

Consent agreement paves way for savage attack on Detroit workers

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The Detroit City Council voted 5-4 Wednesday to support a consent agreement proposed by Michigan's Republican governor Rick Snyder and Democratic State Treasurer Andy Dillon, which gives city officials dictatorial powers to rip up union contracts and impose drastic cuts in social spending.

The agreement already had the full backing of millionaire Democratic Mayor David Bing and Deputy Mayor Kirk Lewis who is serving as acting mayor while Bing recuperates from surgery.

The vote came one day before the deadline set by Snyder to accept the agreement or face the appointment of an Emergency Manager with the power to unilaterally impose cuts, sell city assets and remove elected officials under provisions of Michigan's Public Act 4 enacted by the legislature last year.

The vote by the city council follows the finding by a 10-member review team appointed by Snyder that Detroit faces a "severe financial emergency." The city is reportedly running out of cash to pay its bills and faces a budget deficit of some \$200 million.

The so-called consent agreement relieves the City of Detroit of its obligations to bargain with its unions under terms of the Michigan Public Employment Relations Act. It requires the city to scrap recent concessions contracts negotiated with city worker unions totaling some \$360 million and impose even deeper cuts. These include drastic changes in work rules and the elimination of defined benefit pension for new hires in favor of 401(k) style defined contribution plans. Among other changes, seniority rights will be undermined and city workers will be forced to perform work outside their job classifications. The city would also be empowered to outsource work currently performed by union members. If unions do not agree to the additional concessions by July 16 the city can impose them.

It has already been floated that so-called "legacy costs"

are to be targeted, paving the way to attack the pensions and retiree health care benefits of tens of thousands of former city workers and their families.

Following the ratification of the consent agreement the WSWS spoke to workers at the Detroit Wastewater Treatment plant. Brady Bishop who has worked for the city of Detroit for 20 years told the WSWS, "I'm opposed to the consent agreement. To be honest, I do not have a great amount of love for the city, especially after they took our longevity pay.

"They say they don't have any money, however the real issue is they don't want to share the money with the workers. This plant right here generates enough money to take care of the whole city. That's why they separated us from the city," stated Bishop. Referring to plans to privatize city assets, he pointed to the wastewater treatment plant and said, "Everybody's eyes are on the prize. It is here. This is the prize."

Another worker added, "Bing was on a body before he became mayor that was already talking about the privatization of services. We are not surprised with these policies."

The city council received praise from the media for showing "leadership" by voting for a financial dictatorship over Detroit. Far from being a "new dawn" for the city the ratification of the consent agreement sets the stage for a new assault on working people in Detroit, the further decimation of city services and the gutting of the jobs, wages and working conditions of city workers. Round after round of budget cuts and layoffs have left city services in a state of near dysfunction, vast areas of the city are in ruins, the bus system barely operates and the fire department is severely undermanned and underfunded.

In contrast to an earlier proposal by Snyder that would have placed all power in the hands of an unelected financial review board, the current agreement allows the

mayor and city council to retain their roles. However, the consent agreement vests enormous powers in unelected bodies that will monitor budgets and spending. If the state determines the city is not in compliance with the terms of the consent agreement the governor can, upon the recommendation of the state treasurer, appoint an Emergency Manager.

The agreement creates a nine-member financial advisory board that would review and monitor budgetary matters. It would establish official revenue projections and require that city budgets be based on those projections. The governor would appoint three members to the board and the city council and the mayor two apiece. The state treasurer would appoint one member and the governor and mayor would choose the ninth member.

The mayor would also appoint a chief financial officer and a projects manager from a list of names chosen in collaboration with the governor. The CFO could intervene to force budget cuts if he or she determines that spending is outpacing revenue while the projects manager would oversee “operation reform”, i.e. the downsizing and merger of city departments.

The state of Michigan will not provide any money to help Detroit meet expenses. Instead it is granting the city authority to raise \$137 million through the sale of municipal bonds, adding to the city’s structural debt of some \$13 billion.

Officials of the American Federation of State, County and Municipal Employees (AFSCME) have protested the gutting of collective bargaining rights contained in the consent agreement. However, they have demonstrated that they will do nothing to fight the cuts, having already agreed to massive concessions. The unions have limited their opposition to the courts, filing a series of toothless legal appeals challenging the consent agreement. In each case the courts have rejected the union’s legal challenges.

As for opponents of the consent agreement on the Detroit City Council, their disagreements with the Snyder administration are over tactics, not fundamentals. All factions on the Democratic controlled council are united in their agreement that there have to be massive cuts and that the working class must pay. Those opposing the consent agreement favor working more directly through the unions to impose the cuts in order to suppress the resistance of the working class and forestall a social explosion.

In conjunction with middle class protest groups such as By Any Means Necessary (BAMN), the city’s chiefly black Democratic Party establishment and trade union

officials sought to divert the opposition of workers into the dead end of racial politics, presenting the conflict as one of protecting “home rule” by black Detroiters from the dictates of white politicians in Lansing. In the end, a deal has been reached, which will allow both parties to impose the demands of the banks on workers in the city, which is already one of the poorest in the US.

The endless claims by Democratic and Republican politicians and the media that there is no money for vital social programs are outrageous. After slashing the jobs and living standards of auto workers, General Motors, Ford and Chrysler posted profits of some \$28 billion in 2011. Just last week Ford announced it awarded CEO Alan Mulally a pay package worth \$29.5 million in 2011 on top of more than \$100 million in stocks over the last two years.

President Obama has often pointed to Detroit as his model for the “turnaround” of the national economy. This means the slashing of billions from vitally needed social services, privatization of schools and other public assets and the imposition of poverty level wages on workers.

Like the savage austerity measures being imposed on workers in Greece, the measures being taken in Detroit are being used as a benchmark for new attacks on workers across the United States and internationally. The fight against the cuts therefore requires the widest possible mobilization of the working class on the basis of a common program. The domination of economic and political life by the financial aristocracy that controls the banks and bond markets must be ended. Production must be reorganized on a rational basis to meet human needs not the accumulation of private wealth in the hands of a few.

This requires a break with the Democratic Party and with the trade unions and the independent political mobilization of the working class in the fight for socialism.



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