companies and profited from the pension funds' losses.

Thirteen other Chicago-based unions sued Continental in a class action for a $21 million loss in Penn Central stock, suing separately for individual recovery of Penn Central, Lum's, TWA, and Boise Cascade stock losses.

Despite the overwhelming evidence that Continental Illinois had failed as fiduciary agent to protect the interests of the pensions, and had profited by the funds' losses, the court refused to hear the case on the grounds that the trustees had given the bank fiduciary powers, and therefore had no standing in court to sue!

This ruling was subsequently reversed on a technicality that pertained only to these cases. Yet subsequent decisions have made it nearly impossible for pension-plan trustees to sue bank trust departments and insurance companies for mismanagement or fraud in connection with the dissipation of pension funds.

The Teamster Central States Fund

In contrast with the legal carte blanche allowed bank and insurance managers to dissipate pension funds is the treatment given the International Brotherhood of Teamsters' Central States Pension and Welfare Fund—the fund portrayed by the press as the epitome of union and pension corruption and fraud.

A federal investigation of the Teamster fund began shortly after the passage of the Employee Retirement Income Security Act of 1974 (ERISA), sponsored by Senators Jake Javits (R-N.Y.) and Harrison Williams (D-N.J.) on behalf of the insurance and trust companies. ERISA served to alibi the disastrous performance of the pension plans, by mandating that the plans invest in "low risk" securities, which are also the poorest performers.

To investigate the Teamster fund, the Department of Labor, with assistance from then Deputy Attorney General Benjamin Civiletti, assembled a special investigation staff which thoroughly examined the fund's accounts. What they found was quite interesting.

The fund, which then had nearly $1.4 billion in assets, was more than two-thirds invested in real estate, a quarter of it in Nevada. Other major holdings were in Florida and California, both growth areas. The fund had a 5.4 percent rate of return for the years 1972-76, the same period in which the common stock portfolios of pension funds were being decimated. Between 1972 and 1976 the value of common stock held by pensions dropped from $115 to $109 billion despite the additional stock purchases of $21 billion.

Over this period, it is estimated that the Teamster fund performed twice as well as pensions in general.

During the 1973-76 downturn, real-estate values also went tumbling. Of the $20 billion in real-estate invest-

Ford Foundation moves into 'postindustrials'

As early 1965, the Ford Foundation reduced its common and preferred stock holdings to 26.4 percent of its portfolio. The remaining stock holdings were a cross-section of "sunrise" assets; in the largest category, utilities, 19 of the 26 listed holdings were in the high-growth areas of the South and Southwest. Only two were in New England.

The next largest category was $112 million worth of oil and gas stocks, followed by consumer products, banks and finance, business equipment, metals, retail trade, drugs, electronics, airlines, photographic supplies, and paper. The foundation had no holdings in steel, railroads, farm equipment, machinery, or machine tools; it had minor holdings in one construction equipment company and in Ford Motor.

The foundation's keen market sense could be explained by the fact that since 1948, when former Marshall Plan administrator Paul G. Hoffman, Sidney Weinberg of Goldman Sachs, and Robert Hutchins, president of the University of Chicago, took the foundation away from the Ford family, it has spent billions nurturing the "postindustrial" perspective, population control, and environmentalism.

The Ford Foundation is well documented as one of the major vehicles for the sunset-sunrise destruction of heavy industry and simultaneous creation of raw materials and energy shortages. It created the Resources for the Future institute in 1952 to oversee control of natural resources on the North American continent, including water, and it organized the Population Council two years later to study and apply methods of population reduction worldwide. Since 1952 it has spent over $100 million creating environmental "movements" as field and legal strike forces for raw materials control and an end to industrial growth.

In 1979, the Ford Foundation gave large sums to the Environmental Defense Fund, Conservation Foundation, Environmental Mediation International, International Union for the Conservation of Nature and Natural Resources, Sierra Club Legal Defense Fund, the Center for the Biology of Natural Systems, and the Resources for the Future.