

# The Detroit bankruptcy

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The bankruptcy of Detroit, the former auto capital of the world, is a milestone in the historical decay of American capitalism. It is as well a new point of departure in the social counterrevolution being carried out by the ruling class to make working people pay for the failure of its system.

Kevyn Orr, the unelected financial tsar, Republican Governor Rick Snyder, Democratic Mayor David Bing and the establishment media all point to the horrific conditions in Detroit—78,000 abandoned buildings, non-functioning streetlights, antiquated and understaffed fire protection—not to indict the politicians and corporate powers who are responsible, but to justify the destruction of the living standards and essential public services of workers who bear no responsibility for the disastrous situation.

By going into court, Wall Street bankruptcy lawyer Orr intends to secure repayment of the city's debt obligations to the big banks and bondholders by shredding union contracts; slashing pensions and health benefits of both active and retired city workers; gutting public services; privatizing public lighting, transit and sanitation; and selling off assets such as the water treatment plant, Belle Isle Park, Detroit Zoo animals, and the Detroit Institute of Arts' world famous collection.

As a consequence, hundreds of thousands of Detroiters will be thrown into conditions of social immiseration. Thousands of small businesses will be wiped out. At the same time, the city is handing over hundreds of millions of dollars in public funds to enable billionaire Detroit Red Wings owner Mike Ilitch to build a new arena and to subsidize real estate mogul Dan Gilbert's plans to gentrify a section of downtown Detroit.

In carrying out this agenda, Orr has the support of both big business parties and the Obama administration, which has ruled out any federal aid to

Detroit.

By throwing Detroit into bankruptcy, the ruling class has exposed the reality of class rule and the dictatorship of capital that lurk behind the trappings of democracy. The domination of the banks and corporations is embodied in the role of their agent, Orr, who operates outside of any democratic control.

All of the explanations that are being given for Detroit's descent into bankruptcy—inevitably centering on the supposedly exorbitant cost of city workers' pensions and health benefits—are false. Detroit has been bled dry as a result of a deliberate policy pursued by the auto companies, the banks and the ruling class as a whole over a period of nearly four decades.

The city has been decimated through a process of deindustrialization that began in the late 1970s. This was the response of the American corporate-financial elite to falling profit rates in basic industry and the increasing global integration of production, which made it easier for companies to shift production to low-wage regions.

The dismantling of American industry went hand-in-hand with a shift to the most parasitic forms of financial speculation and the rise of a financial aristocracy. It was accompanied by an attack on social programs, tax cuts for corporations and the rich, and a wave of union-busting, strike-breaking and wage-cutting in the 1980s.

The assault on workers' living standards continued unabated through Democratic as well as Republican administrations in Washington, and under Democratic and Republican politicians alike at the state and local level.

It coincided with the promotion of racial and identity politics and the integration of an upper-middle class layer of African Americans and other minorities into the political power structure, mainly via the Democratic Party. For decades, Detroit, like other US cities

devastated by industrial decline, has been administered largely by African American politicians, who have proven no less ruthless and corrupt than their white counterparts.

The destruction of industry and with it the jobs, wages, working conditions and benefits of millions of workers, has been carried out with the full collaboration of the trade unions. The United Auto Workers (UAW), which arose out of explosive struggles by Detroit auto workers in the 1930s, isolated and betrayed every struggle against plant closures and wage-cutting in the 1980s and 1990s and integrated itself into the structure of corporate management.

The last major national auto strike called by the UAW occurred in 1970. Beginning with the Chrysler bailout of 1979-1980, the UAW has spent the last three decades suppressing the class struggle and working to impose ever more onerous concessions on autoworkers. Since the financial crash of 2008, it has completed its transformation into a corporatist adjunct of the auto companies, becoming a major shareholder in the Big Three auto firms.

The response of the UAW and the rest of the unions in Detroit to the bankruptcy filing has been to order their members to keep working and do nothing to oppose Orr. They have criticized the emergency manager mainly for spurning their offers to collaborate in the imposition of new concessions on city workers.

The bankruptcy filing has national and international implications. Detroit will serve as a precedent for other cities across the country that have been financially crippled by the economic crisis. The use of the bankruptcy court to rip up pensions and health benefits will open the floodgates for similar attacks on millions of teachers, transit workers, sanitation workers and other municipal employees.

Just as Greece became the model for attacks on workers throughout Europe and beyond, the Detroit bankruptcy—which goes beyond even the brutal measures carried out in Greece—will set the pattern for the next stage in the attack on the working class in the US and internationally. At stake is every gain won by the working class through immense and often bloody struggle and sacrifice in the course of more than a century.

The working class in Detroit must implacably oppose the bankruptcy. Workers should reject all demands for

concessions and sacrifices to protect the wealth of the financial aristocracy.

The starting point for a struggle is the recognition that the Obama administration, the Democratic Party and the unions are on the opposite side of the barricades.

The Socialist Equality Party is running its own candidate, D'Artagnan Collier, for Detroit mayor. He is fighting for the independent and united mobilization of workers and youth to force out Orr and carry out socialist policies in defense of jobs, wages, pensions, health benefits and all other social services.

We are calling for the formation of independent workers' committees in workplaces, schools and neighborhoods to oppose the bankruptcy. These committees should prepare demonstrations and industrial action against the bankers' conspiracy.

This struggle must be linked to a new political strategy. The claim that "there is no money" for workers' pensions and health care and basic social services is a lie.

The debts to the bankers must be repudiated and the auto companies, banks and major corporations nationalized under the democratic control of the working class so as to channel resources toward meeting social needs rather than private profit.

We urge all those who want to fight the attack on working people in Detroit to support the mayoral campaign of D'Artagnan Collier and join the SEP campaign to mobilize the working class in Detroit and across the country.

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For more information on the SEP and to get involved, click [here](#). To find out more about the mayoral campaign of D'Artagnan Collier, click [here](#).



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