

# Bing administration issues layoff ultimatum to Detroit city workers

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Detroit Mayor David Bing issued an ultimatum to city workers this week, demanding workers accept a 10 percent pay cut and other concessions by this weekend or face 1,000 layoffs starting Monday.

Bing is also demanding the unions agree to cuts to benefits amounting to \$19 million annually. He has already announced plans to impose a pay cut of 10 percent on the city's 3,000 nonunionized workers.

The attack on city workers and services come as new figures were released showing that unemployment in Detroit, the poorest big city in the United States, rose to 28.9 percent in July, the highest total since records started in 1970.

In an interview published Thursday in the *Detroit News*, the mayor, a multimillionaire businessman, denounced city workers for resisting the gutting of their wages and benefits. "There are people who think we're supposed to be job providers. We're service providers. Our people need to understand that entitlement is gone," Bing declared.

What Bing considers "entitlements" are wages for city workers that average just \$30,000 per year, only marginally above the poverty level for a family of four. As far as the city being a service provider, this is certainly news to the residents of Detroit, who have witnessed the decimation of libraries, parks, transit, public health and trash collection over the past several decades.

Hearings this week on proposed cuts in city bus service gave an indication of the public attitude toward the Bing administration. Angry riders packed public meetings to oppose the city's plans to cut back weekend service and eliminate routes, forcing Bing to back off this threat. Indicating his fear of galvanizing public support behind city workers, Bing told a radio interviewer, "I don't want people to panic and allow the union really to use this as a negotiation tactic."

Bing, a Democrat, won a primary election earlier this month with the overwhelming support of the corporate establishment and the leadership of the American Federation of State County and Municipal Workers (AFSCME), the largest union representing city workers. AFSCME gave its support to Bing despite the fact that the mayor openly stated his intention well before the election to force city workers pay for the city's fiscal

crisis.

In addition to pay cuts, the Bing administration is calling for wide ranging attacks on benefits. The city is proposing to:

- Reduce vacation days for new hires after five years from 10 days to just 5 days and end swing holidays and bonus vacation days for new hires.

- Reduce sick days for new hires from 17 days to 10 days.

- Eliminate coverage for certain drugs and eliminate smoking cessation coverage. The administration also wants to stop covering the children of employees after age 22 rather than 25. The city currently allows employees to add adult children to their insurance if they pay the premiums.

- Eliminate the annual longevity bonus, a payment that ranges between \$150 and \$750 depending on length of service.

- Take away the paid lunches most city employees currently receive.

The Bing administration also wants to stop paying overtime after eight hours a day. City workers would have to work 40 hours in a week before they would get overtime pay. The city is further pressing for the elimination of the current defined benefit pension program and force new hires into a defined contribution program, essentially a 401(k) that offers no guaranteed payment on retirement.

A financial consultant quoted by the *Detroit News* pointed to the massive reduction in pay and benefits surrendered by the United Auto Workers to justify Bing's concession demands. City workers' current benefits "are from a much different time. A lot of this was based on what autoworkers make," he said.

Bing is warning that the city of Detroit will be forced into

receivership by October 1 if massive cuts are not implemented. This week Moody's investment services lowered Detroit's bond rating to below junk status. According to Charles Beckham, the mayor's chief administrative officer, the city now faces an immediate cash shortfall of \$60-80 million and an overall deficit could reach \$300 million. "Every day we don't layoff people...we're spending money we don't have," he told the *Detroit Free Press*.

The impact of the city's financial crisis is far reaching and will impact wide sections of the population. The city is even asking vendors, which include many small businesses, to take a 4 percent reduction on outstanding payments they are owed.

The cuts in Detroit are part of the continuing wave of state and municipal cutbacks being implemented by Republican and Democratic politicians across the United States as the recession widens and deepens. While handing over trillions of dollars to bail out Wall Street, the Obama administration has starved cities and states facing widening deficits.

Southeastern Michigan, the center of US auto manufacturing, has been one the regions hardest hit by the slump. Over the past few months, both Chrysler and General Motors have been forced into bankruptcy by the Obama administration, with the elimination of tens of thousands of jobs and the slashing of wages and benefits for the remaining workforce. Job cuts are spreading across the auto parts industry. Recently, American Axle closed its largest plant, located in Metro Detroit.

Bing's assault on city workers comes at the same time that Robert Bobb, the emergency financial manager of the Detroit Public Schools, is demanding job cuts and benefit concessions from teachers. Instead of forging a united struggle of teachers and city workers, union officials are seeking to isolate and demoralize workers. This is highlighted by the agreement Wednesday by Detroit Federation of Teachers President Keith Johnson to accept a contract extension until October 31 in order to head off the possibility of a joint strike by teachers and city workers. (See "Detroit teachers' union blocks strike action against wage cuts, layoffs: DFT committed to implement Obama's school 'reform'")

Union officials have repeatedly declared their willingness to work with Bing to enforce major concessions on the backs of city workers. An August 24 article in the *Detroit News* quotes Catherine Phillips, chief negotiator for AFSCME, who declares, "We do understand we have to give up some things. No one has said we won't give up anything...."

Joe Valenti, president of Teamsters Local 214 representing trash collectors, has already indicated his willingness to accept cuts in hours—in effect pay cuts—for his members.

According to the *Detroit News*, city union officials complained that Bing's proposed benefit cuts would save little money because they would mainly impact new hires. Presumably they would support more drastic benefit, costing city workers very substantial amounts of money.

Detroit city workers can place no confidence in the city

unions to wage any fight on their behalf. The unions are not calling for wage cuts and layoffs to be rescinded. They are only seeking to ensure that the city will employ their services in imposing the cuts.

This is highlighted by the unions' reaction to the call by Bing for the city to stop paying the salaries of full-time union officials. Currently full-time officers receive pay both from the city and from the union treasury. Al Garrett, president of AFSCME Council 25, pleaded with the city to maintain this practice calling it "in the best interest of the city and unions because it makes for smoother labor relations."

The prostration of the union officials stands in contrast to the anger of workers to the attack on their living standards. Within the past week there have been mass rallies by both city workers and teachers opposing concessions. The determination evinced by teachers and city workers is causing some concern among Bing's corporate backers about the extremely provocative manner in which the mayor is proceeding.

A front-page article published Thursday in the *Detroit News* detailing Bing's layoff threats and concession demands ends with a note of caution: "Easier said than done Mr. Mayor. The reaction to the coming reckoning of Detroit's public sector—including its beleaguered public schools—is likely to be longer, louder and more politicized than it's already been."

City workers should form rank-and-file and neighborhood committees to defend their living standards, completely independent of AFSCME and the other trade unions. These committees should be democratically elected and controlled by the workers themselves. An appeal should be made for united struggle of teachers, auto workers and all sections of the working class in the city, employed and unemployed. A determined stand by city workers will win mass support throughout the Detroit area.

However, the struggle of city workers is above all a political fight. It must be directed against Bing, Governor Jennifer Granholm, and the entire political establishment that is forcing through these cuts. The success of this struggle therefore depends on the development of an independent political movement of the working class—throughout Detroit, the United States, and internationally.



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