

# **The Detroit bankruptcy and the global social counterrevolution**

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**4 February 2014**

Last week, the Detroit news media leaked parts of the restructuring plan that Emergency Manager Kevyn Orr is set to implement in the largest municipal bankruptcy in US history. Euphemistically called a “plan of adjustment,” it outlines a savage assault that will set a precedent to escalate the attacks on the working class throughout the US and internationally.

The plan includes ending medical benefits for 23,500 retired city workers and forcing them onto Medicare or Obama’s insurance exchanges. Retirees will also see their already meager pension checks slashed as the city reduces payments to pension trust funds by as much as 75 percent.

Orr is organizing a fire sale of public assets, including the Detroit Institute of Arts and the municipal water and sewerage system, to pay off the Wall Street banks and other wealthy creditors who control the city’s debt. The elimination of 700 of 1,700 jobs at the water department is only the down payment on the massacre of city jobs to come.

The Detroit bankruptcy is part of the ruling class strategy to turn the clock back and return workers to conditions of economic peonage not seen since the 19th century. Flatly rejecting any Wall Street-style bailout for the population of Detroit, the Obama administration is using the bankruptcy as a test case to override state constitutions and other legal protections against the destruction of public employee pensions.

What is taking place is the wholesale theft of workers’ benefits and public assets by a parasitic financial elite that wants the wealth for itself. This criminal operation is being carried out by the politicians of both big business parties at the federal, state and local levels, sanctioned by the courts, and promoted by the media, which is systematically lying to the public.

Meanwhile, the White House and Congress have cut off benefits to the long-term unemployed, agreed to slash another \$9 billion from the food stamp program, and passed a budget that will impose \$1 trillion in cuts over the next decade. Obama’s health care “reform” is already gutting health insurance for millions and serving as a stepping stone to the privatization of Medicare and Social Security.

What is unfolding is a social counterrevolution, and it is not limited to the United States. All over the world, the operative word of every government, whether ostensibly “left” or right-wing, is austerity. Budget-cutting and “structural reforms” demanded by the global banks are being imposed to destroy whatever remains of the social rights won by the working class.

In Greece, where public workers have already seen 35 percent wage cuts and two-thirds of the youth and young workers are jobless, the restructuring measures imposed by the European Commission, European Central Bank and International Monetary Fund have reduced the country’s gross domestic product by a quarter since the onset of the global economic crisis in 2008—a steeper fall than during the Greek Civil War that followed World War II.

On January 1, the Spanish government implemented a new pension system that no longer links social security payments to the cost of living, but rather to a new “sustainability factor” based on life expectancy. This ensures that pensions will fall if the average lifespan increases.

Brutal austerity programs are being carried out in Italy, Portugal, Britain and Ireland and throughout Eastern Europe. The French government is about to step up its attacks on social programs, and currency crises in the so-called “developing” countries of Asia and Latin America are prompting governments to raise

interest rates and slash social spending.

A report last month by the Council of Europe's human rights commissioner pointed to Depression-level unemployment, falling food consumption and the "pauperization" of pensioners throughout the continent. Nils Muižnieks noted, "An increasing number of children are dropping out of school to find employment and support their families, risking life-long setbacks in educational achievement, and providing the conditions for job insecurity coupled with the re-emergence of child labor and exploitation."

Whether in Athens, Madrid or Detroit, the working class is suffering an enormous historical retrogression, with no end in sight. Meanwhile, a tiny financial elite that controls every lever of political power is enriching itself almost beyond comprehension.

The fact that the world's richest 85 individuals have more wealth than the bottom 3.5 billion people on the planet testifies to the irrationality, historical bankruptcy and failure of the capitalist system. It underscores the necessity for society, as a matter of survival, to put an end to capitalism and replace it with a system based on common ownership of the productive forces, genuine democracy and social equality—that is, socialism.

In less than two weeks, the Socialist Equality Party is holding the Workers Inquiry into the Bankruptcy of Detroit and the Attack on the DIA & Pensions. The event will be held February 15 at Wayne State University.

The Inquiry is based on the conception that the development of a powerful counter-offensive by the working class depends on a broader understanding of the social, political and economic forces behind the Detroit bankruptcy. Workers must understand that the looting of the city is part of an international process, which can be answered only by the development of a conscious political movement against the capitalist system.

There is no lack of outrage over the plundering of society by financial overlords, but everywhere the working class is confronted with a crisis of perspective and leadership. In Detroit, as in the rest of the world, the trade unions function as co-conspirators in the imposition of austerity and impoverishment of the working class. These right-wing organizations, based on nationalism and the defense of the profit system, long ago abandoned the defense of workers' interests.

Last week it was reported that the United Auto Workers, the American Federation of State, County and Municipal Employees (AFSCME) and other unions had agreed to a proposal from Orr and federal mediators to accept the destruction of city-paid health benefits for retired city workers in return for control over a half-billion-dollar retiree health care trust fund, or VEBA.

The union executives will get a cut in the spoils from the bankruptcy by looting the VEBA and directly imposing health care cuts on rank-and-file union members.

Each day the working class is being reminded why earlier generations conducted mass revolutionary struggles against the profit system. The deep opposition of the working class in Detroit, which has a rich history of militant struggle and socialist politics, can and must be transformed into a conscious political fight.

The Socialist Equality Party is holding the Workers Inquiry to cut through the official lies and arm workers and young people with the knowledge they need to begin this struggle.



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