

The Detroit bankruptcy and the drive toward dictatorship

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The bankruptcy of Detroit is being widely cited in the media as a model for the use of unelected officials and bankruptcy courts to rip up agreements and impose sweeping cuts on the pensions and health benefits of public employees, not only in Detroit, but in cities across the United States.

The Obama administration has rejected any federal aid to ameliorate the financial crisis of Detroit and counter the effort of state and city officials, fronting for the banks and bondholders, to use bankruptcy to gut workers' benefits. This makes it clear that the Detroit bankruptcy is part of a broader nationwide policy that is being coordinated by the White House.

The attack on public workers is increasingly accompanied by claims that the crisis of Detroit demonstrates the unviability of democratic procedures, including elections. The financial collapse of the former center of global auto production is not, according to multiple commentators, an expression of the decay of American capitalism, but rather of a "failure of governance," which can be reversed only by more authoritarian forms of rule and more direct political control by the banks and corporations.

The ruling class is well aware that its economic policies will provoke mass social opposition. It is preparing to meet this threat by means of repression and violence.

The current issue of *Time* magazine features a front-page photo of Detroit's Renaissance Center with the headline "Is Your City Next?" The magazine notes that the bankruptcy of Detroit "will bring many changes in the way local governments function and cities grow."

It continues: "While the broader re-rating of municipal debt that's very likely to happen down the pike would increase borrowing costs and reduce the amount of money all cities can raise through bond

issuance, it might also prompt many to shift their growth models, rein in unsustainable labor costs and partner in more innovative ways with the private sector..."

The same theme is taken up by the British *Economist*, which writes that Detroit is a "flashing warning light on America's fiscal dashboard," and adds that "many other state and city governments across America have made impossible-to-keep promises to do with pensions and health care."

Financial Times commentator John Dizard writes that the gutting of workers' benefits at the state and local level will become the model for the dismantling of Social Security. "The Supreme Court has already ruled that social security benefits, unlike Treasury bills and bonds, are not full faith and credit obligations of the federal government," he writes. "Constitutional lawyers already know this; soon members of the public will as well."

That such attacks cannot be imposed by democratic means is the subject of a growing number of commentaries. The *Financial Times* writes: "Think of it this way: what are the chances that the contestants in the next congressional or presidential elections would ask the voters to decide if pension and health care promises made by governments are super-priority debts? Because that is what 'Detroit' is all about."

The authoritarian message obliquely hinted at in such commentaries is stated in blunt and savage terms by right-wing columnist George Will in an op-ed piece published Wednesday in the *Washington Post* entitled, "Detroit's death by democracy."

Will compares government employee unions to parasitic ichneumon fly larva that gnaw the inside of the caterpillars they infest. In his venomous hatred of the working class, he falsely equates the unions with

the workers. In reality, the unions have been working hand in glove with corporations and the government for nearly four decades to impose wage cuts and concessions on the working class in Detroit and across the country. They have made clear that they are more than willing to collaborate in slashing pensions, asking only that their flow of income from union dues be assured.

Will unabashedly blames the people of Detroit for the attacks that have been leveled against them. He denounces the “myth” that deindustrialization undermined the city’s economy. “Detroit... died of democracy,” he writes, indicting the people for electing corrupt and incompetent officials.

In fact, Detroit’s crisis is an expression of the crisis and decay of American capitalism, which has been marked by the dismantling of manufacturing on the one hand, and the proliferation of financial parasitism, plundering and outright criminality on the other. Between 1972 and 2007, Detroit lost 80 percent of its manufacturing and tens of thousands of decent-paying jobs.

And while unlimited funds are made available to bail out the banks and protect the wealth of the richest one percent, the universal claim is that there is “no money” for jobs, pensions, health care or education.

Will personifies the intersection of the economic crisis and definite class interests. He is the embodiment of a highly privileged and wealthy social layer that supports the complete impoverishment of the working class and the imposition of dictatorship to accomplish it.

“At the decline of capitalism,” wrote Leon Trotsky, “the bourgeoisie is forced to resort to methods of civil war against the proletariat to protect its right of exploitation.”

Hence the erection of the infrastructure of a police state, in the form of massive and illegal surveillance programs, the militarization of police forces, the policy of extralegal drone assassinations, and the persecution of those who expose government secrets and crimes such as Bradley Manning, Edward Snowden and Julian Assange.

This is what the capitalist system has to offer: mass poverty, ever-greater inequality, and dictatorship. The only force that can oppose these attacks is the working class, fighting as a politically conscious and united

force on the basis of a socialist program.

The Socialist Equality party is participating in the Detroit mayoral election in order to organize an independent opposition by the working class to the demands of the banks and hedge funds, operating through their bag man, Emergency Manager Kevyn Orr.

SEP candidate D’artagnan Collier is calling for the creation of workers’ committees independent of the Democratic Party and the trade unions to build up a movement for a general strike, the bringing down of the emergency manager, and the formation of a Workers’ Council in Detroit to replace the City Council, which consists entirely of bribed representatives of the banks and corporate bosses.

He is further calling for the repudiation of the city’s debts to the bankers, with safeguards for small investors, and the nationalization of the banks and corporations under the democratic control of the working class to reorganize the economy on the basis of social need, not private profit.



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