

A bankers' plan for Detroit

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The proposal submitted late last week by Emergency Manager Kevyn Orr to the federal court overseeing Detroit's bankruptcy is a blueprint for a devastating attack on the working class of the city. The "plan of adjustment" would be better termed the "plan of destruction," targeting pensions, health care and core public assets, including the world-renowned Detroit Institute of Arts (DIA).

Orr's plan confirms the central premise of the Workers Inquiry into the Bankruptcy of Detroit held by the Socialist Equality Party on February 15: A crime is being perpetrated, one that is the product of a political conspiracy involving both big business parties and all the institutions of the state.

A *New York Times* article over the weekend compared, approvingly, what is taking place in Detroit to the restructuring of New Orleans after Hurricane Katrina in 2005. Indeed, the devastation wrought by Hurricane Katrina was used as an opportunity to depopulate sections of the city and go after basic social rights, including the handing over of public education to for-profit charter schools.

In New Orleans, the impact of a massive hurricane was compounded by years of social decay and neglect of infrastructure. In Detroit, the entire crisis has been created through a social wrecking operation carried out by the banks and corporations. After decades of deindustrialization, Detroit, one of the most important cities in the country and the historical home of American auto manufacturing, is being ripped to shreds by financial vultures.

The most important features of Orr's plan are:

* **Sharp cuts in constitutionally guaranteed pensions** Never in US history have public employees faced such a savage cut in pensions. For most city workers, retirement payments will be reduced by up to 34 percent, with firefighters and police pensions cut by 10 percent. The average pension is already a grossly

inadequate \$19,000, and further cuts will throw tens of thousands of retired workers into destitution. Automatic increases to pension payments to keep pace with the cost of living will be ended.

* **The elimination of city-provided health care for retirees** Starting next month, the city's health care program will be ended. Less than a third of what the city owes to retirees will be transferred to a fund controlled by the unions. Retirees who are 65 years or older will be shifted to Medicare, the federal program that is facing budget cuts by the Obama administration. The rest will be given inadequate subsidies to purchase insurance on the private health care exchanges set up under Obamacare, forcing them to pay thousands of dollars in out-of-pocket expenses for substandard coverage.

* **Privatization of the DIA and other city assets** Orr's plan calls for an end to the city's century-long ownership of the Detroit Institute of Arts, turning over the priceless artworks owned by the people of Detroit to a collection of private foundations and wealthy donors, which will run "DIA Corp." Presented as a way to "save the art," the plan in fact paves the way for the introduction of entrance fees for Detroit-area residents and other restrictions to both content and accessibility at the museum.

The plan also includes steps toward the privatization of the Detroit Water and Sewerage Department (where 600 workers—or nearly 40 percent of the workforce—are already being targeted for layoff) and other services, from public lighting to sanitation.

* **Restructuring the city in the interests of the rich** Some \$500 million will be slated for "blight removal," i.e., for tearing down houses and buildings at a planned rate of 400-450 a week. The aim is not to *rebuild*, but rather to "downsize" the city by cutting off services to entire neighborhoods not considered useful to the ruling class.

The person who will be tasked with drawing up the plan for building destruction is Quicken Loans CEO Dan Gilbert. Gilbert has leveraged his control over the city to buy up property on the cheap and increase his wealth by \$1.5 billion from 2012 to 2013 alone. *This is more than three times the amount that the city is proposing to pay out for retiree health care.* Gilbert, Little Caesar's CEO Mike Ilitch and other billionaires have a plan to "revitalize" a small downtown area, including a state subsidized sports and entertainment district, while kicking out low-income residents who have long lived in the city center.

Secured bondholders, meanwhile, will be paid in full, while unsecured bonds will be paid out at 20 cents on the dollar. Insurance companies that will cover the remainder of payments to institutional investors have complained about the deal, demanding sharper cuts in pensions and the liquidation of more city assets.

As the Workers Inquiry revealed, the appointment of Orr and the decision to drive Detroit into bankruptcy was carefully planned over years, involving Republican and Democratic politicians at the state and local level. In the process, laws, constitutional protections and the clear will of the population were repeatedly violated, overridden or ignored.

The Workers Inquiry gave expression to an immense social force whose voice has not yet been heard—the working class. The Inquiry brought together city workers, teachers, students, service workers, retirees and other sections of the working class. It won the support of broader sections of workers throughout the city. It was based on the conception that to fight against the bankers' dictatorship in Detroit, to counter the lies of the political establishment and the media, workers need to know the truth.

What did it uncover?

What is taking place in the Motor City is part of a national and indeed international social counter-revolution. Since the crisis of 2008, a massive redistribution of wealth has been carried out, with trillions handed to the banks, inflating markets and corporate profits, while austerity is imposed on the working class.

The Obama administration supported the plan, behind the scenes and in court filings. The use of the courts to cut pensions guaranteed by the state constitution is seen

as a model for other cities. At stake are trillions of dollars in pension funds that the corporate and financial elite are determined to loot.

After decades of assisting in imposing concessions on the working class, the unions have played a critical role in the bankruptcy, seeking only to preserve their own interests at the expense of the working class. In Detroit, the ruling class hopes to bring the unions into a "grand bargain" by handing over to them control of a half-billion dollar retiree health care fund, a source of lavish pay and resources for the executives that control these organizations.

There is growing opposition to the attack on the right to pensions, health care, education and all social and democratic rights. In Detroit, the sentiment among workers is overwhelmingly hostile, a sentiment that will only grow as Orr's plan of adjustment is implemented on the backs of the working class.

This sentiment must be turned into an active struggle. Detroit is seen as a test case for the ruling class. It must be turned into a test case for working class resistance.

For a struggle to be successful, however, the political perspective that guides it must be based on an analysis of the causes and political forces behind the crisis. It must be completely independent of and in opposition to the Democratic Party and the trade unions. It must seek to unify workers in Detroit with workers throughout the country and internationally that face the same attack.

Above all, the fate of Detroit is definitive proof of the bankruptcy of the capitalist system and the ruling class whose interests this system serves. The failure of capitalism must and will be answered by a revival of a mass socialist movement of the working class.



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