

# Detroit mayor outlines plan to gut services, attack city workers

Jerry White  
13 April 2011

In a budget address Tuesday morning, Detroit's Democratic mayor, David Bing, outlined a program of savage cuts in public services. He demanded that the city's 10,000 municipal workers pay a large portion of their health care and pension benefits, a year after he forced them to take a 10 percent wage cut.

The 2011-12 budget proposal is part of a sweeping plan by big business and the wealthy investors who control the city's municipal bonds to eliminate essential services to large sections of the city, privatize municipal assets and loot city workers' pension funds. Over the last decade, Detroit has lost a quarter of its population due to the downsizing of the auto industry, chronic levels of unemployment and poverty, and the dismantling of education, housing, transportation and the rest of the city's social infrastructure.

In a now well-known refrain from corporate heads and politicians from Wisconsin to Washington, DC, Bing claimed the city could no longer afford health care and pension costs. He suggested that city workers, not the corporate and financial elite, were holding the city hostage. "We cannot afford benefit packages so rich," said Bing, a multi-millionaire, "nor can we afford to protect the interests of 30,000 people at the expense of 700,000."

Lamenting that workers were living too long after retirement, Bing added, "The old days when getting a good city job meant that you put in your 20 years with the expectation that city government could take care of you for the next 40 years is no longer a realistic or viable option."

The mayor threatened that the state of Michigan would use new powers to appoint an unelected Emergency Financial Manager and tear up existing labor agreements if workers in the city's 48 unions did not agree to the concessions. The media suggested that

Republican Governor Rick Snyder, who initiated the reactionary law that allows an EFM to override decisions of elected officials, might appoint Bing as the emergency financial manager.

The crisis in Detroit is being exacerbated by the tax cuts and other subsidies given to big business by Democrats and Republicans alike in the name of supposed "job creation." Governor Snyder is handing over \$1.7 billion in tax cuts to the corporations and wealthy while cutting \$61 million in revenue sharing for Detroit. On Tuesday, Snyder announced a deal with Republican legislators to tax the pension benefits of retired state workers.

The average city worker in Detroit makes less than \$30,000 a year. According to union officials who accepted the pay cut last year, many are so low paid they qualify for public assistance. Bing wants workers to pay 20 percent more for health care, an increase that would save \$75 million by 2015.

The mayor also wants to freeze payments to two pension funds and suspend a \$65 million annual loss-recovery payment owed to the pension funds to compensate for losses suffered as a result of the financial crash of 2008.

"The most important items on our fiscal agenda are pensions and medical spending," Bing said in his address. "If we do not get those costs under control, a state takeover is inevitable. I understand that current and former city employees are sensitive to this discussion. Over the years administration after administration avoided this conversation but we no longer have that option."

Bing continued, "Businesses and governments across the country are struggling with pension reform," adding his administration to the list of those destroying the retirement benefits that workers fought for and have

paid into for decades.

The claim that health care and pension costs are responsible for the crises of the state and local governments is a myth propagated by both big business parties and the corporate-controlled media. The dire situation in state and local governments has chiefly been caused by a record fall in revenue due to the economic crisis triggered by the reckless speculation on Wall Street. The fiscal crisis has only been worsened by the corporate tax cuts and other subsidies used to boost corporate profitability.

The vast majority of Detroiters face near-Third World conditions of poverty, hunger, homelessness, and lack of access to the most basic necessities, including heat and electricity. Meanwhile, the auto companies, having slashed the wages, health care and pension benefits of workers, are once again making record profits and showering corporate executives with huge bonuses.

Ford CEO Alan Mulally received a pay package worth \$26.52 million in 2010, a 48 percent raise from the previous year. This is in addition to a stock bonus of \$56.6 million the chief executive was awarded in March, bringing his total take for the year to more than \$83 million.

Mayor Bing said the unions had until the end of June to renegotiate contracts and impose the concessions. If the \$155 million budget deficit was not closed by then, he said, an Emergency Financial Manager would be appointed. For their part, the trade union officials—including from the largest city union, the American Federation of State, County and Municipal Employees—are sure to collaborate, as they have for years, to impose these concessions on the backs of workers.

As vicious as his proposals were, various sections of the political and media establishment wanted far deeper cuts. They criticized his largely symbolic proposal—which is likely to be defeated—for a temporary three percent tax on casinos operating in the city, which made nearly \$1.5 billion in profits last year.

“I am not willing to vote to increase taxes in any area unless I see significant cuts in the employment ranks,” City Council President Gary Brown, another Democrat, said, adding that at least 1,000 city workers’ jobs should be cut. Councilman Andre Spivey said government exists to provide services, not jobs.

Referring to the new powers to appoint an Emergency

Financial Manager, right-wing *Detroit News* columnist Daniel Howes wrote Tuesday, “Yes, courtesy of Gov. Rick Snyder, Treasurer Andy Dillon and the state Legislature, a big new hammer has arrived behind the scenes at City Hall, just in time for Detroit’s duly elected mayor and council to demonstrate whether they’re up to the job their predecessors failed to understand, much less do. What does that mean?”

“Just about every politically incorrect word you can muster in the context of Detroit—privatization (starting with Public Lighting), consolidation (does the city need its own health department when Wayne County has one?), benefit reduction (can the city really afford to pay its employees more in benefits than in wages?) and job cuts.”

Howe concluded by urging Bing to follow the example of the auto companies, which gutted the jobs, wages and pensions of its workers to return to profitability, and the Detroit Symphony Orchestra, which provoked a six-month strike to impose deep pay cuts on its musicians.

On the eve of the budget speech, a *Detroit News* editorial insisted that the mayor slash “unsustainable” health and pension costs and wipe out city jobs. “But the real savings,” it writes, “will come by privatizing many of the services now provided by the city.

“Beyond public safety, almost every function of city government should be subject to competitive bidding. Turning over much of the work the city does to outside contractors should produce immediate payroll savings, and also ease long-term pension obligations.

“Detroit does not want to find itself under the control of a state-appointed emergency manager. The best way to avoid that is for Bing to place a budget on the table Tuesday that is balanced with real revenue and deep cuts.”



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**