75% of pensioners set to be robbed

by Lonnie Wolfe

Nearly 75 percent of all Americans currently paying a portion of their income into pension retirement systems will never receive a penny of pension benefits. Instead, these working Americans are contributing tens of billions and possibly hundreds of billions of dollars to so-called pension managers at oligarchical-controlled banks and insurance companies to subsidize the international capital markets.

"This is the biggest hidden tax, the biggest ripoff in the history of banking swindles," said a congressional source who has studied the problem for years.

Despite the mythology about how every American worker will get a pension when he retires, only 50 percent of the employed workforce are covered by pension plans. Of that 50 percent, only 28 percent, or slightly more than one-quarter, will ever see a cent of their pension benefits. This figure represents slightly less than 14 percent of the total workforce.

These figures were confirmed by an official in the United Steelworkers union, though national trade-union leaders have deliberately misled their members on their matter.

This has occurred for two reasons. In some cases, the depression has driven a company into bankruptcy before a worker became eligible for a pension. The pension reform legislation, ERISA, passed in 1974, was ostensibly created to provide partial guarantees for such workers and for workers whose pension systems went bankrupt. The mechanisms such as the Pension Benefits Guarantee Corporation, are already barely able to cope with the current depression-level of insolvencies. Should the financial markets collapse or several major corporations like International Harvester go under, these mechanisms and the workers' so-called pension protection would collapse with them.

But according to congressional sources, ERISA is a cover-up for the real pension fraud. Volcker's depression has drastically changed employment patterns. *Most workers are no longer expected to work continuously at a given place of employment long enough to quality for pensions.*

Most pension systems vest after 10 to 20 years of continuous employment. According to a spokesman for a subcommittee of the House Select Committee on Aging, in 1980, the average worker could be expected to change employment after 4.5 years on the jobs. Since less than 2 percent of all pension systems have benefits which are portable (i.e., can be carried from one job to the next), the average worker has no hope for receiving any pension benefits, as he is recycled from one job to another.

Congressional sources report that the rate of recycling—the speed at which workers are forced from one job to the next or onto unemployment lines—is now uniform throughout the economy, affecting the post-industrial service and high technology sectors as well.

Some funds, like the Teamsters and construction-union programs, are multi-employer arrangements which provide uniform portable benefits at any work-place covered by the company. But the depression is causing workers to look for jobs outside their former industries, with most losing all their benefits.

A United Steelworkers official reported that some arrangements are being made to allow laid-off workers who are close to vesting to receive a portion of their benefits when they are forcibly retired by plant showdowns. The same official admitted, however, that most of these workers will not be able to live on these benefits and will have to seek employment outside the industry.

The big scam

At the same time that this recycling attack accelerated, union leaders were convincing their members to accept improvements in pension programs in lieu of wage increases. More and more money was poured into the funds. And as the depression intensified, actuaries were calculating contributions to pension funds according to previous patterns of growth.

What happens to the billions put into pension funds? They are invested on behalf of the large-money-center banks, such as Morgan Guaranty, and insurance companies, such as the Tavistock-linked Prudential Life Assurance Society, by pension portfolio managers operating from the pension departments of major banks. For the most part, union officials have little or no say in where the money goes. For U.S. Steel, the management of these bloated pension fund assets is strictly handled by its investment bankers.

It is hard to put an exact figure on how much has been looted, but congressional sources say the figure could run into the hundreds of billions of dollars.

The swindle is nothing new. It was first used in Nazi Germany by the Paul Volcker of his day, Nazi Economics Minister Hjalmar Schacht. They called their plan "forced savings." Each week, a portion of workers' income was deposited into a Labor Front account at the Reichsbank. Schacht and his confederates then invested the money as they saw fit. German workers had nok hope of seeing a cent of their "forced savings." But at least the German workers were informed that their income was being looted. Most Americans, with the help of such tricks as ERISA, still believe that somewhere down the line they are going to receive their pensions. Many have built their lives around this unlikely prospect.