

Detroit mayor cuts jobs, threatens state takeover

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Detroit Democratic Mayor Dave Bing threatened unions Wednesday with a state takeover of city finances if they do not agree to massive concessions to help close the city's budget deficit. Bing is demanding city workers accept 10 percent pay cut, increased health care costs and changes to work rules. He is also calling for a "voluntary" reduction in benefits by the city's 22,000 retirees and the layoff of 1,000 of the city's 11,000 public employees.

The mayor's cuts would amount to \$102 million in 2012 and \$257 million in subsequent years, according to a briefing Bing presented to union leaders earlier this month.

Bing said concessions are necessary if the city is to avoid bankruptcy or the appointment of an emergency financial manager (EFM) with the power to void union contracts and unilaterally impose spending cuts. The mayor's remarks came after he cancelled a meeting with the Detroit City Council, which has proposed a rival deficit plan.

Mayor Bing and the city council have been unable to agree on a common strategy to deal with the city's deficit, which is estimated at around \$300 million. The city will reportedly have problems meeting payroll next month and claims it could run out of cash by April without additional revenue or spending cuts.

According to a report in the *Detroit Free Press*, the city's financial situation is so dire that even if officials were to lay off one-third of its workforce, it would only extend cash for an additional three months. Whatever the actual budget numbers and the minor tactical differences between the mayor and city council, the crisis is being seized on as an opportunity to go on the offensive against the jobs and living standards of city workers.

In a speech last week Bing—a multi-millionaire former

auto parts executive—compared the crisis facing the city to the 2009 forced bankruptcy of General Motors and Chrysler by the Obama administration which resulted in massive attacks on auto workers and retirees, including layoffs and pay cuts.

Some city council members have denounced the mayor's proposed cuts as too timid and are calling for more draconian measures, including the layoff of 2,300 city workers. Among those to be laid off would be 500 police and 400 firefighters. Bing rejected the proposal, warning the council's plan would cause the city to "implode." He called on council members to instead join with him in demanding the reopening of the contracts of city workers.

On Tuesday, Michigan Treasurer Andy Dillon called on the city council to support an official review of Detroit finances. This would be the first step toward the appointment of an emergency financial manager (EFM) by Republican Governor Rick Snyder. Under provisions of legislation enacted earlier this year by the Michigan legislature, EFM's have dictatorial powers, including the ability to dissolve local elected governments, cancel collective bargaining agreements and sell off public assets. Mayor Bing, a Democrat, has said he would accept the job of EFM to run Detroit if appointed by the state's Republican governor.

The latest proposals for massive cuts threaten to shred what little remains of services in Detroit, the poorest big city in America. Nearly 40 percent of Detroit residents and half of all children live in poverty. Real unemployment is in the area of 50 percent.

Public transportation barely functions and public lighting is in shambles, with 20,000 of 88,000 streetlights not working. Schools, fire stations, libraries and recreation centers have been closed wholesale and streets are in disrepair.

With the decades-long contraction of the auto industry and services and infrastructure crumbling, the city has suffered a 25 percent population decline over the past decade and now has just 714,000 residents compared to a population of 2 million in 1950.

Under his plan to downsize the city, Mayor Bing has threatened to close down neighborhoods deemed “unviable,” cutting off services like fire protection and trash pickup to drive the remaining residents out.

In a sign of massive social distress, on November 21 over 6,500 people lined up at Detroit’s Cobo Hall seeking help with their gas and electric bills. Through the end of October an estimated 330,000 people have had utilities disconnected in southeast Michigan.

Meanwhile, Focus: HOPE, a nonprofit agency providing job training and social service programs to Detroit residents, has announced it will lay off nearly one-third of its 300 member staff due to the loss of federal funds. The cuts have forced the nonprofit to cancel nearly all its job training programs. Focus: HOPE had expected to receive \$5.86 million in funds under the federal Workforce Investment Act on October 1.

All sides in the official debate over Detroit’s finances claim there is no money to maintain jobs and social spending. However, the present budget crisis is part of a deliberate policy by big business to drain Detroit’s finances through tax cuts to the corporations. This has included tax abatements for the Detroit automakers and the establishment of tax free enterprise zones.

Detroit corporations are rolling in money. Detroit based DTE Energy reported pre tax earnings of \$561 million for the first three quarters of 2011. That is dwarfed by the resources of Detroit automaker General Motors, which is sitting on a cash hoard of some \$40 billion.

For their part the unions have done nothing to mobilize workers against the threat of more massive cuts. On the contrary, the American Federation of State, County and Municipal Employees (AFSCME) and the other unions have consistently collaborated with the administration to impose concessions. Facing the growing anger of rank-and-file workers it is likely that at least a section of the trade union apparatus privately welcomes a threatened or actual state takeover. Despite all their hollering about ‘union-busting,’ such a scenario would allow the union officials to claim they

had no choice but to capitulate to the dictates of the state-appointed manager.

Various middle class “lefts” have aided this effort, including John Riehl, the president of 1,000-member AFSCME Local 207. Covering up for the treachery of the unions, Riehl dismissed the threat of a state takeover, telling the *Huffington Post*, “It is always a conflict between labor and management and conflict doesn’t end because of a regime change.”

The threat of an emergency financial manager however, is very real. EFMs have already been appointed to run the cities of Flint, Pontiac and Benton Harbor as well as the Detroit Public Schools. In the case of the Detroit Public Schools, a series of EFMs have left a trail of destruction, with scores of schools closed, thousands of jobs eliminated and huge cuts to teacher pay. In each and every case, the unions have been complicit in these attacks.

To oppose the cuts city workers must break with the corporate-controlled unions and build new organizations of struggle, including rank-and-file workplace committees and neighborhood committees, to defend jobs, living standards and vital social services. This is, above all, a political fight against the Democratic Party, which has overseen the decades-long attack on the working class in Detroit.



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