

The slide into poverty—an increasing likelihood for workers in Detroit’s suburbs

Carol Divjak
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The Dow Jones may be hitting 12,000 and the US government and corporations may be proclaiming this period a golden age of prosperity and profit, but people living in the formerly comfortable Michigan counties of Oakland and Macomb would beg to differ.

Homeless shelter director Monica Duncan termed a new phenomenon of the crisis “gray hair syndrome.” She told Jerome White, Socialist Equality Party candidate in Michigan’s 12th Congressional District, that the recent growth of poverty here has given rise to the shocking development of older workers who have worked their entire lives in the auto industry now losing their homes and being forced to apply for temporary charity from institutions like the one she heads.

These trends in the 12th Congressional District are indicative of the dramatic changing of the region’s demographics. Hardship and homelessness now reach broadly across the spectrums of age and ethnicity. The northern suburbs of Detroit, dominated for decades by the auto industries, are reeling under the impact of the mass layoffs of workers by Ford, GM and parts-maker Delphi. The area is being quietly pauperized. This is one of the reasons White chose to run in this district—to expose the brutal reality that the drive for profit is exacting on the working class in this region.

In Macomb County alone more than 27,000 factory jobs—or 22 percent of the manufacturing workforce—have been wiped out since 2000. The number of people officially living in poverty in the county jumped from 44,000 in 2000 to 71,000 in 2005. Overall, Michigan has the second highest unemployment rate in the country—second only to hurricane-devastated Mississippi.

One of the most tragic aspects of the growing poverty is the number of home foreclosures, now at an all-time high. In the first eight months of last year lenders filed for foreclosure on 21,076 homes in the Michigan region, while in the same period this year the number jumped to 50,863. Nearly 7 percent of all mortgage payments in Michigan were overdue by the second quarter of this year. In other words, over 19,000 additional families were in some stage of default. Only Mississippi and Louisiana have higher delinquency rates

And those numbers are just the beginning because so many homeowners have already leveraged as much debt as possible on their sole source of equity, their home. These homeowners will be extremely vulnerable to delinquency in the coming months. The number of second mortgages and home-equity loans—financial instruments originally intended to allow homeowners to do repairs or additions—are huge and growing. Workers are being forced to resort to these extreme measures to meet costs for everything from college tuition to grocery and utility bills.

Twenty-four percent of all homes in Oakland County have a second loan on them while their property value has only risen 16 percent, while in Macomb County 21 percent have second home loans while their median value has only gone up by 11 percent.

By every measure, thousands and thousands of workers are sinking ever deeper in debt just to survive. Even if a worker laid off from the auto industry is fortunate enough to find a job quickly, chances are the rate of pay will be substantially lower, with minimal benefits. Statewide statistics record that about 60 percent of the homeless are working.

Monica Duncan is the executive director of the South Oakland Shelter in Royal Oak and she spoke at length to SEP candidate Jerome White about the distress being faced by ever increasing numbers of workers.

The gray hair syndrome, Duncan said, refers to the growing numbers of workers laid off after “20 years or more,” those whose skills were tied to the auto industry, but who have no or little college education. “Then,” Duncan explained, the worker “gets laid off due to downsizing or the boom and bust of the auto industry. He may have some money in a 401(k) retirement plan but he can’t find another job with a comparable income. All of a sudden from \$18 an hour he’s forced to take an \$8 an hour job. He still has to make car payments and mortgage payments. Then the juggling starts. He skips paying some of his bills hoping things might get better, then the savings start to dwindle as he pulls something from here to pay something from there.”

“You may have managerial experience,” she continued, “but you’re told you have to start as a cashier for \$8 an hour at a department store. You start to have a whole different perception

of yourself, thinking that you don't have any value and you say to yourself, 'This is not where I saw myself being at 55.'

"In Royal Oak, we've seen some workers over 40 who were forced to move back with their parents after losing a job. But when their parents have to sell their house and go to a nursing home or to an assisted living facility, they can't afford the housing costs anymore and end up needing shelter.

Ms. Duncan also spoke about the growing numbers of working poor who become homeless. "Many get a job at \$8.50 an hour at a factory," she said, "but they get laid off on the 89th day because it is cheaper for the company to hire someone else than to pay medical and other benefits.

"These workers would like to avoid inner-city areas in Detroit and Pontiac, but they can't afford the rents in Oak Park, Ferndale or Royal Oak. There is no low-cost housing being built for the working poor. So what happens are long-term stays in hotels, paying \$149 a week with no kitchen, no laundry—or they 'couch surf' at the homes of their families and friends, or end up in the streets."

"In the last two years we've seen a peak," Duncan said. "We have a growing number of working poor and people who have suffered a job loss that led to substance abuse problems and mental illness. We are seeing more families too—not just one-parent families but families with both spouses. We are seeing far more men than women and, contrary to perception, most of those we serve are white men, between the ages of 35 to 45, not African Americans."

Duncan explained that within six months a worker can easily go from living in a home to being in the streets. Solid Ground, a homeless shelter located in Roseville, another northern Detroit suburb in the 12th CD, is being expanded to meet growing demand. The shelter will allow families to be housed together instead of being split up according to sex within a facility. Frank Tenkel, the vice president of the shelter, told White, "We have between 1,200 and 1,500 people in Macomb that are homeless, including 300-400 children. The government's priorities are wrong. Instead of assisting those in need of help, they are spending billions on an unjustified war, while people are going hungry and living in their cars."

A worker at the shelter, Helen Kulbacki, added, "We recently got a call for help from a mother with a 21-year-old mentally-impaired daughter who had been sleeping on a hill behind a nearby Meijer's store, where apparently there are several other homeless people living.

"We see a lot of low-income families with children coming here. Our food pantry empties out quickly. One family, with four children, was living in a car and they asked me for food. I had to give them things like dry cereal, graham crackers and pop-up drinks because I knew they had no where to cook."

The homeless population in Oakland County is steadily increasing according to figures obtained by Kathy Williams from Oakland County Housing Council. In January 2005 there were 1,293 homeless, up from 1,100 the previous year. The

average age was nine years because of the large number of children. Statewide statistics record that about 60 percent of the homeless are working.

"We have found that these figures actually underestimate the real situation," she said. "They don't count the number of people doubling up in other people's homes, but just the number recorded by emergency shelters, food kitchens and police departments. With the economy worsening we expect the numbers to be higher in our survey in January 2007."

White and the Socialist Equality Party are calling for a series of emergency measures to meet this crisis, including the following:

- * A moratorium on foreclosures and evictions for all workers who have been laid off. Lenders must suspend their collection of debts from unemployed workers and the government must provide emergency financial assistance so that no one loses a home because he or she has lost a job.

- * Limit housing costs to no more than 20 percent of a worker's income.

- * Repeal the bankruptcy law signed by the Bush administration in 2005 and drafted by lobbyists for the credit card companies and other financial interests. This law has punished tens of millions of Americans who have been forced to accumulate a huge debt burden because their wages have stagnated or declined, while the cost of living has continuously increased.

- * Launch a crash program to construct tens of thousands of new low-cost and high-quality housing units to end homelessness and guarantee safe, affordable, decent shelter for all.

- * Shift the tax burden for public services from small homeowners to the corporations and the wealthy—those who are most able to pay. The Reagan- and Bush-era tax cuts for the rich must be repealed and the state and local government policies overturned that provide ever-greater tax breaks and subsidies to big business.

These emergency measures must be combined with a far-reaching reorganization of the home building and lending industries in order to take profit out of housing. Like healthcare, education and economic security, such an essential requirement as the provision of decent shelter for working people and their families cannot be left to the vagaries of the capitalist market and the interests of the wealthy investors, real estate moguls and giant home builders.



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