bad investments usually do result in a decrease or even cessation of employee benefits. Thus, with pensions invested in the stock market, the potential gain lies with the corporations, the potential risk lies with the workers.

With so much of Pension Trust money being invested in stock in corporations (50-60%), serious questions surface in connection with how the monies are used and maintained. Many workers seek information as to where the money is invested. Even with the new law, ERISA, the reporting of vested funds only states "where" and still does not provide the workers with a veto or any control of investment decisions.

With pension benefits so meager and with only 25% of all workers receiving pension benefits... "Why does Union leadership go along with the present pension system?" First, much of the power of organized labor's leadership is based on rank and file support. Thus, rank-and-file movements within trade unions, including efforts to control their pension funds, are often seen as threats to the leadership of Union.

Secondly, the leadership came to power during the rise of imperialism, a period which allowed limited benefits to some sectors of inventable wealth force. Construction workers, as we have said, enjoy a pay scale much higher than the average worker. This high hourly wage has helped to "buy off" a small military amongst the workers (....a separate peace...)

Consequently, the current leadership of organized labor was formed from a palpable sense of an acceptance of capitalism, advocacy a harmony of interests between labor and management. And, because of these (mis)leaders, living in the Union and industry, they have disguised the completely opposite interests of capital and labor.

Suddenly, a worker's retirement security depends upon how well the bank performs or whether the corporations are able to protect their profits through undermining foreign governments or worker movements at home and abroad.

The private pension system redistributes wealth to the rich. This "class conflict" is characteristic of thousands of workers never seeing a penny of the money taken weekly from their paychecks in the name of "pension security." This money remains in the hands of the financial institutions and the large corporations for the benefit of the capitalists who control them. Those who eventually do receive retirement benefits at the end of their working lives have given over control of their pension assets to these same financial institutions. Adequate retirement security for all workers can only come through a massive redistribution of wealth, a redistribution which capitalism is incapable of making.

One alternative to capitalist control of labor's pension monies would be rank-and-file control. However, the struggle to obtain this control would bring rank-and-file conflict with capital and the labor (mis)leaders who have given the pension assets to the big banks in exchange for the workers' future (....a separate peace!).

We must recognize that the immediate struggle to obtain this control will bring us face-to-face with these local and national labor bureaucrats. We must be ready to fight and voice our collective opinions and demand that OUR unions are run for the benefit of all working people.

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Court Order Advisory Committee

An important innovation in the court's decisions was the creation of the Court Order Advisory Committee (COAC). The COAC staff was set up to comply with the court's order of July 1970, providing advice on the day-to-day activities and decisions of the agency.

The Committee is composed of nine members: a labor representative, management, and the black community, as well as three representatives from the local union. The Committee is responsible for the fulfillment of the Court Order. The court required another person to be a member of the Committee to ensure that the full COAC committee was granted the necessary authority.

Despite the fact that the Court Order already established the importance of the COAC staff, Mr. Burton preferred to keep it small. He wanted the Order to be re-interpreted.

When the UCWA asked the COAC Chair, Glennwood Burton to instruct the company to fulfill the court order, the UCWA pointed out that the enforcement of these ratios in all of the company's operations was necessary to the advantage of the workers in those mills. The UCWA also added that the additional jobs created through the enforcement of the court order would provide an additional amount of profits they anticipated.

The confusion is compounded by the fact that the court order included a provision that the UCWA and its allies should not be subject to any restrictions on the use of the court's order. The court order specifically prohibited the UCWA from using its full COAC committee in the enforcement of the court order.

This is consistent with the court order, which required that the UCWA, as a labor organization, could only be represent the workers in the company and could not be subject to any restrictions on the use of its full COAC committee. The court order specifically prohibited the UCWA from using its full COAC committee in the enforcement of the court order.

Local 7 – Another Struggle

An important legal battle was won in June, 1970, when the Court Order Advisory Committee (COAC) was established in a fight against national minority workers. This battle affected not only the UCWA, but also the local unions and the minority workers. The struggle was about the elimination of discriminative practices against black workers.

This struggle was supported and directed by the Penrose company, which, in turn, was supported by the federal government. Today there is no COAC, in spite of the fact that the Penrose company has already suffered an unscheduled shutdown (18-25% of the company's production) and is threatened with a long-term shutdown.

In a time when multinational corporations dominate the local and national economy, the struggle of minority workers is at a crossroads. The struggle of Black workers is at a crossroads. The struggle of Black workers is at a crossroads.
In short, we had a much broader view of the problem. We knew that the problem was not simply a black one nor could it be solved by getting a few black workers into the building trades.

no separate peace

It was at this point that we realized our real strength. The question of police brutality and crime is tied to the problem of unemployment; and the problem of unemployment is tied to the problem of poor education.

We had also witnessed the actions of these agencies as they came and pacified all the black leadership, and then went out of business, leaving behind problems unanswered and unresolved.

This period in our development was also the period of startling revelations on the part of our governments wrong doing both here at home and abroad. We watched our President lie about petty crimes that he and his men had committed. And we listened to the Secretary of State admit to crimes that he and the CIA had committed abroad.

We came to realize that the national interest of our country was in fact the interest of the large multi-national corporations. The same corporations that closed their shops in this country and moved them to other countries, where there were new sources of raw materials and more people they could exploit for cheaper labor. All this...while at the same time causing massive unemployment here at home.

We also witnessed the struggle of the working people in Vietnam and all of Asia, the people of Angola and all of Africa, and the people of Chile and all of Latin and South America. We became aware of the problems of white workers and recognized that they also were the victims of layoffs, inadequate pension plans, and poor schools. The same dope that had destroyed our communities was now creeping into their communities. We came to the conclusion that all our problems were tied together and that there could be "no separate peace."

The question then before us was, "...what do we have?..." We knew we had 500 workers out there in the building trades among thousands of white workers. We very quickly recognized that as workers, we also fought the wars and built the country. Now we keep it solvent with our pension plan monies (see article on front page "Pensions – Our Future Security?!""). We knew that any changes would have to be made by all of us. What about a unified action by national minority workers and white workers?...what you gonna do with it?

Our first task now was to assess the objective conditions around us. We had come to the conclusion that there would be "no separate peace," yet we found the majority of our members had in fact declared a separate peace. Some had moved to the suburbs. Others had forgotten they were in the skilled trades because of the mass struggle of the people who had come before them, and wrongly saw themselves as individuals who got there on their own merits. Still others were taking advantage of every opportunity to keep their job and bad moodly any and all forms of militancy. In short, we had to fight individualism and opportunism in our own ranks.

The white workers were smarting over the fact that we had gotten into the fight. Trades and were a threat to "their jobs." (The fact that we had been engaged in struggle for jobs and a better life made us see more clearly our task.) They had been put into a defensive position, one of conserving status quo, and had come to a wrong conclusion. They saw us as a dual union until we proved that we were fighting to get into the trade unions. (We are now and have always been opposed to all forms of dual unionism.) They saw us (national minority workers, i.e., black, green, white) as jobs, welfare, crime, etc. Added to the problem of our own individualism and the wrong conclusion of the previous generation was chauvinism and racism among the white workers. These had to be overcome before we could stake a unified action which would be in the interest of all working men and women.

We made an attempt at unity with white workers by demanding that employers pay them a day's pay whenever their jobs were shut down by UCWA. We took the position that no UCWA member should jump the out-of-work list and be called to work by employers ahead of others, black or white.

In 1976 we put forth the demands for jobs for all, tax the corporations' profits, and shorten the work week. None of these calls were supported by white workers. We started to understand that many of them had not fought and didn't understand that they could win greater control of their lives.

We looked at the history of white workers to try and understand why they did not join us. We were surprised when we found the grandparents of today's white workers being hung in Pennsylvania, shot in Colorado, framed in Utah, and beaten in Everett. We wondered why they didn't fight today as their grandparents and great-grandparents had fought. We came to understand that they themselves did not know this important part of history and therefore did not understand the lessons to learn from it.

We found the leadership in the local trade unions were the same as the poverty pimps in our communities. Every time they were able to get a foothold they found ways to make deals with management for a labor-management peace. We all remember the days when the trade unions each time the rank-and-file demanded their rights. The International Realized that thrupeway, "...it's cold, ...from where I sit, I can see the whole picture...." And indeed he could, but the chronic and the trade union leadership united with management and ready to fight against us (national minority workers). Haddad...what were we gonna do with it?

toward a principled unity

"We starting all over again, it's going to be touch and go whether we can make it." These words come from another popular song and this is where we find ourselves today. We see the problem much clearer today than we saw it in the spring of 1970. We will not be misled by our government or trade union bureaucrats. Nor will we allow opportunism and individualism in our ranks.

We must establish unity with the white worker to win our common struggle for a democratic union.

But what about the racism and elitism based on skill that divides the workers? Would this be a fight where we would support the issues and get whatever's left? NO! This time we had to fight first for a principled unity. This time all those engaged in the struggle would know all the issues. The unity would be forged on principles, not race.

The roots of racism, national chauvinism, opportunism and individualism can be understood only through the study of history. We realized we had to know the past in order to understand the present. We knew we had a task of study and education on our hands.

We will demand that our members know who they are as working people.

We will demand that our members understand the historical developments of this country and the world. We recognize that this can only be done through intensive study.

We will demand that the study of history and through our own experience we will come to understand the root causes of our problems and we will continue to find ourselves dealing with and their connection with the peoples of Vietnam, Angola, Chile, and the rest of the working class struggles throughout the world.

Our recognition of the fact that we need allies in our struggle against wage slavery forces us to look outside ourselves. We will unite with all honest forces. We think that we have fought and won an important battle. However, we see the real war ahead. "But we gonna make it!"

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