

## **On behalf of Wall Street, states go after public pensions**

By Harold Schaitberger

Workers have been under siege since the recession began. Allowing states to go into bankruptcy and walk away from their moral and legal obligations to public employees would continue the assault and hasten the destruction of the middle class.

The bankruptcy scheme designed by Newt Gingrich has the appearance of a think-tank white paper drafted by bean counters and policy wonks who prefer to envision the world as they wish it could be, not as it really is.

If we decided during the recession that banks are too big to fail, it stands to reason that states also are too big to fail.

Given the opportunity to file for bankruptcy, states would have the latitude in court to abrogate contractual obligations, skewer wages, pensions and benefits. The pension plan and health care benefits that Mr. Gingrich and other current and former members of Congress are entitled to would remain intact. Hypocritical politicians would be spared from making any sacrifice.

So where is this clarion call coming from?

Mr. Gingrich is taking his direction from bankers, who desperately want to convert defined benefit plans to defined contribution plans so they can have access to the billions of dollars of retirement savings that they can't touch now.

He is looking out for Wall Street bond traders and investment houses, because a state's ability to wipe away pension obligations would ensure that it has more capital to pay creditors.

There is no doubt that investors and bankers rank higher than workers in Mr. Gingrich's think-tank plan. But the bankruptcy scheme would cause more fiscal carnage than the economic devastation we've witnessed over the past two years by destroying the retirement security of middle class workers, the economic foundation of our great country. Allowing states to file for bankruptcy isn't just misguided, it is economically irresponsible.

It's also unnecessary. Mr. Gingrich and other opponents of public employees repeatedly trumpet the same mistruths about public employee pensions – pension obligations are out of control, they are a financial albatross, fiscal doom is on the horizon unless the outrageous benefits of these untouchable elitists aren't reigned in.

The gaping hole in the logic is large enough to carry the freight train holding Mr. Gingrich's personal wealth. Most pension funds for fire fighters remain sound. Those that aren't can be repaired.

First responders aren't economists, but even fire fighters and paramedics understand that these are challenging times. That's why so many have gone back to the bargaining table, agreeing to pay cuts and negotiating concessions to reduce wages and benefits. First responders will continue to help public

officials overcome fiscal hardships because everyone has a role to play in overcoming this brutal recession. Not just workers.

Governors, talking heads and presidential hopefuls like Mr. Gingrich all want a scapegoat. Public employees have provided intellectually lazy finger pointers with an easy target for their bottomless pit of attacks.

But the discussion surrounding public employee pensions is riddled with mistruths and generalizations. The pension funds of fire fighters – most of whom do not receive Social Security benefits – are in good fiscal health in many states. Drastic pension underfunding is the exception, not the rule.

Newly-elected Governor Rick Scott, in Florida, blames public employees for that state's financial problems, but that state's pension fund for fire fighters is 90 percent funded, which independent analysts consider extremely fiscally healthy.

New York Governor Andrew Cuomo, blames public employees for his state's fiscal problems, but that state's pension fund for fire fighters is funded at 105 percent.

In Indiana, the pension fund for fire fighters is funded at 93 percent.

Wall Street's recklessness caused our nation's financial collapse. Public employee pensions didn't cause the problem, and enabling states to walk away from their obligations won't solve a single problem. But it will help further enrich Wall Street at the expense of the middle class.

The middle class has paid dearly over the past two years. As our country struggles to emerge from the lingering effects of a debilitating recession, we need to concentrate on creating jobs and getting people back to work. We need to concentrate on rehabilitating the middle class. Taking aim at workers with laws that will destroy the retirement security of millions of Americans won't contribute to our nation's recovery.

Someone who wants to run for president should be able to understand that.

*Harold Schaitberger is general president of the International Association of Fire Fighters.*