Michigan politicians prepare new assault on Detroit workers

James Brewer
23 December 2011

Michigan State Treasurer Andy Dillon announced on Wednesday an impending financial review of Detroit, the state's largest city, to be conducted early next month. A preliminary report found that the long-term debt of the beleaguered city is $12 billion, $2 billion more than originally projected.

The new figures are being used to call for even deeper attacks on workers in Detroit. Dillon, a Democrat, and Republican Governor Rick Snyder are overseeing a drive to impose an emergency financial manager (EFM) on the city, with the power to rip up contracts, impose budget cuts and sell off city assets.

The media is playing its part in pushing demands for cuts. In an article Thursday, the *Detroit Free Press* quoted Van Conway, CEO of Conway MacKenzie, which the newspaper described as a "turnaround firm that has helped reorganize municipalities and school districts," as saying: "It's going to be very painful. There has got to be massive cuts."

Earlier reports on Detroit's cash crisis, such as the one by private accounting firm Ernst & Young, indicated the city could run out of funds by April.

The financial review would focus on the long-term debt of the city, a large part of which are pension payments and other "legacy costs." Dillon used this to call for immediate "pension reform," that is, the slashing of workers pension benefits.

Detroit Mayor David Bing and the City Council have officially opposed the call for an emergency financial manager, but, along with the unions, they are agreed on the necessity for the working class to pay for the deficit.

City workers unions are currently in closed-door talks with Bing, who is demanding a major concessions agreement by Christmas. Bing has proposed a ten percent pay cut and 1,000 layoffs. Union leaders have made it clear that they are prepared to reach a deal with the mayor.

At a press conference called by the mayor's office earlier this month to announce the proposed assault on city services and workers, top officials from Detroit area unions appeared on the platform with Bing.

The Republican-dominated Michigan legislature passed the anti-democratic "fiscal responsibility act" early this year that will provide for a state-appointed EFM to replace elected local officials of municipalities declared to be insolvent. The ruling has been described as a "financial martial law" and has been the subject of widespread opposition.

Mayor Bing is attempting to exploit hostility to the EFM law to rally support for drastic cuts in city services. Detroit City Council has put forward its own plan for cuts which went beyond the mayor's.

The mayor and city council are proposing instead for a "consent agreement" that will allow city officials to assume the many of the powers of EFMs. Calling for the immediate negotiation of such an agreement, City Council President Pro Tem Gary Brown said Thursday, "We need to give the unions the motivation to accept meaningful cuts in health care and pension benefits before we are run into bankruptcy."

What the unions are in fact seeking is some mechanism to allow them to sell a new round of cuts and overcome growing opposition among workers.

Unions in Michigan have launched a petition campaign, seeking to challenge the EFM law and force it to be put to a ballot. If enough signatures are collected, as appears imminent, the law will be suspended until a statewide popular vote can be taken.

The Snyder administration, however, has indicated that if the law is challenged, it will simply call on the

© World Socialist Web Site

state legislature to pass a new law granting the same basic powers, allowing the EFM to go forward.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site