

# The social devastation of Detroit

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18 July 2013

A vast social crime is being carried out in Detroit. Emergency Manager Kevyn Orr, appointed by Michigan Governor Rick Snyder to exercise a dictatorship over the city's finances, is implementing an historic attack on the working class that will have devastating consequences for hundreds of thousands of people.

The destruction of Detroit workers' pensions and health benefits, along with the gutting of fire protection, street lighting, sanitation and other elementary services, marks a new stage in the restructuring of American class relations that began with the financial collapse in 2008 and the multi-trillion-dollar bailout of the banks. The devastation of working class Detroit is setting a precedent for the entire country.

Bankers, bondholders and politicians are debating among themselves whether this operation can best be carried out through the bankruptcy courts, or whether greater reliance should be placed on the unions, which are more than willing to help impose these attacks on Detroit workers. A decision is expected this week. If Detroit declares bankruptcy, it will be the largest city to do so in US history.

Regardless of the tactic employed, the basic strategy is the same. Under Orr's plan, pension trust funds will receive as little as 10 cents for every dollar owed by the city to retirees. Cost-of-living adjustments will be eliminated, future pension payments frozen, and retirees shifted to Medicare or privately controlled health care exchanges under Obama's health care "reform."

As a result, 30,000 active and retired workers will see their income and health coverage drastically reduced. These measures go well beyond the savage austerity cuts imposed on workers in Greece and other heavily indebted European countries.

It is of no consequence to the financial elite that

Michigan's constitution says public pensions are a "contractual obligation," which "shall not be diminished or impaired." Brushing this aside, Orr argues that federal bankruptcy laws trump state constitutional protections.

The only "contractual obligations" that will be honored are the billions of dollars in principle and interest demanded by the biggest Wall Street banks and bondholders. Orr has already made a settlement with UBS, Bank of America and Merrill Lynch Capital Services on \$340 million in credit default swaps, giving these institutions 75 cents on the dollar.

According to some estimates, state and local governments nationwide have \$1 trillion to \$3 trillion in unfunded pension liabilities. If Wall Street is successful in robbing the workers of Detroit, the floodgates will be opened for the destruction of pension and health care benefits for tens of millions of teachers, firefighters, hospital workers and other state and municipal employees around the country.

The financial plan outlined by Orr for Detroit redefines the very structure of a modern city. Large portions of Detroit's physical infrastructure—long neglected and allowed to decay—will be shut down.

Orr, a Wall Street bankruptcy lawyer, has approved a corporate-backed plan to cease services to areas of the city deemed too poor or under-populated for profitable investment. Meanwhile, hundreds of millions of dollars in public resources are being made available to subsidize the development of an upscale housing and entertainment district that will cover only 7.2 out of the city's 139 square miles.

Transportation, garbage collection, street lighting and other essential services will be privatized, and public treasures, ranging from the masterpieces at the Detroit Institute of Art to the animals at the Detroit Zoo, may be put up for sale to private speculators and investors.

The dismantling of Detroit is the result of the

protracted decay of American capitalism. The rise of the Motor City in the first half of the 20th century coincided with the growth of American industry and its global ascendancy. Its collapse follows decades of deindustrialization, the rise of the most parasitic forms of financial speculation, and the explosive growth of social inequality.

The first half of the last century also saw convulsive class struggles, the formation of industrial unions, and the attainment by American workers of significant social gains.

From the late 1970s onwards, however, the ruling class has waged unrelenting class war, carried out with particular vengeance in Detroit. As one congressional report during the Chrysler bailout of 1980 put it, the city was “known to have some of the most inefficient and troublesome workforces available.”

This war on the working class of Detroit was carried out with the collusion of the United Auto Workers. The UAW and other unions responded to the global integration of capitalist production by collaborating with the employers to suppress opposition to a drastic lowering of labor costs and the downsizing of industry. While workers have been driven back to conditions not seen since the 1930s, the UAW has integrated itself into the structure of corporate management and become a major shareholder and partner in the exploitation of workers.

At the head of the financial aristocracy that stands to benefit from the social counterrevolution which finds its sharpest expression in Detroit is the Obama administration. It oversaw the forced bankruptcy of Chrysler and General Motors, under which auto workers’ wages were cut in half and their benefits slashed, providing a model for what is now being carried out in Detroit. The Obama White House, which has from day one served as an instrument of Wall Street, sees the financial meltdown of the city as an opportunity to launch a new stage in its assault on the working class.

Social opposition by the working class in Detroit, as in countries around the world, is growing. The powerful traditions of social solidarity and class struggle have not disappeared. But this opposition must take a conscious political form.

The Socialist Equality Party and its mayoral candidate, D’Artagnan Collier, are fighting to mobilize

the working class of Detroit to force out financial dictator Orr and replace the bankers’ City Council with a Council of Workers. This is part of the struggle to unite the working class and arm it with a revolutionary program to end the outmoded capitalist system and replace it with socialism.



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