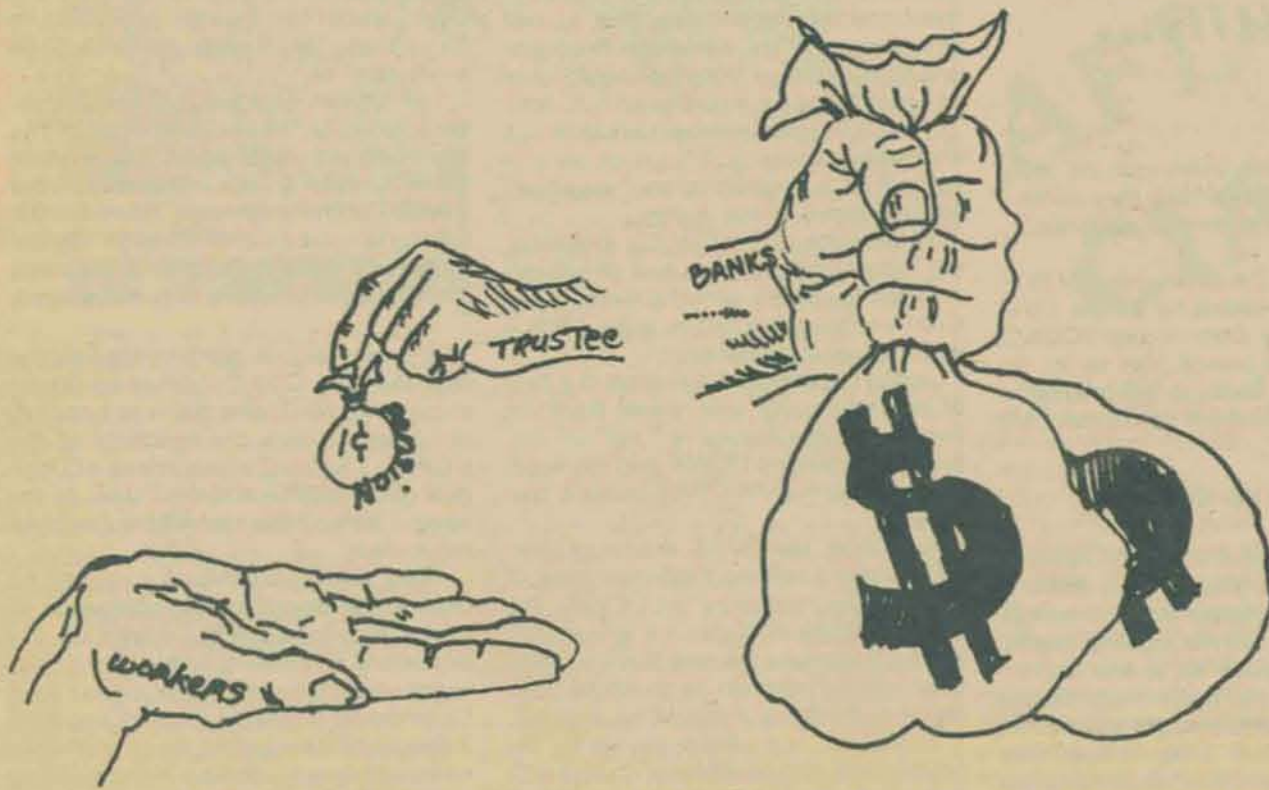


no separate peace

A news-magazine for construction workers.

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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 various corporations (70-80%), serious questions surface in connection with how the monies are used and maintained. Many workers seek information as to where the money is vested. 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 the vesting 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 not based upon rank-and-file support. In fact, many of today's (mis)leaders came to power at a time when progressive rank-and-file movements were being repressed by the corporations and their agents in the government.

Since then, these (mis)leaders have served the interests of the corporations by not taking the initiative to organize the unorganized workers. Today, 78% of workers in the U.S. have no organization committed to protecting their interests, let alone retirement benefits. Thus, rank-and-file movements within trade unions, including efforts to control their pension funds, are often seen as threats to the (mis)leaders of Unions.

Secondly, the leadership came to power during the rise of imperialism, a period which allowed limited benefits to some sectors of the organized work 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" some militancy amongst the workers (...a separate peace?..)

Consequently, the current leadership of organized labor operated from a premise of an acceptance of capitalism, advocating a harmony of interests between labor and management. And, because of these (mis)leaders position in the Union and industry, they enjoy the spoils of this so-called "harmonious" relationship.

But the overall result of turning pension monies over to banks to invest in corporate stock, is to connect working class interests to the survival of the capitalist system, a system of profits for the few. This connection further disguises 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, rather than to the workers or the poor. Hundreds of thousands of workers never see a penny of the money taken weekly from their paychecks in the name of "retirement 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 into open conflict with capital and the labor (mis)leaders, who have given the pension assets to the big banks in exchange for their positions (...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 caucus with each other and voice our collective opinions and demand that OUR unions are run for the benefit of all working people.

Pensions — Our Future Security?

Construction workers, one of the highest paid group of workers in this country, are beginning to question the effectiveness of their retirement plans. This scrutiny is a result of two things: 1) the meager payments made each month to retired plan participants; and, 2) an organized movement to increase "fringe benefit packages" because 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 Worker's Pension Benefit Fund paid out over \$3.2 million to almost 60,000 retired electrical workers. This averages only \$54 per month, each, which doesn't allow for too much relaxation or 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 monies 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 so, the financial institutions.

The Employee Retirement Income Security Act (ERISA) of 1974 was designed to stabilize the "mismanagement" of Pension Trusts. But 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 represent the largest block of investable wealth in the country — one third of the nation's total.

It is no wonder that major financial institutions compete for a section of the great wealth in pension management. Originally banks were able to attract pension fund clients due to their supposed conservatism and solidity, 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 sink their managed funds into more speculative equities (stocks) and attempted to out perform each other. On the 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 their 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'Neil, 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.

Local #7 — Another Struggle	p. 2
Court Order Advisory Committee	p. 2
Labor History	p. 3
AFL — CIA	p. 3
UCWA — Who Ae We?	p. 4

