

# The unions and the Detroit bankruptcy

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Formal negotiations between the city of Detroit and its creditors began this week over repayment of billions of dollars in debt owed by the city, which filed for Chapter 9 bankruptcy in July in the largest municipal bankruptcy in US history. The talks are being mediated by a panel of judges and may determine how much money goes to bond insurers and other creditors, including employee pension funds.

Separately, the federal judge overseeing the Detroit bankruptcy Thursday heard residents' objections to the city's bankruptcy filing. The majority were retired city workers who were given just a few minutes to express concern over the threatened loss of their pensions.

Detroit Emergency Manager Kevyn Orr, the unelected dictator overseeing Detroit's finances, is seeking billions in dollars in cuts from the wages, health benefits and pensions of city workers and retirees in order to resolve the bankruptcy in the interests of the wealthy. According to reports, Orr is considering replacing health care coverage for retirees with a monthly stipend of just \$125, not enough to buy even the cheapest health coverage. He is meanwhile offering just pennies on the dollar to city worker pension funds.

In addition, Orr has threatened to sell off city assets including Belle Isle Park, the Detroit Zoo and masterpieces from the Detroit Institute of Arts, where Christie's auction house is conducting an appraisal of the world famous museum's artworks.

Faced with this assault on all the basic gains won by the working class in decades of struggle, the unions, far from mounting any fight, are collaborating in the plundering of the city.

They fully accept the entire framework of the bankruptcy, i.e., the bogus claim that there is no money and that the working class must pay for the economic crisis created by years of deindustrialization, massive tax cuts for the rich and the looting of society by financial parasites.

The American Federation of State, County and Municipal Employees (AFSCME), the United Auto Workers (UAW) and other unions agree workers must make drastic sacrifices to bail out the banks and bondholders, which control Detroit's debt.

Their only argument in opposing the bankruptcy process is that the cuts can be imposed more efficiently by utilizing their services. In return, the union officialdom hopes to retain the continued flow of dues money and billions in retiree funds.

Fearful that they could rapidly lose control over the working class, the Metro Detroit AFL-CIO and other unions have not called a single strike, mass rally or demonstration since the bankruptcy filing. Their entire "opposition" to the attacks on city workers has been confined to filing toothless legal appeals.

The role of the unions was illustrated by the recent pilgrimage of high-level union executives to Washington DC to confer with Obama administration officials on the Detroit bankruptcy. Those participating included a rogues gallery of union officials with a long history of betrayals, including UAW President Bob King, AFSCME President Lee Saunders, Randi Weingarten, head of the American Federation of Teachers, Mary Kay, president of the Service Employees International Union (SEIU) and Harold Schaitberger, head of the firefighters union.

Representing the White House were Labor Secretary Thomas Perez, National Economic Council director Gene Sperling and Housing and Urban Development Secretary Shaun Donovan.

The unions raised no demand for federal financial assistance to Detroit even as Obama administration officials reiterated their stand that no money would be forthcoming from the government. In fact, the White House has closely collaborated with city officials in Detroit and sees the bankruptcy as a model to carry out the attack on pensions for tens of millions of public

sector workers throughout the country.

Far from exposing this, the union officials sought to provide a cover for the Obama administration, effusing praise for the supposed openness of the White House.

“They are very, very open to considering creative ways in which to deal with the economic crisis,” declared AFSCME head Saunders. “They want us to come to the table and be participants in trying to come up with solutions to resolve the problem.”

When union executives talk about “creative solutions” this is a code phrase for imposing massive concessions on the backs of workers. AFSCME, the bargaining agent for a large segment of Detroit city workers, has already taken the lead in imposing draconian cuts collaborating with the Democratic city administration and Michigan’s Republican governor to impose a 10 percent pay reduction and increased out-of-pocket health insurance costs. Prior to the bankruptcy filing AFSCME had a proposal containing some \$180 in additional concessions on the table.

King also heaped praise on the Obama administration. “The White House is committed to Detroit,” he declared. “We have to find a way to bring jobs and investment to the city and the White House is very, very committed to work together with private industry, people in the community and labor to make that happen.”

He went on to name Ford Chief Executive William Ford Jr., General Motors CEO Dan Akerson, Chrysler CEO Sergio Marchionne, as well as Detroit billionaires Dan Gilbert and Mike Ilitch. “All these people are willing and want to be part of a solution of bringing jobs and investment and revitalizing the city.”

In fact, the wealthy business executives cited by King represent those responsible for the impoverishment of Detroit. Decades of mass layoffs and plant closures by the Detroit automakers have decimated the city, leaving it a wasteland of abandoned homes and businesses.

As for Ilitch and Gilbert, their plans for “revitalizing” Detroit consist in buying up property on the cheap in the hopes of making a killing through the establishment of an “entertainment district,” a small enclave for the wealthy in the downtown area, funded in part by public tax money. Part of the plan involves the eviction of tenants from low rent buildings in order to convert them into upscale apartments.

King pointed to the White House bailout of the auto

industry as the model for collaboration. Indeed, in exchange for agreeing to poverty level wages for new hires and ramping up exploitation in the factories, the UAW was handed a substantial ownership stake in GM and Chrysler by the White House.

In sum, the unions are acting as enforcers for Wall Street and the Democratic Party in imposing austerity on the working class. A struggle to oppose the attacks on workers in Detroit requires a break with the unions and the building of new organizations of struggle—factory and workplace committees—and a mass political party to throw out the emergency manager and replace the City Council with a council of workers. This is bound up with the adoption of a new, socialist, political perspective. Economic life must be reorganized in the interests of the working class, the vast majority in society, not the corporate elite.



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