The social counterrevolution accelerates in Detroit

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17 April 2014

All the principal political actors are being lined up in Detroit to browbeat workers over the next several weeks into accepting a bankruptcy restructuring plan, drafted by the Wall Street banks and their political servants, that contains sweeping attacks on the working class.

In advance of today's deadline for legal challenges to Emergency Manager Kevyn Orr's Plan of Adjustment, two union-affiliated retiree associations agreed to drop lawsuits against the bankruptcy and endorse a deal that cuts pensions and health care benefits. Before the bankruptcy of Detroit—the largest municipal bankruptcy case in US history—such cuts would have been considered inconceivable because of constitutional protections for public employee pensions in many states, including Michigan.

If the deals are rammed through, some 6,500 retired firefighters and police—who do not qualify for Social Security benefits—will have their pensions frozen and cost of living adjustments cut by more than one half to one percent a year. Another 11,000 city workers in the city's General Retirement System, who subsist on pension checks averaging $1,500 a month, will be hit with a 4.5 percent cut and lose inflation adjustments altogether.

Making matters even worse, retirees over 65 will be dumped into the federal Medicare system and those under 65 will be forced to purchase private insurance on Obama's health care exchanges—imposing impossible out-of-pocket costs for inferior care. Future medical coverage will be handled by a union-controlled Voluntary Employees' Beneficiary Association (VEBA), which, in the words of the *Detroit Free Press*, "is expected to deliver significantly reduced benefits to retirees."

These cuts are part of a broader restructuring plan, which includes handing over the priceless collection of the Detroit Institute of Arts, owned by the city of Detroit for over a century, to private foundations. Other public assets and city services are being primed for privatization, including the water and sewerage system, public lighting, municipal parking facilities and the city-owned airport and convention center.

Low-income residents are being cleared out of downtown to make room for upscale housing and entertainment districts, which will benefit billionaire developers. At the same time, thousands of residents are being ruthlessly cut off from access to water.

The local and national news media have declared that the pension cuts are "minimal" and the result of compromises involving "equal sacrifice" from bondholders, the banks and retirees. This is a fraud. Workers are being stripped of hard-earned, constitutionally guaranteed benefits, which will throw them into destitution.

Meanwhile, the bankruptcy court has agreed to pay big investors, which have fleeced the city for years, as much as 74 cents on the dollar. It has approved an $85 million payoff to Bank of America and Swiss-based UBS to unwind an illegal interest rate swap deal.

From the beginning, the corporate and financial elite have relied on the unions, including the American Federation of State, County and Municipal Employees and the United Auto Workers, to implement their plans. The unions have worked to prevent the outbreak of social opposition against the political conspirators who deliberately threw the city into bankruptcy in order to loot pensions and other public assets.

Far from mobilizing opposition to this social crime, the unions have functioned as one of the competing creditors in the bankruptcy case, filing lawsuits to press for a larger share of the spoils from the threatened

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selloff of the DIA and other public assets.

Having taken the measure of the corrupt business executives who run AFSCME and the UAW, federal mediators crafted a "grand bargain" to push through the restructuring plan. This included buying the support of the union officials by handing them control of multi-billion-dollar VEBA trusts and reportedly allowing them to retain some influence over the investment of pension funds.

If no agreement with the unions was reached, Judge Steven Rhodes and Orr threatened to "cram down" their restructuring plan. Such a provocative action, *Detroit News* columnist Daniel Howes warned, would be "more socially divisive, to put it mildly." That is why, in the end, the corporate and financial elite and its political front men have relied on the unions to suppress opposition and impose their dictates.

What is happening in Detroit is a part of the social counterrevolution spearheaded by the Obama administration and both big business parties, Democrats and Republicans. Having rejected any bailout of Detroit, while providing trillions to Wall Street, Obama is using the city as a model for the gutting of government-paid pensions and health care benefits for millions of teachers, firefighters and other public-sector workers around the country.

Following the example of Detroit, municipalities in Illinois, Pennsylvania, California and elsewhere have put public employee pensions and health care benefits on the chopping block. Throughout the US—just as in Greece, Spain and Portugal—the banks and their political servants claim that society just does not have the resources to sustain "overly generous" retirement benefits.

The corporate and financial aristocracy is determined to destroy every social gain won by the working class in over a century of struggle.

Detroit workers and retirees are set to vote on the proposed packages beginning on May 1. They will be confronted by unions joining the chorus of politicians, judges and media talking heads insisting that this is the "best they can get" and that resistance will lead only to deeper cuts.

This campaign of propaganda and intimidation must be rejected! The crafting of a "grand bargain" by a united front of banks, politicians and unions behind the bankruptcy makes clear that in fighting for its rights—including the right to pensions, health care, utilities and access to culture—the working class must be organized independently of all the institutions of official politics, including the unions and the Democratic Party. The struggle of workers in Detroit must be connected to the mobilization of the working class throughout the metro Detroit area, across the US and internationally.

What workers lack is not the desire to fight, but knowledge of the social, economic and political forces behind the bankruptcy and a leadership armed with a political program to fight. That is why the Socialist Equality Party organized the February 15 Workers Inquiry into the Bankruptcy of Detroit and the Attack on the DIA & Pensions and is continuing to organize opposition.

The entire framework of the bankruptcy must be rejected. The city's debt must repudiated and the fortunes of the financial aristocracy confiscated for social use, including rebuilding the city for the working class, not the super-rich. This fight must be connected to the struggle to mobilize the working class on an international and socialist program to put an end to war, dictatorship and social inequality.

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