

# Central Falls, RI residents denounce social cuts following city's bankruptcy filing

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The *World Socialist Web Site* is continuing its coverage of the impact of the proposed federal budget cuts on workers and young people across the US. On August 2, Congress approved at least \$2.4 trillion in spending cuts, which will likely include cutbacks in basic entitlement programs such as Medicare and Medicaid, the health insurance programs for the poor and elderly, as well as the Social Security retirement and disability program.

For this installment, the WSWWS visited Central Falls, Rhode Island, a distressed municipality that filed for Chapter 9 bankruptcy protection last week, opening the way for the imposition of drastic cuts in current workers' and retirees' benefits and pensions, as well as cutbacks to city services already severely curtailed.

At Georgia's Restaurant on Dexter Street we spoke to Catherine Rhodes and Lin Collette about the bankruptcy and its relationship to the proposed budget cuts nationwide.

"If you have a business in Central Falls, you're not bothered by the powers that be," Catherine told us. "You can pretty much go your own way. But if you're a small guy, and you're living in an apartment that's not being kept up to code, and you go and complain, you're basically booted out of the apartment."

Lin added, "A lot of people living in affordable housing here are immigrants, and many of them do not speak English well enough to really negotiate their way through the system. I recently moved to Central Falls from Pawtucket. My family is from here, so for me it's like coming home. I love Central Falls; I've always loved it."

"I think the fear now for the seniors, and those receiving services from the city, is that those services might get lost with this bankruptcy," Catherine said. "That's big money speaking, and we don't know who those bondholders are. Deutsche Bank owns a lot of these foreclosed properties in Central Falls. And yes, the city has to pay those municipal bonds before they pay anything."

Lin described how the bankruptcy has affected basic services: "One of the things that has happened as a direct outgrowth of the bankruptcy is that the public library closed. And now it's only open three days a week; it just reopened this past Monday. And it is only open, with volunteers, during hours when working people can't go, from 12:00 to five."

Catherine said, "The thing that has really hit Central Falls is that we have a lot of working class people living here, and when the jobs went, people weren't buying as much. So businesses like this

are getting less money, and less taxes are coming out of that.

"And the people who are being hurt the most are the three-decker home owners, who rely on rent from two of the floors to pay their mortgage. They got caught up in that housing bubble. We've seen a lot of foreclosures, and Providence has quite a few as well.

"It's really hitting the people who are just working class, and people who are on fixed incomes. Lin and I are both on fixed incomes. We get a certain amount of money and that's that. Once and a while we go out to eat—this is a treat for us.

"The average person is going to make it through it, but it's going to be very tough. There's a lot of working class pride here, where people don't want to accept help. People are suffering silently, because they're maybe from that age when you didn't ask for help and there weren't Food Stamps."

We asked Lin and Catherine how they saw the relationship between what was happening in Central Falls and the cuts being made to the budget on the federal level.

"Rhode Island is extremely un-wealthy," Lin said.

Catherine added, "It's just a double-edged sword. We have wealthy individuals, but the state is broke. People get through the tax loopholes. We have businesses here that are multi-state and they don't pay as much taxes, because we don't have the tax structure.

"I've yet to see a tax break to business bring in the amount of jobs they say they're going to bring in. And a lot of us aren't graphic designers; I don't see that many working class people who have degrees to apply for these specialized jobs.

"In relation to the debate over the debt ceiling, I don't believe in the banking system, because I think the banking system is for the very wealthy. But they've made the debt ceiling into this big huge political thing. What if all of us decided that we weren't going to pay our taxes because of what happened in Congress? They'd come and get us and put us in jail.

"I was reading Henry David Thoreau on Civil Disobedience, and he refused to pay taxes during the Mexican-American War because he really believed that it was a wrong war. And he stood up against it, and he said that true statesmen are people who care about the people. Now politicians are just there for a means to an end, for corporations, for the war.

"I think that it's wrong the way they've manipulated the debt

crisis. I don't know how much of the budget is social programs. I know health care accounts for a lot of the budget."

Lin said, "For me, personally, I have no health insurance, even though I'm on Social Security Disability. I'm not eligible for Medicare for two years, because they need to make sure that the disability is long-term, a permanent disability. Luckily, I had health insurance until May 31 through my former employer, but that's gone now. This means for most doctor's appointments I have to pay full rate."

"Maybe it's wishful thinking," Catherine said, "but I'm hoping they're going to cut funds for the war in Iraq and Afghanistan. Because I think what is leading to the budget crisis is the debt that we're accumulating. I want soldiers to be safe, but I think that the wars have to end. We have to let the people that are living there ultimately be responsible for what goes on there."

"We also have a responsibility after bombing the hell out of them to make sure that there's some type of infrastructure so that those people don't starve to death. We literally did bomb them into the Stone Age."

Both Lin and Catherine are on Social Security Disability, and worry about the impact of the federal cuts. They have both worked for 30 years, but due to illness can no longer work. "My own fear," Lin told us, "is that the impact of these cuts to the federal budget is that I may no longer have health insurance."

Catherine described her personal situation: "I earn \$990 a month, that's what I get for Social Security disability. Out of that \$990 they take \$110 for Medicare. I have \$85 in co-payments, and my rent is \$500 a month. So you figure out how much I have left to survive on. You just have to rob Peter to pay Paul."

She added, "If I were to go back to work at a full-time job for minimum wage I would lose all my benefits after nine months. There's no way on minimum wage I could pay for health insurance and all the medication."

We asked if either of them had seen any improvement in their living standards since the Democrats came into the White House

"I call them the Dem-Republicans, or the Demo-Repubs," Catherine told us. "I think we need a four- or five-party system. I blame both of them for what happened with the debt ceiling, both the Democrats and the Republicans."

Asked about the connection between what's happening in Central Falls and the bigger picture, Lin said, "I think it's a precursor of things to come. There's already a community down South that is bankrupt and they have pretty much eliminated just about every possible service they can."

"It's going to happen over and over. There are cities and towns in Rhode Island that are pretty much in the same boat as Central Falls, they're just not talking about it. A lot of the problem is pensions; pensions are woefully unfunded here in Rhode Island."

"They say the economy is improving slightly, but on the other hand I've seen reports that we're actually going towards a double-dip recession. For most people on the ground, a recession was happening before there was the official recession."

"I agree," Catherine added. "As we saw the foreclosure crisis that started to hit in California, that worked its way across the

country, we're going to see communities across the country in default and bankruptcy, because they can no longer provide services to the people, because there aren't enough jobs to support it.

"Central Falls is going under. People can't pay their taxes; if there are foreclosures they don't get any taxes on those properties. They don't get as much taxes when people are spending less on gasoline, or cigarettes, or things of that nature."

"At the state level, the budget was slashed. They cut a lot of the social programs. They cut the state contribution to assisted living by \$206 per individual, which is basically going to shut down places that are taking in low-income people. This is for people who are mentally ill or developmentally disabled, the most vulnerable people."

"Federal dollars are being cut too. We have a lot of homeless people here, and the federal government has gotten out of the business of housing."

As we neared the end of the interview, the server came to refill our coffee. Overhearing some of our conversation, she joined in, expressing her disgust over the library closure. "So you took the library from the kids. They complain that the kids do badly at school, and now they can't go? You send all those kids home with summer reading lists, what are they supposed to do? Most of these kids don't have transportation to go somewhere else."

"That's insane. So you're in a city that just claimed bankruptcy, half of the people don't work. And now these kids are going to have to go without more?"



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