

Detroit and Obama's "recovery"

# Utility shutoffs soar amidst mass poverty in Michigan

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In his State of the Union address, Obama pointed to Detroit as an economic model for America. "What's happening in Detroit," he declared, "can happen in other industries. It can happen in Cleveland and Pittsburgh and Raleigh."

What is actually happening in Detroit—and spreading throughout the country—is a devastating growth of poverty, accompanied by a staggering number of households living without heat or light.

Through monthly inquiries to the Michigan Public Services Commission (MPSC), the *World Socialist Web Site* has uncovered a staggering growth in utility shutoffs in the state, particularly in southeast Michigan. Nearly 400,000 households were disconnected from either their gas, electricity or both this year by the state's largest energy providers, Consumers Energy (CMS Energy) and DTE Energy.

The two companies disconnected 361,113 families in 2009. In 2010 the number dipped slightly to 346,113, and in 2011 it reached a record 363,179. These figures do not include the 24 additional gas or electricity providers in the state, whose additional shutoffs would put the total well above 400,000.

The shutoffs in 2011 by DTE were nearly two and a half times the level in 2007, before the onset of the economic crisis. That is, as more people are suffering from unemployment and poverty, the utility companies have moved ruthlessly to deny them the most basic necessities.

With an average household of 2.5 people, more than

one million Michigan residents have been denied either gas or electricity each of the last three years, with no recovery in sight.

Both DTE and Consumers Energy made enormous profits (guaranteed by the state) and paid no federal taxes between 2008 and 2010. During the same period, DTE increased executive compensation from \$9 million to \$14.3 million, while Consumers Energy increased it from \$7.3 million to \$12.4 million.

The growth in utility shutoffs not only demonstrates the drastic attack on the living conditions of Michigan residents, but also answers the false claim that utility shutoffs do not take place in the winter months. In January 2010, DTE Energy and Consumers shut off 36,831 homes in Michigan, with DTE leading the way with nearly 20,000 shutoffs alone. This was the same month that two elderly brothers in Detroit, Tyrone and Marvin Allen, died in a horrific house fire because their utilities had been shut off.

All of this was taking place during a period when Detroit experienced a massive decline in population. The city lost 25 percent of its population between 2000 and 2010. Thus the proportion of those shut off has increased even faster than the absolute number.

Compounding the crisis, the funds available from the federal Low Income Home Energy Assistance Program (LIHEAP) to assist the needy have been relentlessly cut by the Obama administration. For the fiscal year 2012 budget, the Obama administration cut the funding for LIHEAP by 25 percent, from \$4.7 to \$3.5 billion. In 2010, the program was funded at \$5.1 billion.

Judy Putnam of the Michigan League for Human Services (Kids Count) spoke to the WSWS about the statistics. “The numbers you have provided are simply astonishing,” stated Putnam. “A lot of people think they can’t be cut off their utilities in the winter. Not only is that not true, these numbers show what a huge problem it is.

“Heat and access to electricity is part of the basic needs a household has to have, especially living in Michigan where we often have harsh winters.”

Putnam also pointed to the new report issued by Kids Count on the growth of child poverty in Michigan. Half of school-age children in Michigan now qualify for free lunch because they live in families that make less than 185 percent of the poverty line. “These are kids that are considered poor or near poor,” said Putnam. “It was 36.2 percent in 2006, and jumped to 46.5 in 2010.”

The Kids Count report also shows a huge leap in poverty levels between 2006 and 2010, as utility shutoffs soared.

Linda, who works with a nonprofit agency in Macomb and Oakland County, suburbs of Detroit, concurred with the numbers. “Your report sounds very accurate,” she said. “We receive a lot of calls for shutoffs. Our agency just lost its funding for the Homeless Prevention and Rapid Re-Housing Program (HPRP) created by the Obama administration in 2009.”

Linda said the program no longer exists even though need has sharply increased. “People are having a hard time paying their utility bills. We have a person come in with a \$3,000 bill. Another person I was working with had a bill for \$5,000.”

There was an enormous increase in need after the state government cut welfare recipients off cash assistance by establishing a four-year limit. “Another problem,” Linda added, “is that people face the danger of losing their children if the house is deemed uninhabitable,” that is if the water or the heat is shut off.

“Child protective services can come and take your children away. People are afraid to call because they don’t want their children to be taken away.”

There is a layer of the population that has benefited from Obama’s “recovery,” but it is not the working class. The metro area, filled with immense poverty, had the ninth highest growth in the number of millionaires in 2011, according to Forbes. The transfer in wealth from the working class to the rich and the devastation it has produced is the real story of what is happening in Detroit.

These conditions are a devastating exposure of the two big business parties, the Democrats and Republicans, which collectively run Detroit and Michigan. They are at the same time an unanswerable indictment of the capitalist system, dedicated to the wealth accumulation of a tiny elite at the expense of the most basic rights of the vast majority.



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