

Detroit workers speak out against revised bankruptcy plan

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Behind closed doors, mediations over a revised “plan of adjustment” in Detroit, ordered by US Bankruptcy Judge Steven Rhodes, have gained the support of state-appointed, union-affiliated retiree and pension organizations.

The agreements would slash cost of living adjustments (COLA) and freeze pensions for police and fire, and cut pensions by 4.5 percent for general retirees. These measures, which set a national precedent for cutting constitutionally protected pension benefits, are part of a brutal restructuring plan that targets health care and other benefits, while paving the way for the privatization of city services and the transfer of the Detroit Institute of Arts into the control of private foundations.

The cuts are being described as “minimal” by the corporate media, with the bondholders and banks said to be taking an equal share of the sacrifice. For their part, the unions are seeking to push through the agreements, which provide added privileges for union executives.

The city’s 30,000 retirees will begin voting on the plan in May. As things presently stand, they will vote without any guarantee that a “yes” vote will actually secure the slightly more favorable terms, which have been advertised by the city as a “peace offering.” It is entirely possible that after approving the plan and forfeiting any right to launch legal challenges, retirees will still face the even greater cuts outlined in Emergency Manager Kevyn Orr’s original document.

On Friday, Republican House Speaker Jase Bolger said that the state legislature would not vote on a proposed \$350 million state contribution that is part of the deal unless the unions agreed to a direct cash infusion into the city, in addition to the cuts for retirees.

Speaking with workers Thursday, representatives from the *World Socialist Web Site* encountered deep skepticism and hostility toward the plan.

A water department worker expressed anger over the announcement that the unions had accepted a settlement that included pension cuts. “I retire in 3 years,” he said. “They are playing high stakes poker with our lives. What is the truth? All I hear is water cooler chatter. They are keeping us in the dark.

“I have been a loyal employee. The union and pension reps have shown no such loyalty. They acquiesced and never put up a fight. A 4.5 percent pension cut and a potential 20 percent clawback on the annuity is the best you are going to get or the sword of Damocles will fall on you? That’s called getting shafted, if you ask me.”

A veteran Detroit firefighter working in southwest Detroit also spoke to the WSWS.

“The cuts to cost of living alone are devastating. And it’s not just our living standards at stake. The rest of the country will follow. One thing we know for sure though: the top ranking officers in the union will still have their gold packages,” he said.

Taking into account cuts to pay and benefits during recent year, firefighters have suffered the equivalent of a 50 percent pay cut. “We have taken basically a 50 percent pay cut. We took a 10 percent pay cut even before the bankruptcy, and the city did not pay into our pension fund for five or six years,” he said.

“They don’t care that 700 people in the fire department had to declare bankruptcy. With the benefit cuts, I believe we are making less than in 1991. You can’t raise a family on that. Who can afford to go to the doctor? Everything we fought for in 40 years we are giving back in one fell swoop. And, they are trying to privatize the entire city,” he said.

“Nobody on this job wants to be a millionaire, but new people coming on this job won’t even know about the limited benefits we once had. They want to get rid of the ones who put in their time.

“No one understands that we didn’t pay into Social Security. We don’t get a Social Security check when we retire. We are in the bottom of the ninth inning, two outs, and then they are changing the rules. It is a travesty what they are doing.

“It boggles my mind that after decades on the job, day in and day out, they can come in and say, ‘You know that stuff we promised you? Well...’” the firefighter said.

During a hearing Friday, Judge Rhodes interviewed candidates to serve as his special adviser in assessing the viability of the bankruptcy plan.

Among those interviewed was longtime veteran of the Democratic Party machine Richard Ravitch, whose Ravitch Group offered to take on the job for a sum of nearly \$1 million. Ravitch cited his experience in the financial restructuring of New York during 1970s as qualification for the job.



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