

Greece comes to the American Midwest

Bankers' dictatorship for Detroit workers

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Michigan Governor Rick Snyder announced Tuesday night that he was demanding the establishment of an unelected financial control board to run the city of Detroit, with the power to tear up and rewrite union contracts and impose across-the-board cuts in spending, including the selloff of city assets.

Detroit would be the largest American city to be subjected to such a financial dictatorship since an Emergency Financial Control Board was imposed on New York City in the mid-1970s. The measures to be taken against city workers will be far more drastic than those of 35 years ago, however. Detroit's crisis is the consequence of the long-term decline of the US auto industry and of American capitalism as a whole.

The city has shrunk to barely one-third of its 1950s population—from two million to barely 700,000—and there are only two functioning auto plants in the “Motor City.” The majority of the city's population is impoverished, and the official unemployment rate is over 30 percent. Vast sections of the city are abandoned, with weeds growing in empty lots. Neighborhoods have been ravaged by house fires and the deterioration of essential services like street lighting, garbage collection and fire protection.

Snyder made his announcement in a message to the Detroit City Council, after talks broke down between the governor and Mayor David Bing over the terms of a “consent agreement” under which the city would accept the financial control board in return for state assistance in avoiding bankruptcy. Snyder said he would ask the City Council to ratify the agreement before a March 27 deadline.

If the City Council refuses, Snyder indicated he would appoint an Emergency Manager under terms of a state law passed last year, which is now being challenged through the referendum petition process.

Alternatively, Detroit could become the largest American city to file for bankruptcy. City officials indicated that they would not be able to make payroll beyond the middle of May, well before the end of the fiscal year on June 30.

Despite the fig leaf of submitting the “consent agreement” to ratification by the City Council, the plan amounts to nothing less than a Greek-style financial dictatorship over the working class of Detroit, to enforce draconian cuts in the jobs, wages and benefits of municipal employees, as well as slashing the already pathetically inadequate services provided to the population of the poorest city in the United States.

The financial control board would consist of nine members, with six chosen directly or indirectly by Snyder and his state treasurer, Andy Dillon, a Democrat, who is the former leader of the Democrats in the state legislature. Bing and the City Council would select three members.

Dillon would dominate the board, serving as a member himself, appointing another member, and having “veto power over matters that fall under Treasury Department jurisdiction,” according to one press account. A former tax lawyer, Dillon epitomizes the right-wing role of the Democratic Party in enforcing the dictates of Wall Street on the population of Detroit and the US as a whole.

The financial control board would appoint a new chief operating officer, chief financial officer and human resources director. All city officers, departments and agencies and all city unions would be required to obey the board's instructions, on penalty that the board would recommend appointment of an Emergency Manager if they refuse.

There will be no actual state transfer of cash to the

city. Instead, the state will “assist” the city of Detroit in the refinancing of its debts, generating \$37 million in cash flow, as well as in borrowing an additional \$100 million. In other words, the city will go further into debt, which will have to be repaid by the citizens, in order to pay off its creditors, mainly banks and wealthy investors in tax-free municipal bonds.

This \$137 million is not, however, part of the written consent agreement that the City Council is being asked to ratify. The abolition of local government and subsequent cuts will be put in writing, but the promised cash will not be.

Mayor Bing called Snyder’s proposal “disingenuous” and said that it “circumvents the role and power of the City Council as the legislative body, waives the ability of elected officials to contest any aspect of the agreement, and dismisses the unprecedented effort and concessions made by the city’s labor unions to avoid an economic catastrophe.”

The last point is the most critical: Bing has spent the last three months maneuvering with union officials to impose drastic concessions on the rank-and-file. The contracts have not yet been ratified, but Snyder is tearing them up and demanding even more sweeping cuts in pay and benefits.

Local Democratic Party leaders and union executives are concerned that this action could provoke an explosive response among municipal workers, who have already suffered a 10 percent pay cut and the elimination of 2,500 jobs over the past two years.

Supported by middle-class pseudo-left groups like By Any Means Necessary (BAMN), the local Democratic politicians have attacked Snyder’s initiative as racist because it shifts authority away from local elected officials in the black-majority city. However, the advisory board that Snyder appointed to draft the plan consists mainly of black bourgeois figures like Conrad Mallett, CEO of the Detroit Medical Center.

More fundamentally, the black Democratic Party officials and union executives have no essential differences with the measures Snyder proposes to cut workers’ jobs, wages and benefits and phase out services to many neighborhoods of the city, forcing residents to relocate from those areas that are targeted for abandonment. The Bing administration has been working on such plans for several years. The only difference is on tempo.

Significantly, *Detroit* the *liberal* the ultra-conservative *Detroit News* hailed Snyder’s intervention. The News noted that Snyder wanted to drive a harder bargain with the unions, including rejecting a provision that would restore cuts in wages and benefits after a three-year period, and eliminating all restrictions on privatization.

Free Press editor Stephen Henderson, in a signed editorial, denounced city officials for failing to “adjust the size and breadth of city government” to match its economic decline, and for failing to tear up pensions and health benefits for retired municipal workers, the biggest single debt obligation for the city government. Snyder’s plan amounted to “clearing draining and a new foundation on which to build a future,” he wrote. “For the first time in a long time, I saw hope.”

What represents “hope” for the capitalist politicians and the corporate-controlled media is a nightmare for the working class of Detroit, the first attempt to impose a Greek-style bankers’ dictatorship on a major American city.

The fight against the attacks of jobs, wages and social services, as well the destruction of local government and democratic rights, requires a political break with the Democratic Party, a rebellion against their servants in the trade unions, and the independent political mobilization of the working class, both in the city and throughout the state.



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