

# Detroit's emergency manager throws down the gauntlet

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With the release of his Financial and Operating Plan on Monday, Detroit's emergency manager, Kevyn Orr, has thrown down the gauntlet to the working class. Employing the threat of bankruptcy as leverage, Orr is calling for a savage attack on a population already plagued by unemployment, declining wages and poverty.

Detroit is on the front lines of a national and international strategy of the corporate and financial elite, in which increasingly dictatorial methods are being employed to force through deeply unpopular measures.

Behind the anodyne phrases about "streamlining the city's operations" and "restructuring the city's long-term liabilities" lies a slash and burn policy. Health insurance for 28,500 active and retired city workers will be cut or eliminated outright. Further cuts in wages will be unilaterally imposed. Any profitable city assets or services are to be sold off.

Among the assets "on the table," according to Orr, are the Department of Transportation, Detroit Public Lighting, and the Water and Sewerage Department. The fire department, massively under-funded, is to look at "sharing" or "contracting" services to raise money. Half of the city's streetlights are to be taken down. Home foreclosures and demolitions are to be accelerated sharply as part of an effort to "downsize" Detroit and abandon entire neighborhoods.

"The city's emergency manager is giving residents and city workers a heads-up that what's coming won't be pretty or painless," the *Detroit News* gloated Tuesday. "Certain services will be delivered in a different way, likely by private contractors, and many of the jewels... will either be sold or transferred into regional authorities... Detroit can't afford to keep promises made in the past."

In the 1980s, a type of merger was developed in the US, the leveraged buyout, in which financial speculators took over a company, loaded it up with debt, slashed wages and benefits, fired large sections of the workforce and sold off the profitable assets. Through this particularly destructive form of parasitism, massive resources were funneled into the banks and financial markets, while the acquired companies were left a shell of their former selves, ready for liquidation.

A similar process is now being implemented in Detroit, with bankruptcy attorney Orr playing the dual role of asset-stripper and financial dictator—at a handsome salary of \$275,000.

It appears increasingly likely that whatever measures Orr imposes over the coming months will be followed by a municipal bankruptcy, with Detroit becoming the most indebted city to file for bankruptcy in US history. Orr has said he will make a decision on bankruptcy within six weeks, with the outcome depending on how much he is able to cut in that time frame.

Orr, a life-long Democrat appointed by Michigan's Republican Governor Rick Snyder and working closely with Democratic State Treasurer Andy Dillon, has virtually unlimited powers. His proposal is not subject to public debate.

"This isn't a plebiscite, we are not negotiating the terms of the plan," he declared. The population of the city, which had no say in his appointment, is given no means for removing him from office. He can unilaterally alter or abrogate labor contracts and has the power to appoint or fire any city official.

There is overwhelming opposition to these measures, yet this opposition finds no political outlet within official politics and no expression in the media. Democratic and Republican politicians all support

Orr's austerity agenda. The trade union leaders are eager to work with him, so long as they can continue to play a role in imposing concessions on the working class and collecting dues from workers trapped within these right-wing organizations.

The situation in Detroit is a product both of the crisis of American capitalism and the ruthless measures taken by the ruling class in response to the crisis. The city, the historical center of the US auto industry, once had the highest per capita income in the country. Now, the real unemployment rate is close to 50 percent, while the child poverty rate is 60 percent.

Over the past four decades, the decay of American capitalism has been accompanied by the rise of a financial aristocracy whose relationship to society is fundamentally parasitic. Increasingly, the wealth of the ruling elite has been accumulated not through production, but through speculation and swindling. Hundreds of thousands of auto and other manufacturing jobs have been wiped out over this period, while wages, in real terms, have been driven back to what they were in the 1930s.

Under the direction of the Obama administration, unlimited resources have been made available to the banks, while cities and school districts have been starved of funds. The stock markets have soared to record highs, while the standard of living of the vast majority of the people has declined.

Detroit's emergency financial plan is the latest stage in this process. The political form that corresponds to this social dynamic is dictatorship. Democracy is not compatible with the levels of social inequality that prevail in the United States.

What is happening in the city is part of an international process. The same measures are being imposed by the European banks and the International Monetary Fund, driving Greece, Spain, Italy, Cyprus and other countries into depression.

In Europe, governments have been installed by the banks and entire countries have been placed in economic receivership by the European Union. These attacks have been imposed despite massive popular opposition. For this, the ruling class has the trade unions and their allies in the various pseudo-left parties to thank. These organizations have worked systematically to dissipate and strangle working class resistance.

For the ruling class, Detroit is seen as a test case. The working class must make it the starting point of a counteroffensive.

The Socialist Equality Party is running D'Artagnan Collier for mayor of Detroit in elections to be held in August. The SEP aims to make its election campaign the spearhead of a mobilization of the working class to throw out the emergency manager and end the dictatorship of the banks. It is a campaign directed against the entire political establishment and both big business parties, and the capitalist system they defend.

It is based on the understanding that only the independent social and political mobilization of the working class, on a socialist program, can defeat the plans of the financial aristocracy.

The campaign will address itself to the working class not only of Detroit, but of the entire country and to workers internationally. We urge workers and youth in Detroit and beyond to support this campaign and join the Socialist Equality Party.

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