

# Detroit mayor outlines drastic cuts

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In a televised speech Wednesday night, Detroit's Democratic Party mayor, David Bing, outlined a series of draconian cuts in a city already ravaged by mass unemployment and the collapse of essential services.

Taking as his model the Obama administration's forced bankruptcy of General Motors and Chrysler in 2009—which resulted in wholesale attacks on auto workers and retirees—Bing called for a long list of concessions from city workers. These included a 10 percent wage cut, increases in employee contributions for health insurance, cuts to pensioners and changes in work rules. This was combined with the threat of 1,000 layoffs.

Bing also called for the privatization of the city lighting department and the management of the city bus system as well as a 10 percent cut in pay for city contractors, many of them small businesses.

Bing cited the city's chronic budget problems—an accumulated \$150 million deficit and a projected \$45 million cash shortfall by the end of June 2012—to justify the cuts. He threatened that Republican Governor Rick Snyder would appoint an emergency financial manager (EFM) with the power to rip up collective bargaining agreements if the unions did not go along with the mayor's list of demands.

A new Michigan law enacted in March gives state-appointed EFMs more power to override local elected officials and void existing contracts. Such officials already run the Detroit Public Schools and manage the Michigan cities of Pontiac, Ecorse and Benton Harbor.

The attack on workers in Detroit has national and international significance. The mayor's proposals were undoubtedly coordinated with the Obama administration—which considers Detroit “ground zero” for its reactionary school and urban “reforms”—and will be used as a precedent across the United States for a further assault on jobs and living standards. They come at the same time that the international bankers have engineered the fall of governments in Greece and Italy and the installation of “technocrats” to impose massive cuts in living standards.

No sooner did Bing conclude his speech than it came under attack for being insufficient. The *Detroit News* called the mayor's proposal “too little, too late.” Meanwhile, City Council President Charles Pugh said Bing's proposals “didn't go far enough,” and called for additional mass layoffs of city employees.

The Bing administration and the financial elite know the kind of attacks they are proposing cannot be carried out democratically. The agenda of the ruling class requires a political restructuring and the imposition of authoritarian forms of rule.

The cuts being outlined will destroy what remains of a social infrastructure in a city decimated by the collapse of the auto industry. Detroit is already the poorest big city in America, with an official unemployment rate of more than 28 percent and a real unemployment rate estimated at around 50 percent. According to recent statistics, nearly 40 percent of all Detroit residents and more than half of all children live in poverty. The city has a functional illiteracy rate of 47 percent.

The city of Detroit, with a current population of 714,000, has lost a quarter of its residents over the past decade alone. The number of students attending the Detroit public schools has fallen to 66,000, down from 104,000 four years ago.

The city faces the virtual collapse of its public transportation system, with many bus routes eliminated and transit users facing delays of up to three hours. Hundreds of buses are in need of repairs due to the layoff and furlough of mechanics.

The Detroit Library Commission voted just this week to close four of the city's remaining 23 branch libraries. This follows the layoff of 82 library staff earlier this year.

Meanwhile, as many of 20 percent of the city's 88,000 streetlights do not function. Power outages in the city are a routine occurrence due to lack of maintenance of the city's antiquated electrical grid.

The cuts proposed by Bing are in line with his plan to “right size” the city by cutting services like fire protection, street lighting and trash pickup in areas

deemed too poor or underpopulated. The aim is to drive residents out of so-called distressed neighborhoods so that resources can be concentrated on areas deemed worth servicing.

These conditions are being enormously aggravated by the policies of the White House. The jobs and living standards of workers and retirees in Detroit and surrounding suburban communities were the target of the forced restructuring and massive downsizing of the auto industry carried out by the Obama administration in 2009. Detroit's Big Three automakers have eliminated 150,000 jobs nationally in the last five years alone.

Detroit has also been a testing ground for Obama's reactionary "Race to the Top" education program. This has included the slashing of the jobs and pay of teachers, the wholesale closure of public schools and the spread of for profit charter schools.

In justifying the cuts, Bing—a multimillionaire former auto parts boss—talked of "equality of sacrifice." This is a fraud. The average pay of city workers is around \$30,000 a year, with some eligible for food stamps. While demanding huge sacrifices from workers, the city's wealthy elite will see a less than one percent increase in the municipal corporate income tax rate.

The claim that there is no money is equally false. The present budget crisis is the outcome of a deliberate policy spanning decades to bankrupt the city through tax cuts for businesses and the wealthy. This has included tax abatements for the auto companies and the establishment of tax free enterprise zones. While it is claimed there is no money for vital social services, there is never a lack of money when it comes to projects that benefit the rich: multimillion-dollar sports stadiums, casinos and upscale real estate developments.

General Motors, with headquarters in Detroit, is sitting on a cash hoard of nearly \$40 billion.

Utility monopoly DTE Energy—on whose corporate board Bing sat for two decades before becoming mayor—had a -0.7 percent income tax rate from 2008 through 2010.

According to a recent survey, the metro Detroit area ranks ninth in the United States in the number of millionaires, with 89,100 in 2010. That represented a 12 percent increase over 2009.

Pizza baron Mike Ilitch alone has a net worth of \$1.5 billion, 100 times the entire city of Detroit deficit of \$150 million. *Forbes* magazine lists shopping mall developer Alfred Taubman as having a net worth of \$2.5 billion.

Clearly the resources exist, not only to eliminate the

Detroit budget deficit but to vastly expand social services in the whole Metro Detroit area, including the construction of state-of-the-art schools and the rehiring of teachers, the rebuilding of neighborhoods and the development of a modern mass transit system.

What stands in the way of this is the domination of political power by the representatives of the wealthy elite. Both political parties, the Democrats as well as the Republicans, defend the interests of the banks and big corporations. No decisions can be made that impinge on their profit interests.

The unions, including the United Auto Workers and the American Federation of State, County and Municipal Employees (AFSCME), are also defenders of the Democratic Party and the capitalist class. They have proven again and again that they will lead no fight to defend the jobs and living standards of the working class. The heads of AFSCME and other city worker unions, far from launching a fight against the Bing administration, are merely demanding they be "consulted" in the ongoing attacks against the workers they falsely claim to represent. Workers must break free from these rotten organizations and build new organs of struggle, including rank-and-file and neighborhood committees, to spearhead the fight against the cuts.

The fight against the corporate program of massive budget cuts and austerity is of necessity a political struggle. It requires a break with both big business parties and the building of an independent party of the working class fighting for socialism. Society must be organized on a new and more rational basis. The wealth created by the working class must be used for meeting social needs, not the enrichment of a wealthy few.



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