# Detroit bankruptcy filing paves the way for assault on workers

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Michigan Republican Governor Rick Snyder and Kevyn Orr, the emergency manager overseeing the financial restructuring of Detroit, defended their decision to force the city into Chapter 9 bankruptcy at a press conference Friday.

The bankruptcy of Detroit, a city of 700,000 people, is the largest municipal bankruptcy in US history. It sets the stage for draconian attacks on workers and pensioners, the gutting of what remains of city services, and the sell-off of public assets to pay creditors.

The events in Detroit are being watched by local governments across the United States and will set a precedent for a nationwide assault on the pensions of public sector workers. Orr, who was appointed by Snyder last March, is seeking a ruling from a US judge that bankruptcy proceedings can be used to abrogate pension agreements, even those, as in the case of Michigan, that are protected under the state Constitution. The city owes about $9 billion to its retiree pension and health benefit funds.

Shortly after the press conference, a Michigan Circuit Court judge ruled that the bankruptcy filing violated the state Constitution by threatening to diminish the pension benefits of Detroit city workers. The governor's office is appealing the ruling, which will likely be put on hold while the bankruptcy case proceeds in federal court.

Snyder oozed pious hypocrisy in his opening remarks, feigning concern for the plight of Detroit residents. At the same time, he praised billionaires like Quicken Loans Chairman Dan Gilbert and Little Caesar's owner Mike Ilitch, who are buying up downtown property on the cheap in the hopes of turning a quick profit as developers pour money into the downtown area.

Both Snyder and Orr repeatedly cited "legacy costs"—that is, the pensions and health care benefits of the city's 31,000 active and retired workers—as a major factor in the decision to file for bankruptcy. Under a proposal that Orr advanced earlier this year, pension funds would receive just 10 cents on the dollar for billions in the city's unfunded pension obligations. Orr likewise proposed an immediate freeze on future pension payments and to shift retirees onto Medicare or privately-controlled health care exchanges under Obama's Affordable Care Act. Current employees would also see drastic cuts in health benefits and the loss of employer-paid pensions.

The Obama administration, while signaling its support for the bankruptcy filing in Detroit, has made clear there will be no federal money made available to assist the city. This despite the $85 billion a month that the Federal Reserve is pumping into Wall Street through its "quantitative easing" program.

When a reporter for the *World Socialist Web Site* asked Orr why the city was only offering pension funds 10 cents on the dollar while some banks holding Detroit's debt were being offered 75 cents on the dollar, the emergency manager defended his actions citing "the realities" of the situation.

Another reporter asked Snyder if city assets like Belle Isle and artwork from the Detroit Institute of Art would be put up for sale as part of the bankruptcy settlement. Snyder replied that "all the assets of the city need to be considered as part of this process."

A WSWS reporter asked Snyder how he and Orr could claim that there was no money for pensions when hundreds of millions of dollars, including public money, are being poured into downtown development. In response the governor first cited years of waste and mismanagement of the pension system. He then cynically claimed to sympathize with the plight of the

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retirees.

For their part, the city worker unions have refused to mobilize their membership to oppose the moves by Orr and Snyder and only protested that the union leadership was excluded from the process of attacking worker's pensions. In a statement on the bankruptcy filing, American Federation of State County and Municipal Employees (AFSCME) President Lee Saunders complained that the governor and the emergency manager had acted without first entering into negotiations with the unions. "Despite assurances from Snyder's hand-picked financial manager Kevyn Orr that AFSCME would have ample opportunity to discuss alternatives, they unilaterally embarked on this treacherous path without meaningful input from those who would be most affected."

Detroit city workers and residents responded to the proposal to rob them of their pensions with anger and disgust.

Ken, a worker contacted by the WSWS on Friday, said, "By calling workers' pensions 'legacy costs,' they are saying our lives have no value. Jones Day [Kevyn Orr's law firm] will make a killing off of this. They will handle the bankruptcy, no doubt, and the workers will be on the losing end."

"The decision to file for bankruptcy is unfair and biased," said Trandi, a former Ford employee and current city worker. "They are going after the workers but are protecting the businesses."

"It is pitiful," said Barbara, a retiree who has lived in the city for eleven years. "I have never seen anything like it. The reason they are doing the bankruptcy to me, boils down to the people who are running the city, the politicians and the rich business people. They are stealing the money."

She was especially angry about the contrast between the vast investments and public subsidies for upscale downtown development and the savage attack on working class living conditions and city services. "They just take, take, take, take," she continued. "They never do anything for the city. They want to build up the downtown and let the rest of us starve. How can we stand it?. They have been doing the same thing for 60 years, but it is just now coming to a head.

"Coleman Young was doing the same thing and the white mayor that was in office before him. They all do it. They are just for the rich people— white, black, or whatever. Race does not matter.

"They want Detroit to be just for the rich. They want us, the working people who have lived here all of our lives, to move out. That's all it is."

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