

# Detroit city unions agree to massive concessions

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Detroit city union leaders said Tuesday that they had reached concession agreements in 25 of the 48 bargaining units for city employees, including huge cuts in the health benefits for thousands of workers.

According to a report Wednesday in the *Detroit Free Press*, the deals include a \$20 million cut in prescription drug benefits and what the newspaper called “substantial” reductions in pension benefits.

The newspaper said that under the tentative agreements, workers would lose their defined-benefit pension plan and be relegated to a defined-contribution plan like a 401(k), which workers, not the city, would be responsible for paying into.

The unions are negotiating with the administration of Mayor Dave Bing over measures to close a budget deficit of an estimated \$105 million. The Bing administration claims the city could run out of money as early as April, and set a January 31 deadline for the unions agreeing to its demands, which include a pay cut of ten percent, the second such across-the-board pay cut in three years.

The talks are being conducted under the threat that if Bing fails to extract sufficient sacrifices from city workers, the state government will intervene and impose an Emergency Manager who would tear up contracts, impose wage and benefit levels arbitrarily, and order mass layoffs.

Bing and the Detroit City Council are proposing their own version of the same policy, with Bing calling for 1,000 layoffs plus cuts in wages and benefits, while the City Council has proposed 2,300 layoffs and a different set of wage and benefit cuts.

City Council President Charles Pugh told the *Detroit News* that he was optimistic that sufficient concessions would be extracted from AFSCME Council 25, the largest group of city workers, but that he was concerned

about continued difficulty in talks with the police and fire unions.

Union executives who spoke to the *Free Press* said they would not hold ratification votes of their own members until the uniformed services also agree to cutbacks. Officials like Al Jarrett, the head of AFSCME Council 25, are joining with Bing to put additional pressure for cutbacks on the police and fire unions.

The entire political and media establishment in Detroit is united in demanding that city workers pay the cost of the city’s fiscal crisis. This includes Mayor Bing and the City Council, all Democrats, as well as the city’s two daily newspapers, the liberal *Free Press* and the conservative *News*, and the union executives themselves, who are prepared to give away everything so long as their own salaries and dues income are preserved.

The brutality of the program being enforced in Detroit was summed up in an editorial Wednesday in the *News*, long the most open mouthpiece of the auto bosses. The editorial declared that if the unions did not cave instantly, “Bing should mail out the 2,300 pink slips necessary to trim the work force enough to balance the budget. Perhaps that will convince union leaders that this is not, as Councilman Gary Brown says, a negotiation; this is a demand that must be met for Detroit to survive.”

The City Council discussed a series of budget cuts Monday at a public session, including privatization of the Emergency Medical Services, instituting a \$300-a-year fee for garbage collection, raising bus fare to \$2, eliminating subsidies to the city’s cultural institutions, and closing the entire city recreation department.

Other cuts include the proposal by Michigan Governor Rick Snyder that the city’s Lighting

Department, which operates a power plant and maintains street lights, should be handed over to DTE, the utility monopoly that controls electricity and gas service for most city residents and most of the metropolitan area. DTE has shut off utility services to nearly a quarter million households in the Detroit area over the past year, and is seeking to close down services to entire neighborhoods in the city that are deemed unprofitable.

While the city government sinks deeper into financial crisis, the Detroit-based auto makers are raking in enormous profits. Last week Ford Motor Company, headquartered in nearby Dearborn, reported a staggering annual net income of \$20.2 billion. This means that the company makes a profit of \$110 million, greater than the entire Detroit budget deficit, *every two days*.

Meanwhile, conditions of life for working people in Detroit continue to deteriorate.

- The emergency manager of the Detroit Public Schools, former GM executive Roy Roberts, said he would announce recommendations February 9 on the closing or consolidation of some of the remaining schools in DPS, as well as the transfer of some schools to the newly formed Educational Achievement Authority, a state-sponsored body that will reorganize so-called “poor-performing” schools by firing teachers and principals and cutting wages and benefits.

- Thousands of people, mainly poor and elderly, crowded a hearing at Cobo Center in downtown Detroit Monday, appealing to the Wayne County treasurer’s office to delay foreclosing on their homes. More than 42,000 properties in Wayne County, which includes Detroit and its western and southern suburbs, are delinquent on county property taxes and subject to foreclosure and sale. Homeowners must pay 20 percent of delinquent taxes by March and the rest in installments by October.

- Four unions at the SMART bus system, which links Detroit to its suburbs, announced ratification of four-year contracts that will cut pay by 6 percent the first year and 2 percent the final year. Workers will also have to pay more for both health care—up 11.5 percent—and pensions—up 4.5 percent. The unions include UAW Local 771, AFSCME Local 1786, Amalgamated Transit Union Local 1564 and Teamsters Local 247.



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