

## Report to the Workers Inquiry

# The Detroit Bankruptcy: A Travesty of Democracy

**Tom Carter**  
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*The Workers Inquiry into the Bankruptcy of Detroit and the Attack on the DIA & Pensions was held Saturday, February 15 at Wayne State University. The World Socialist Web Site published an initial report on the meeting on February 17. Today we publish an edited version of the report to the Inquiry delivered by Tom Carter, WSWS legal correspondent.*

*The report to the Inquiry by WSWS Labor Editor and Socialist Equality Party 2012 presidential candidate Jerry White can be accessed here. The report by Larry Porter, assistant national secretary of the SEP and chairman of the Workers Inquiry, can be accessed here.*

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Good morning. My name is Tom Carter. I am a lawyer.

I have a limited amount of time in which to give a sense, from a legal standpoint, of the totally criminal character of what is being done in Detroit.

As you have already heard, the Detroit bankruptcy is essentially a political-financial conspiracy to raid the city. This raid involves a plot to loot billions of dollars of workers' life earnings, together with the plundering of a historic museum and other public assets.

In many respects, from a legal standpoint—in terms of the legal form that this is taking—the raid on Detroit is modeled after the corporate raiding that was pioneered in the private sector in the 1980s and 1990s. Let me explain what I mean by that.

Bankruptcy has long been used as a tool in the private sector for stripping workers of benefits, contracts and rights. In the 1980s, we went through a period of hostile takeovers, leveraged buyouts, mergers and liquidations of companies in the airline, steel, coal mining, trucking and other industries. Iconic airline companies like Eastern Airlines, Pan Am, TWA, United and others were restructured or wiped out from the 1980s to the last decade. By 2002, more than 30 steel companies were in bankruptcy, including Bethlehem Steel, Republic Technologies, Wheeling Pittsburgh and National Steel.

Delphi and Visteon were the biggest of hundreds of bankruptcies in the auto parts industry, and, of course, Chrysler and GM were restructured in 2009. In each of these cases, bankruptcy was used to claw back gains that workers had made through struggle in earlier periods.

Pensions were destroyed, wages were slashed, labor agreements were torn up and hundreds of thousands of jobs were lost. In other words, using the bankruptcy courts as a tool to attack workers and steal their hard-won gains is not in itself a new development.

Over the past several decades, the concept of bankruptcy itself has undergone a certain transformation. At one time, a business going bankrupt was associated with a tremendous amount of shame and embarrassment. Careers ended. People were fired or resigned.

If you were a businessman and your business went bankrupt, it was time to find a new profession. That was then. Now, bankruptcy is considered a legitimate, even lucrative business opportunity. It's called "strip and flip." Fortunes have been made bankrupting companies for profit.

This bankruptcy spectacle was repeated over and over in the private sphere. It is a familiar picture: corporate raiders, wealthy investors, management and lawyers working together in court to do their utmost to stick it to their company's workers. The bottom line is that this is class warfare. That is what it is: the rich profiting by pocketing even more of the wealth that workers have made.

What is happening in Detroit is that this type of raiding that began in the private sphere is now metastasizing and moving into the public sector, where even bigger fortunes stand to be made. Billions of dollars in life earnings of workers are on the line. Detroit is the biggest municipal bankruptcy in the history of the law, and if they can do it to Detroit, they can do it to any city in the country.

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Instead of saving the conclusions for the end of my talk I am including them at the beginning so that you can consider them as I move through this material. These are the main takeaway points of my report:

1. The bankruptcy is a criminal operation. The conspirators should be impeached, indicted, arrested and prosecuted.
2. The city, in fact, would be fully within its legal rights to fully fund pensions and the DIA and cancel all the debts it owes to the banks.
3. The Detroit bankruptcy is part of a shift away from the rule of law and democratic forms of government and towards authoritarianism.
4. The Detroit bankruptcy is part of not a local, but a global process.
5. There is a relationship between the breakdown of democracy and increasing social inequality.

A few words about the rule of law. What does "the rule of law" mean? It means that the acts of every person, from the richest person to the poorest person, are beneath the law. This is the essence of the phrase "a government of laws, not of men." Obviously, legal protections and democratic rights have no meaning if they do not apply to everyone, if they don't apply universally.

There is a famous phrase in Thomas Paine's pamphlet *Common Sense* (1776): "In America, the law is king. For as in absolute governments the king is law, so in free countries the law ought to be king."

He was distinguishing this principle from an earlier period, when different laws applied to the ruling class (the aristocracy), or aristocrats were exempt from the laws altogether. In modern class society, as we can see in Detroit, a similar phenomenon is developing.

Let me give a few examples. If you cannot pay your home mortgage for a few months, you are told you have to take personal responsibility for the loan you took out but can no longer repay. And, therefore, your house

goes into foreclosure.

If, on the other hand, you are a bank and you have made billions of dollars worth of bad bets on speculative financial instruments, do you have to take personal responsibility? No, you get a bailout and you pay yourself a big bonus.

This is the rule of law collapsing, not functioning.

Another example: If I were to steal a DVD from Walmart, I would go to jail. If I stole a third DVD from Walmart, I would go to jail for life under a three-strikes law.

But if you are Bank of America and you carry out what are admittedly criminal and illegal transactions valued in the billions, resulting in billions of dollars in losses all around the country, not only do you not go to jail, once again you get a bailout and a big bonus.

This is the rule of law breaking down, and we see this in the Detroit bankruptcy. As we saw in the presentation earlier, they did not really care what the law was except to the extent they could get around it. Otherwise, they just ignored it.

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I'm going to make five concrete points on the way the bankruptcy took place. Think of these as five different angles from which the Detroit bankruptcy has been exposed as illegal.

First is the issue of pensions and the Michigan Constitution. Second, the emergency manager law. Third, the question of "good faith." Fourth, I'm going to talk some about the history of the municipal bankruptcy law. Fifth, a quick point about the DIA and what is called a "public trust."

[Click for slide 4]

Let me give a little background on pensions. These were never handed out for free. Workers had to battle company thugs and, in many cases, the National Guard to secure them. The first privately funded pension plan in the United States was won in 1875 from the American Express Company. Workers later won pensions from Standard Oil of New Jersey in 1903, US Steel in 1911, General Electric in 1912, AT&T in 1913, Goodyear Tire and Rubber in 1915, Bethlehem Steel in 1923, American Can in 1924 and Eastman Kodak in 1929.

It is not as if the bosses woke up one morning and said, "You know what would be a nice thing to do? Give the workers some pensions." Instead, this occurred because workers drew a line in the sand in places like Detroit and fought it out.

From day one, the bosses have always tried to renege on these pension agreements. Originally, under the law, pension funds were considered mere "gratuitous allowances." In other words, charity. To use a legal phrase: it springs from the generosity and appreciation of the grantor for a past service. The pensioner has no vested right, the pension can be terminated at the will of the grantor. In other words, it's not a right, just a charitable handout.

In 1948, a Michigan Supreme Court case called *Brown v. Highland Park* found that municipal pensions were "terminable at the will of the municipality." In other words, they were charity. Workers had no vested rights in these pensions.

Workers not only had to fight for the pensions themselves, workers then had to fight once they got the pensions for the pensions to be recognized under the law as vested rights. These struggles took place over a whole period. Ultimately, seven states were compelled to pass constitutional amendments that protect public employee pensions: New York in 1938, Alaska in 1956, Michigan in 1963, Illinois in 1970, Louisiana in 1974, Hawaii in 1978 and Arizona in 1998.

On the slide we have Article IX, Section 24 of the Michigan Constitution of 1963: "The accrued financial benefits of each pension plan and retirement system of the state and its political subdivisions shall be a contractual obligation thereof which shall not be diminished or impaired thereby. Financial benefits arising on account of service rendered in each fiscal year shall be funded during that year and such funding shall not be

used for financing unfunded accrued liabilities."

"Shall not be diminished or impaired" is part of the Michigan Constitution. The next section says that they are fully funded. They are required under the Michigan Constitution to fully fund pensions, and they are not allowed to use pension money to do anything for unfunded accrued liabilities. That's the law in the state of Michigan.

There were actually previous constitutions in Michigan in 1835, 1850 and 1908.

1963 in Michigan—that was the year of the "Great March to Freedom" (June 23, 1963), part of the civil rights period, during which 250,000 people marched down Woodward. The 1963 Michigan constitution of that period gives a sense of the conditions under which it was passed. Article 1 of the Michigan Constitution begins, "All political power is inherent in the people." The Michigan Constitution included a bill of 23 rights, while the federal Bill of Rights as we know has 10. Article 9 on finance and taxation includes the protections for pensions.

Teachers in Michigan played a critical role in fighting for and securing that pension right in the Constitution. The 1960s in general saw huge teachers' strikes all across the country for basic rights.

[Click for slide 5]

So, as we saw, Jones Day, Miller Buckfire, the state officials, the city officials—they have always been trying to get out from under this pension protection. It has always been a thorn in their sides, this constitutional protection. They have always been looking for ways to get around it.

But, from the period from 1963 to 2013, or 50 years, it was always understood that pensions in the state of Michigan cannot be diminished or impaired. And they have to be fully funded.

Everyone who ever made any kind of financial transaction with the city of Detroit was on notice that no matter what happened, the pensions had to be paid. It's in the Constitution. Workers, on the other hand, were told along the way that they should accept lower pay and concede benefits because, no matter what, their pensions were secure under the Michigan Constitution.

Then comes December 3, 2013, when Judge Rhodes decides that Detroit is eligible for bankruptcy. He rules under federal bankruptcy law that the pensions could be impaired. In fact, the Obama administration went out of its way to intervene in the bankruptcy to support this position. The current proposal is to pay 22 or 25 cents on the dollar for every pension.

It has to be understood: this is not hypothetical money. This is real. This is people's lives. There are people who go out to the mailbox once a month, and this is supposed to be how they live. When they get the check and it is 25 percent of what it used to be, where did this money go? It went to the banks.

To justify this ruling, Rhodes seizes on the phrase "contractual obligation" in the Michigan Constitution. The Michigan Constitution says, "shall be a contractual obligation thereof." And he says, "Aha! Everyone knows that federal bankruptcy law permits the impairment of contracts."

"Therefore," according to Judge Rhodes, "the pensions can be impaired!" That's the logic.

I wonder what the workers who struggled for this constitutional amendment would think of Judge Rhodes' logic. One imagines a teacher who participated in the struggles of the 1960s reading Judge Rhodes' decision in the bankruptcy case. I can imagine the teacher saying, "Judge Rhodes, you get an F-minus in reading comprehension. What part, Judge Rhodes, of 'shall not be diminished or impaired' did you fail to understand? I thought we made it pretty clear."

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Actually, this takes us even deeper into the illegality of the entire operation. If what Judge Rhodes says is true—it's not, but let's suppose it's true—and pensions can be impaired in bankruptcy, then how is it legal for Detroit to be authorized by the state of Michigan to enter bankruptcy under the state Constitution if it means that pensions are going to be

impaired?

Let me explain that another way. I want to make sure you're all with me here. We understand that the Constitution of the state of Michigan provides that pensions cannot be diminished or impaired. So, can the legislature of the state of Michigan pass a law under the Constitution that authorizes a city to use bankruptcy to impair pensions? The obvious logical answer is "no." But, in fact, that is exactly what they did.

[Click for slide 7]

The origins of the emergency manager law in Michigan can be traced to 1990, when the Michigan legislature enacted what was then Public Act 72 of 1990. The 1990 act gave state officials the power to appoint an emergency financial manager in a given municipality who would assume certain powers ordinarily held by local elected officials. Significantly, this 1990 law did not authorize bankruptcy. One assumes that at the time they understood that they could not authorize a city to enter bankruptcy because of the Constitution. They understood it would be totally illegal to go after pensions because that was part of the Constitution.

Effective March 16, 2011, the 1990 law was replaced with Public Act 4 of 2011, the "Local Government and School District Fiscal Accountability Act." The 2011 revisions vastly expanded the 1990 law, granting an emergency manager the power to remove elected officials, eliminate local governmental departments, enact school curricula, and modify, terminate or reject contracts. The 2011 law, unlike the 1990 law, purported to provide that an emergency manager could file for bankruptcy.

It goes without saying that the emergency manager law in itself is thoroughly anti-democratic. This law purports to give an emergency manager the power to override the entire system of democratically elected officials and representatives in a given local political entity. This unelected dictator is accountable to no one, and he or she cannot be removed by the local population. This dictator is empowered to fire local politicians, administrators or workers; rip up contracts; and unilaterally take municipalities against their will into bankruptcy.

Suppose Socialist Equality Party members got elected onto a city council. They would just impose an emergency manager on that locality and take it into bankruptcy. That would be their response, and there would be nothing you could do. You can't get rid of these emergency managers. In practice, this law permits the installation of a direct representative of Wall Street in any given municipality, who can run roughshod over any political or legal obstacles to carrying out the interests of the city's big business creditors.

Interestingly, notwithstanding its thoroughly anti-democratic content, the 2011 version of Michigan's emergency manager law still required any emergency manager to "fully comply" with Section 24 of Article IX of the Michigan Constitution of 1963, which guarantees that workers' pensions cannot under any circumstances be impaired.

[Click for slide 8]

The 2011 version of the law faced widespread opposition. In 2012, it was struck down by a popular referendum. But the conspirators behind the bankruptcy were not about to give up at that point, with all these billions on the line.

[Click for slide 9]

Immediately after it was struck down by popular referendum, the emergency manager law was quickly and quietly passed again by a post-election lame duck session of the Michigan legislature in November 2012. In other words, the response of the government of the state of Michigan to the emergency manager law being struck down by popular referendum was to turn around and pass the same law again.

The law was passed in a mere 14 days. Pursuant to the advice of Jones Day lawyers, Michigan legislators tacked two minor appropriations provisions onto the bill in order to prevent it from being struck down by another popular referendum. There is a rule that you can't strike down appropriations provisions by popular referendum, so they stuck an

appropriations bill on there in an attempt to protect it.

Even more importantly, the earlier version of the law required the emergency manager to comply with the Constitution. They took that part out. The revised law took out the part that said the emergency manager had to comply with the Constitution. It was passed in the political equivalent of the dead of night, with no public discussion.

Under the new law, Kevyn Orr was quickly appointed as Detroit's emergency manager. As Judge Rhodes was compelled to acknowledge in his decision, Orr does not even have the basic qualifications required by the emergency manager statute.

The emergency manager statute says the emergency manager has to have five years budgetary experience in government. Kevyn Orr has zero years budgetary experience in government. Orr is simply a big business lawyer who works for a big business law firm.

It is obvious that he was selected not merely for his political connections to the Obama administration and his credentials as a hatchet man for big business, but for his reputation and skill as a bankruptcy lawyer. They were planning to take Detroit into bankruptcy from the very beginning.

Now, if all this sounds completely illegal to you, it's because it is. First, if a law is struck down by popular referendum, you can't just turn around and pass it again. Second, you can't pass a law that purports to "authorize" somebody to violate the Constitution. That's unconstitutional on its face. You don't have to take my word for it, just ask Michigan state judge Rosemarie E. Aquilina.

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Michigan state judge Rosemarie E. Aquilina heard challenges to the revised emergency manager law in 2013 in a case called *Webster v. Michigan*, in the state court of Michigan. She issued an order in response to the challenge striking down the law as unconstitutional, and she also ordered that a bankruptcy petition could not be filed. I'm going to read her order:

"IT IS HEREBY ORDERED: PA 436 [the emergency manager law] is unconstitutional and in violation of Article IX Section 24 of the Michigan Constitution [the protections for pensions] to the extent that it permits the Governor to authorize an emergency manager to proceed under Chapter 9 [bankruptcy] in any manner which threatens to diminish or impair accrued pension benefits; and PA 436 is to that extent of no force or effect."

She goes on: "The Governor is prohibited by Article IX Section 24 of the Michigan Constitution from authorizing an emergency manager under PA 436 to proceed under Chapter 9 in a manner which threatens to diminish or impair accrued pension benefits, and any such action by the Governor is without authority and in violation of Article IX Section 24 of the Michigan Constitution.

"In order to rectify his unauthorized and unconstitutional actions described above, the Governor must (1) direct the Emergency Manager to immediately withdraw the Chapter 9 petition filed on July 18, and (2) not authorize any further Chapter 9 filing which threatens to diminish or impair accrued pension benefits."

It is pretty clear, in light of Judge Aquilina's decision, that none of what they are doing is legal. Kevyn Orr has zero authority to be acting as the emergency manager of the city of Detroit. The emergency manager law from which he purports to derive his authority is unconstitutional. In fact, the city has no business being in bankruptcy at all.

[Click for slide 13]

So, the emergency manager law was struck down once by popular referendum. They passed it again. It was struck down a second time by a state judge. Now, you are probably wondering, if that's true, how is Orr still supposedly the emergency manager? And how is Detroit in bankruptcy? Well, here is what happened.

Orr and his team of Jones Day lawyers got wind in July 2013 of the ruling that Judge Aquilina was about to make. In an effort to bypass this ruling and ram through the bankruptcy, they rushed to file Detroit's

bankruptcy petition ahead of schedule.

The City of Detroit officially entered bankruptcy at 4:06 p.m. on the last court day before Judge Aquilina's order went into effect, nine minutes before Judge Aquilina's hearing, which was scheduled for 4:15 p.m. This was done, again, in the dead of night with no public discussion.

[Click for slide 14]

Orr and company then argued to Judge Rhodes in federal bankruptcy court—and Judge Rhodes agreed—that this nine-minute difference meant that Judge Aquilina no longer had jurisdiction over the case when she issued the ruling from which we just read. So Judge Rhodes ruled that Judge Aquilina's order had no effect.

Imagine you're at a state fair and you're watching one of those games where you throw a dart and hit a bull's-eye. Some people have played that game. You pay two dollars and if you hit the bull's-eye then you get a prize.

Imagine you're throwing some darts. You pay two dollars, you miss. You pay two dollars, you miss. And then you throw the dart, it goes right smack in the middle of the bull's-eye—and then bounces off. There would be that moment when you realize—hey, this thing is rigged. This is not fair. There is no way to win the prize. Everyone in the crowd knows at that moment that this thing is rigged. There is no point in paying any money.

That moment comes in the Detroit bankruptcy the minute the federal court ignores Judge Aquilina's ruling and rams through the case anyway. The difference is that instead of darts for two dollars, we are talking about billions of dollars of workers' life earnings.

I want to touch briefly on the issue of "good faith." It is one of the many requirements of municipal bankruptcy law that the bankruptcy petition has to be in "good faith." In other words, the city cannot deliberately bankrupt itself and then apply for bankruptcy protection. Nor can a city use bankruptcy law to skirt its obligations under state law.

There were a number of emails that came to light in the course of the federal bankruptcy proceedings. Unfortunately, I can't use them all, and I can't even use a small selection—I'm just going to use one email. Read this email, and then you can decide for yourself whether you think this bankruptcy was filed in good faith.

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This is an email dated January 31, 2013 from Dan T. Moss, an associate attorney at Jones Day, to Kevyn Orr, who is at this point also an attorney at Jones Day. He says, "Making this a national issue is not a bad idea. It provides political cover for the state politicians. Indeed, this gives them an even greater incentive to do this right because, if it succeeds, there will be more than enough patronage to allow either Bing or Snyder to look for higher callings whether Cabinet, Senate, or corporate. Further, this would give you cover and options on the back end."

One could write a whole essay on this one email. Number one, "political cover." Obviously, all of these people know that if they did this in broad daylight they would never be elected again. So they have to give themselves political cover, hence the emergency manager law. They can pretend, "Well, I'm not doing it, it's Kevyn Orr, so you can elect me again."

"Patronage"—these people are being bribed by the Obama administration. Bing, a Democrat, and Snyder, a Republican, in the same sentence being bribed by the Obama administration with this phrase "Cabinet, Senate, or corporate."

Basically, the same category of people occupy those three spheres: Cabinet, meaning the Obama White House; Senate, meaning the federal legislature; or corporate, meaning what you do in your off time. You go become a billionaire at such-and-such company.

Then there is "options on the back end." They know that if they pull this off, they are going to be hated by the people of Detroit, and they have to have a golden parachute to land.

Mindful of the fact that Article 1 of the Michigan Constitution begins,

"All political power is inherent in the people," I think we should have a vote. Show of hands. Who thinks this was filed in good faith? Maybe we can overrule Judge Rhodes. Show of hands. Who thinks this was not filed in good faith? Judge Rhodes, you're overruled by the people of the state of Michigan.

If this bankruptcy was filed in "good faith," then the phrase "good faith" has no meaning in the English language.

The law of municipal bankruptcy (or what is now referred to as "Chapter 9") originated in the New Deal. We have already discussed the New Deal, so I will not repeat the points about that. The provisions for municipal bankruptcies in the United States were one aspect of the New Deal reforms.

Prior to 1934, banks could force insolvent municipalities to raise taxes in order to pay their debts. This gave banks a tremendous coercive power over municipalities, which in turn ensured that municipalities had an incentive to pay the banks instead of wages and essential services. The municipal bankruptcy law was actually designed to protect wages and essential services from the predations of the banks. That is why it was passed in 1934.

Under the municipal bankruptcy law as it was originally intended to function, the city of Detroit would be fully within its rights to fully fund pensions and the DIA and tell the banks, "Too bad." That is actually how the law is supposed to work.

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To anyone who still thinks that the Detroit bankruptcy is merely a local issue, and not part of a global process, one has only to look at the development of municipal bankruptcy law over the recent period. The Detroit bankruptcy emerges as one step in a nationally coordinated campaign to set the stage for a wave of municipal bankruptcies all around the country. Again, the plan is to use the federal bankruptcy law—which was such a smash hit in the private corporate sphere—to go after cities and municipalities too. This plan has the full support of the Obama administration.

I've listed some of the bankruptcies leading up to Detroit. These are just some of many examples. These were all cited by Rhodes in his decision. A lot of the same personnel, the same law firms, are involved. With these cases, the bankruptcy law is in the process of being transformed. Instead of municipalities using the bankruptcy to protect themselves from the banks, bankruptcy is being used to loot the municipalities on behalf of the banks.

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This is a good time to point out another extraordinary aspect of the Detroit bankruptcy proceedings. Federal law has a historical legacy in the United States of being used to expand basic rights and override anti-democratic state laws, from the Civil War to the New Deal to the Civil Rights period and desegregation. Federal law is being used in the Detroit bankruptcy in the opposite manner: to clear the way for the theft of pensions and to override basic rights guaranteed by the Michigan constitution.

The sale of the art at the DIA is completely illegal. Don't take it from me, take it from Michigan's Republican attorney general, Bill Schuette, who was asked to submit a memorandum in the course of the bankruptcy proceedings. He wrote: "You ask whether the art collected and displayed at the museum may be sold or transferred for purposes of satisfying debts or obligations of the City unrelated to the collection or the museum. The answer to this question is no."

Period. End of sentence.

His opinion explains that the Detroit Institute of Arts is a public trust and that "as a legal entity holding assets for a charitable purpose, the museum was founded as a charitable trust." He continues: "The museum's charitable purpose was the exhibition of art for the public; the art collection thereafter acquired by the museum became the assets of the

trust.” It cannot be used to pay off city debt, it can only be used “for its dedicated charitable purpose.”

From the articles of incorporation in 1885, to the 1915 articles of association, to the 1919 act transferring the museum to the city, it has always been understood that it is a public trust.

What is a trust? Let me give an example. Suppose someone gave me \$1,000 to hold in trust for my cousin. I could not turn around and use that to pay my own credit card bills. If I did, I would go to jail, because I don't own that. I'm just holding it in trust for my cousin.

In the case of the DIA, the municipal entity the city of Detroit does not own the Detroit Institute of Arts. The art is held in trust for the people of Detroit, and it would be a crime to sell any of it.

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To review:

The lynchpin of the Detroit bankruptcy is the emergency manager law. This anti-democratic law permits state officials to usurp local government and impose an unelected dictator on the city. From a legal standpoint, Kevyn Orr has no powers as the emergency manager in Detroit. The city has no business being in bankruptcy at all. Under the Michigan Constitution, pensions “shall not be diminished or impaired.”

What is happening instead is totally illegal, and all of these people—the bankers, the conspirators, the real estate speculators, the politicians, the Democrats and the Republicans, the lawyers, the financial consultants, all the way up to the Obama administration—all of these people deserve to be impeached, indicted and prosecuted. They should all go to jail. You ask, who should be held accountable? All of them. All of these dirty transactions need to be reversed and all of this money needs to be paid back to the city of Detroit.

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Is the Detroit bankruptcy totally illegal? Yes. Are they doing it anyway? Yes.

The illegality of the Detroit bankruptcy cannot be explained or understood on its own. It is not a product of isolated processes particular to the city. To understand what is going on in Detroit, it is necessary to understand what is going on in the world. Democracy and the rule of law are not under attack just in Detroit. It's not as if Detroit is bad, but everywhere else is great. In fact, democracy and the rule of law are collapsing everywhere as part of a global process.

Let's look at the fate of democratic rights in America in the 21st century so far. The century began with the installation of an unelected president by the Supreme Court. That president, George W. Bush, announced that the US would no longer be bound by the Geneva Conventions or international law.

The period after September 11, 2001 saw a rapid buildup of the government's repressive apparatus under the guise of the so-called “war on terror”—the PATRIOT Act, the Department of Homeland Security, the consolidation of police powers, Guantanamo Bay, torture, Abu Ghraib, waterboarding, rendition, detention without trial.

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In 2006, the federal government passed the Military Commissions Act, which authorizes trial by military commissions instead of trial by jury. The National Defense Authorization Act of 2011 authorizes that anyone, including US citizens, can be detained without trial on the mere accusation of terrorism. The government has labeled certain anti-war groups and participants in the Occupy Wall Street protests as “terrorists,” and has invoked anti-terror laws against them.

The Obama administration has distinguished itself as the first administration in US history to assert the power to assassinate US citizens without charges or trial. Four assassinations of US citizens have already been carried out, including the assassination of a 16-year-old boy. This is together with the assassinations by the Obama administration of thousands of people in Pakistan, Somalia, Yemen and elsewhere through the

administration's “targeted killing” program.

This week in the media it was announced that the US is contemplating the assassination of a fifth US citizen, who has not yet been named. This, of course, is in flagrant violation of the US Constitution, which provides that no person “shall be deprived of life, liberty or property without due process of law.”

Last year we witnessed the military lockdown of an entire US city, Boston, with the population ordered to shelter in place while heavily-armed commandos conducted house-to-house searches.

Finally, and certainly not least importantly, last year saw the explosive revelations from NSA whistleblower Edward Snowden regarding the extent of the government's illegal spying operations. The documents released by Snowden show that a huge spying apparatus has been built up behind the backs of the public. This apparatus ensures that virtually every email, text message, phone call you make; every web site you visit; every picture you take; every credit card swipe; every hospital visit; all of the GPS data in your phone—the government is logging it.

One could give a thousand examples. One of the most recent, from a report by Snowden: They now have this “Smurf” program that they can put on your phone. It means that even if your phone is off, it will still use its camera and microphone to record, and submit that along with GPS data to the government.

Is it totally illegal? Yes. Are they doing it anyway? Yes.

One could go through the Bill of Rights one amendment at a time and with respect to virtually every clause it would be possible to cite numerous examples of flagrant attacks and violations by the government that have taken place over the past 15 years, at an accelerating pace. Many people voted for Obama hoping to get a reversal of the hated policies of the Bush administration, but what they got instead was the entrenchment and acceleration of everything the Bush administration had started.

The key to understanding these processes—the breakdown of democracy and democratic rights—is social inequality. Democracy is in contradiction with a world where the richest 1 percent controls half of the world's wealth—in other words, with capitalism.

The clique of super-rich criminals that rules Detroit and rules America is running around and taking all the money and stuffing it into their own pockets. But this clique is also conscious that what it is doing will one day make them unpopular. That is why, while they are everywhere seeking to wipe out the hard-won social and democratic gains of the population, they are working to build up a police state.

The struggle to stop them from doing this, in Detroit and everywhere else—the struggle to defend our museums and our jobs and our pensions and our cities and our health care and our democratic rights—that struggle can be taken forward only by means of the independent mobilization of the working class in a political struggle against inequality and the world capitalist system that produces it. Thank you.



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