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AARP Is at It Again

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As it did in 2018, the American Association of Retired Persons (AARP) came out during 2019 in favor of a federal rescue of private-sector retirement pensions. To review, the July-August 2018 edition of the *AARP Bulletin* reported, “AARP has testified before Congress on the issue and is calling on members to contact their lawmakers and demand that they enact legislation protecting the earned pensions of workers and retirees.”



One year later, in the July-August 2019 edition of the *AARP Bulletin*, the matter was brought up again in an article entitled “The Pension Crisis at Congress’ Door: Thousands of workers and retirees have suffered benefit cuts. A million more are at risk.”

Specifically, the issue revolves around “multiemployer” pension plans, which cover pools of labor-union members working for different companies, with each company helping to fund the shared plan. However, declining union membership means that fewer active workers are paying into those plans. In addition, many employers in industries such as mining and construction are losing business to nonunion competitors, which means that fewer employers are contributing their share to those plans. In fact, those plans are failing at an alarming rate. Approximately one out of every eight workers with multiemployer pensions is in a plan that is expected to run out of money within 20 years. The federal Pension Benefit Guaranty Corporation (PBGC), which insures private pension plans, pays up to \$12,870 annually to a worker whose multiemployer pension plan has failed. But this safety net is getting weaker, too. The PBGC’s fund for failed pension plans is expected to go broke by 2025, as premium payments from the private sector cannot keep it solvent. The article states, “AARP and other organizations say congressional intervention is necessary to protect workers and retirees in these plans.”

Logically, one might challenge AARP’s stance by asking some pointed questions: Who is responsible for the underfunded pensions? Isn’t the situation due to financial mismanagement and sometimes even labor-union corruption? Why should we taxpayers now be responsible for bailing them out? The bulk of us taxpayers have no pensions but, according to AARP, we should sacrifice for those who do? What’s up with that?! If a pension fund is underfunded by 50 percent, for example, then why not just cut the pension payout by 50 percent? That would still leave those workers and retirees with the bonus of a pension, in addition to Social Security, which is more than most of us have.

Legally, one might also challenge AARP’s stance by asking this key question: Where can one find in the U.S. Constitution any authority to confiscate money from the citizenry and then give it away in charity? What AARP is advocating is what Frédéric Bastiat (1801-1850), a French economist, statesman, and author, describes in his treatise *The Law* as “legal plunder.” Bastiat explains, “But how is this legal plunder to be identified? Quite simply. See if the law takes from some persons what belongs to them,



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and gives it to other persons to whom it does not belong. See if the law benefits one person at the expense of another by doing what the citizen himself cannot do without committing a crime.”

If I take your money, I will be brought before a court for having committed a crime: theft. If I were to plead not guilty because I used the money to subsidize my underfunded pension benefit, nobody in their right mind would expect the judge to say, “Well, then you are free to go.” But let the government take your money for the same purpose and AARP thinks that it’s a great idea. Go figure that one out!

And socially, AARP’s stance helps to feed a scathing and divisive narrative that has been getting attention over the past few years, namely, that the baby boomers have been plundering the economy in order to benefit themselves, at the expense of younger generations. Here are a few examples from the media: “How Baby Boomers Broke America” (*Time*), “The Boomers Ruined Everything” (*The Atlantic*), and “The Worst Generation” (*Esquire*). There is even a book entitled *A Generation of Sociopaths: How the Baby Boomers Betrayed America*.

But patience and persistence is beginning to pay off for AARP and its allies. In December of last year, Congress tacked a \$6 billion bailout of the pension plan for the United Mine Workers of America onto a year-end spending bill. The American Miners Act of 2019 is now working its way through Congress and, if passed, President Trump has indicated that he would sign it in order to keep one of his campaign promises. If this happens, it would set a dangerous precedent. For the first time in American history, Congress would use taxpayer dollars to make good on the broken pension promises of a private-sector union and private employers.

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