Submission to Workers Inquiry: Social conditions facing workers in California

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On February 15, the Socialist Equality Party held the Workers Inquiry into the Bankruptcy of Detroit and the Attack on the DIA & Pensions at Wayne State University in Detroit. The Inquiry exposed the social, economic and political forces behind the bankruptcy and revealed how it is part of the national and international attack on the working class.

The following report was submitted to the Inquiry by SEP delegates who traveled from California. It details the social conditions facing the working class in the most populous state in the US.

The Detroit Bankruptcy, the largest municipal bankruptcy in US history, has set both a national and international precedent. The slashing of pensions, annulment of the state's constitution, and the selling off of public artwork at the world-renowned Detroit Institute of Art—all carried out by the unelected emergency manager Kevyn Orr—is being used as a test case for cities throughout the country.

What is happening in Detroit is a social crime. It is being carried out by both parties of big business, the Democrats and the Republicans, with the complicity of the trade unions and various pseudo-left organizations that support them. The banks and corporations responsible for the crisis in Detroit have been given a free pass, while the workers, retirees, students, and youth are being forced to foot the bill.

What is happening in Detroit is not an isolated incident. In fact, a very similar process is underway in California, the largest state in the country. The situation in California, like in Detroit, is a reflection of the broader, historical crisis of capitalism. The response of the bourgeoisie to this crisis has been to wage a social counterrevolution to destroy all of the historical gains of the working class.

With seven municipal bankruptcies recorded in the state, California accounts for nearly half of all Chapter 9 cases in the US, four of which have occurred since 2008. Chapter 9 municipal bankruptcy now functions as the new and preferred weapon of the bourgeoisie—with a pseudo-legal veneer—for class warfare.

This exposes the contempt of the ruling class for democratic rights and its hostility towards the masses. In Detroit, the unelected emergency manager and the bankruptcy court have overridden Michigan's state constitution, which protects the pensions of retired public workers.

In California, the Democratic mayor of San Jose, backed by powerful corporate and financial interests, is seeking to put a constitutional amendment on the state ballot to remove the protections for public employee pensions contained in the state constitution.

What has become clear is that the working class is being forced to pay for a crisis it did not create. Not a single Wall Street banker has gone to jail for their illegal and socially destructive acts that resulted in the 2008 global financial crisis.

Poverty and social inequality

While millions of people living in California are suffering from increased levels of debt and poverty and politicians claim "there is no money" for pensions, education or other services, the personal fortunes of the state's billionaires have grown astronomically. California is home to eighty-eight individuals found on the 2013 Forbes 400 list; the combined wealth of these individuals amounts to an astonishing $388.65 billion.

While these few lavish in wealth, poverty has soared in the state. Officially, 6.2 million people are considered to be living in poverty in California. However, a report conducted by the US Census Bureau using the Supplemental Poverty Measure (SPM) has found that an alarming 8.9 million people in the state live in poverty, nearly a quarter of its population (23.8 percent).

The official calculation used to measure poverty—three times the cost of minimum food purchases—has changed little since its inception in 1963. By contrast, SPM's new method is calculated on a basic set of goods including food, shelter, clothing, utilities, and a small additional amount for other expenses.

Applying this measure across the country, the Census Bureau found 49.4 million people to be living in poverty in 2012, compared to the official figure of 46.7 million, an increase in nearly 3 million. What these figures highlight, in the final analysis, is the inability of capitalism to provide the population with even the most basic necessities.

Attacks on education

In the fall of 2012, California approved Proposition 30. Voters were promised it would halt and reverse the assault on public education, sparing the state from $5 billion in budget cuts. The unions played a critical role in passing the proposition, with millions spent by the California Teachers Association (CTA), the American Federation of Teachers (AFT) and the Service Employees International Union (SEIU). The proposition included a regressive tax increase to extract billions from the working class.

Far from "saving education," the WSWS warned, the measure would only lay the groundwork for future attacks on public education. As the WSWS wrote, "This current year around $5 billion in cuts to education would be postponed, but after that it's open season. When next year's deficit arrives, public education would once again be on the chopping block."

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Only one year later, California's Democratic Governor Jerry Brown signed Assembly Bill 449, also known as California Teacher Accountability Bill. The signing of the bill is a massive attack on public education.

Assembly Bill 449 seeks to penalize public school superintendents who fail to report to the state Commission on Teacher Credentialing within 30 days when a teacher is disciplined or fired for misconduct. The bill enlists the effort of the superintendent to monitor the schools and report any teacher for "misconduct," a vague phrase encompassing a range of charges that ultimately seeks to speed up the process of firing teachers.

This measure is aimed at scapegoating and victimizing teachers for the miserable conditions in cash-starved schools and the difficulties of teaching children whose families are impoverished. Bill 449 and similar laws, supported by the Obama administration, is being used to accelerate the shutdown of so-called failing schools and increase the number of privately run and publicly funded charter schools.

Between the crash of 2008 and 2012, school districts across California have laid off more than 30,000 teachers—or ten percent of the state-wide workforce.

Bankruptcies and pensions

As mentioned previously, California has the highest number of cities in bankruptcy, accounting for nearly half of all Chapter 9 municipal bankruptcies in the country. The cities of Stockton and San Bernardino are in ongoing bankruptcy proceedings.

Stockton, the largest municipal bankruptcy in California, was at the center of the US housing bubble crisis. Last year, Stockton had the second largest foreclosure rate in the nation and was ranked by Forbes magazine as the second worst city in the US to live in.

Within the past few years, Stockton has fired 30 percent of its firefighters, 25 percent of its police force and 43 percent of its non-uniformed workers. It has also reduced city workers' pay by 23 percent and eliminated all medical coverage for aging and sick retirees.

Stockton and San Bernardino are not the only cities at risk in California. *USA Today* ran a piece in May of 2013 that warns that ten other cities are near bankruptcy, including San Jose and Oakland.

The passing of Democratic Governor Jerry Brown's pension "reform" last year increased the retirement age from 55 to 67 for the majority of new employees, and age 50 to 57 for any new public safety employees. Brown's "reform" also increased the share, which workers contribute to their pension. The Service Employees International Union (SEIU), California's largest state employee union, described the reform as a "good starting point for a new conversation about retirement security."

The municipal bankruptcies are one of the most blatant expressions of the looting of society by the Wall Street banks. The politicians and media paint grotesque images that people are "living beyond their means" and that the slashing of pensions and restructuring of cities will lead to increased funding for education and other essential services. All such claims are lies. The banks and big businesses are attempting to steal hard-earned pensions and destroy services at the same time.

Social conditions and workers struggles

In November, nearly one million Californians received cancellation letters informing them that on December 31, 2013, their health insurance was to end effectively. Their cancellations letters came after President Obama repeatedly promised, "If you like your health plan, you can keep it."

As the *WSWS* warned that Obama's health care "reform" had nothing to do with improving access to medical coverage. From the beginning it was aimed at shifting health costs from corporations and the government onto the backs of workers who are now paying more for inferior coverage.

Fifty percent of California policyholders are expected to see an increase in their premium rates. Blue Shield, one of the main health care providers in California, reported that two-thirds of its customers would see a rate increase if they switched to Affordable Care Act exchanges for the same insurance. The healthcare overhaul has not been a "progressive" landmark; it has been thoroughly exposed as pro-business legislation to maximize the profits of health care monopolies and big insurers with no regard to the health and wellbeing of patients.

At the State of the State speech given last month, Brown made clear that despite a surplus, the first time since 2002, austerity will continue. Brown stated during his speech that, "We can't go back to business as usual." Invoking the Book of Genesis, he said, "put away your surplus during years of plenty." Instead of funding schools and other valuable social services, the cuts that were made during the onset of the financial crisis are being made permanent. Meanwhile, massive tax giveaways continue to flow to the corporations and the super-rich.

The past years have witnessed an intensification of the class struggle in California. In October, Bay Area Rapid Transit (BART) workers in Northern California went on a four-day strike, involving some 2,300 workers. The calling off of the strike by the SEIU and the Amalgamated Transit Union (ATU)—right at the point that it was most effective—made clear the strike was not to mobilize the working class, but to let off steam. While the contract included a small pay raise, it was more than offset with reduced pension and healthcare benefits.

As in Detroit, the trade unions function on behalf of the corporations and the government to suppress the resistance of the working class and facilitate the social counter-revolution.

Opposition is growing. The response of the working class must be a conscious political struggle for international socialism. The role of the Socialist Equality Party, as this inquiry shows, is to provide the historically necessary revolutionary leadership of the working class in the struggle for power.

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