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Democrats' 'rescue plan' does anything but rescue America

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A pair of recent columns in these pages hype the \$86 billion provision to bail out failing pension plans — which hasn't got a blessed thing to do with the pandemic — tucked away in the Democrat's nearly \$2 trillion "American Rescue Plan," as an appropriate use of taxpayer dollars because those "retirement funds (were) earned by working friends and relatives." Those union carpenters in Chicago and Phoenix are your family!

It's also been suggested that the pension-fund bailout, which will benefit mostly union members, will help nonunion members, too, because "(it) will help support family members in retirement, boost local economies, and strengthen this country's commitment to a dignified retirement system for all."

What hasn't been explained in these pages is why tax-paying readers should cough up \$86 billion to guarantee comfortable retirements for people to whom they owe nothing.

Columnist Craig Farrand admits the bailout is unrelated to pandemic relief, but it's "not the bulk of the money." True, but it's a bigger bulk of the money than the "COVID Rescue Plan" provides for vaccine distribution and testing. Nor has it been explained, or even mentioned, why these pensions needed bailing out in the first place.

According to The New York Times, the taxpayer bailout gives "the weakest plans enough money to pay hundreds of thousands of retirees — a number that will grow in the future — their full pensions for the next 30 years."

For "weakest plans" think the worst performing and worst managed plans. But all this money makes them whole again, so, weak or not, problem solved, right?

No, because, as the Times explains: "The provision does not require the plans to pay back the bailout, ... or to end the practices that led to their current distress, which means their troubles could recur. Nor does it explain what will happen when the taxpayer money runs out 30 years from now."

In other words, plan managers have no incentive to fix any of the bad practices that led their plans to fail in the first place. As Andrew Wilford at RealClearMarkets explains, many of these pensions are multiemployer plans that consolidate the plans of multiple businesses, which makes it "easier to diversify and allows workers to still receive pension benefits even if their individual business goes bankrupt."

The problem, Wilford points out, is that "in practice, many multiemployer pensions seem to instead count on being too big to fail." That's one problem with free money: it's a real motivation-killer.

Which is why, according to the Times: “Using taxpayer dollars to bail out pension plans is almost unheard-of. Previous proposals to rescue the dying multiemployer plans called for the Treasury to make them 30-year loans, not send them no-strings-attached cash.”

But our new one-party government in Washington is planning to make no strings-attached cash the solution for lots of things.

In her March 19 opinion column, columnist Rebekah Entralgo hailed the no-strings bailout as a victory for “workers,” even though only a small percentage of American workers, around 1 million, will benefit from the bailout. For the rest of you, your part in the victory is limited to paying for it.

Earlier in the week, Craig Farrand rationalized this bailout by stressing the retirement funds were “earned by working friends and relatives.” This is the same logic used by Ohio Democrat Senator Sherrod Brown, who explained it to the Times this way: “It goes back to the fact that these workers didn’t do anything wrong. ... They have earned these pensions.”

Put another way, instead of robbing Peter to pay Paul, Democrats have come up with a plan that robs Peter to pay back the people Paul owes money to. This is what Nancy Pelosi means by “fairness.”

There’s no question that people who have worked for years to earn a comfortable pension deserve every penny of what they’re owed – from the people who owe it. If the money’s not there because it was squandered, misplaced or embezzled, it’s a tragedy and an injustice, and I wouldn’t wish it on anybody. But with all due deference to Mr. Farrand and Ms. Entralgo’s magnanimous grant of other people’s money to set this injustice to rights, don’t their readers deserve some explanation why it’s up to them to finance the retirement of hundreds of thousands of retiring Teamsters?

I doubt the average working American thinks that’s “fairness.”

One critic, Cato Institute’s director of economic studies Jeff Miron, calls the bailout “just naked redistribution for the constituents of Democratic politicians.” That’s not far-fetched.

According to the Center for Responsive Politics: “President Joe Biden’s 2020 campaign received \$1.3 million in direct contributions from labor and union PACs, and union groups donated millions more to pro-Biden PAC Priorities USA. In total, labor groups contributed \$70.7 million to Democrats and \$166.4 million to outside groups.”

Does this mean I’m suggesting that the \$86 billion bailout is nothing but a transparently political way for Nancy Pelosi and Joe Biden to pay off Big Labor for their support? Of course not! What a ridiculous idea! Not when it’s so obvious that the \$86 billion bailout is a transparently political way for Nancy Pelosi and Joe Biden to make you and me pay off Big Labor for their support.

Now when you see your tax refund go down and your taxes go up, you can feel good that there’s a truck driver in Topeka or a plumber in Pasadena who can enjoy his sunset years in comfort at your expense. They’ve earned it! Maybe not from you, but that’s the thing about fairness. When Democrats are dishing it out, fairness is anything but fair.