

The IBEW is using the power of the pension funds in which it shares a leadership role to garner support for a measure that would force International Business Machines (IBM) to restore equal treatment to its workers' pension and health care benefits.

The IBEW voted its IBM shares held by International and local labor-management funds in favor of a shareholder resolution introduced at the company's April 25 stockholders' meeting to require IBM to apply benefits equally to its workers, regardless of age or length of service.

On March 27, 2000, International President J.J. Barry told the assembled media at a Washington, D.C., press conference called by the IBEW that a basic trade union principle was at stake. "The money that is put into an employee's pension account belongs to that employee," President Barry emphasized, saying that such funds should not be taken away by an employer to improve its bottom line. "The International Brotherhood of Electrical Workers believes that to be a fundamental principle of the employment relationship, and we are determined to defend it equally for all working people, including the employees of IBM." He noted that support for the resolution represented the responsible, prudent course of action to protect labor-management funds' investments in the company while standing up for worker rights.

The IBEW has taken the lead in securing the support of other major institutional investors for the shareholder resolution, which was introduced by James Leas, an engineer at IBM's facility in Burlington, Vermont, and other workers. At the March 27 press conference, Bill Crist, President of the California Public Employees Retirement System (CALPERS), one of the nation's largest, announced that the fund would vote its shares in favor of the resolution. Letters of support were also sent by representatives of the Vanguard Group and the funds of the

*IBEW
Uses Pension
Power to
Support IBM
Workers in
Benefit Fight*

Big **BLUE** Feels The **HEAT**



President Barry (left) and IBM employee James Leas discuss the IBEW's support for Leas's shareholder resolution supporting the workers' fight for fair pensions and health benefits.

International Brotherhood of Teamsters, among others.

The dispute over benefits at IBM began in May 1999 when the company announced that it was forcing 111,000 employees from its existing defined benefit pension plan into a cash balance plan. Each of these workers, according to employee estimates, would have lost at least \$100,000 worth of retirement benefits under the new plan. IBM also revoked long-promised lifetime medical coverage. Thus, employees would be hit not only with diminished retirement benefits, but higher medical costs in their retirement as well.

The IBM employees fought back, working with elected officials, especially Congressman Bernard Sanders (I-VT), to fight the change and contacting unions to discuss the possibility of organizing. The IBEW is currently engaged in an organizing campaign at IBM's Burlington semiconductor plant.

IBM has backed off its initial plan, allowing another 31,000 workers the

option of remaining in the defined benefit plan. However, 20,000 mid-career employees and 60,000 with less than five years' service are still

being forced into the cash balance plan. And the company still will not restore lifetime medical benefits for most of these workers. This raised legitimate questions of age discrimination, which gave the employees the legal standing to introduce their shareholder resolution.

Initially, IBM reported the savings realized by the benefit changes as profits. However, as reported in the media, this was a mere accounting device, since funds set aside for pensions cannot under law be utilized by employers for any other purpose. This can drive up short-term stock prices. But using accounting rule "phantom" profits in this manner threatens the long-term value of investors' shares. And the mistreatment of so much of the work force undermines the stability of the company. When IBM allowed so many employees to opt to remain in the defined benefit plan, even these illusory "profits" have largely vanished, thus giving shareholders even more reason to oppose the company's actions. ■