

# Private contractors take over waste management in Detroit

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Rizzo Environmental Services will begin picking up garbage in southeast and east Detroit this week, initiating the full-scale privatization of the city's trash collection. Advanced Disposal will take over operations in the city's northwest at the beginning of June.

Privatization of garbage collection was approved by Detroit City Council in February. As part of the privatization process, the city is auctioning off its fleet of garbage trucks.

The move will be accompanied by significant layoffs. According to the *Detroit News*, some 150 garbage workers will be let go, bringing total personnel down from 190 to 40. The companies have also announced plans for installation of new cameras to catch people engaged in illegal dumping.

For their services, Rizzo will receive \$49.1 million and Advanced Services \$73.5 million, with the contracts paid for with money collected from residents.

The privatization of trash collection is only the latest step in the ongoing restructuring of virtually every city service in accordance with the interests of the corporate-financial elite. In December, US Bankruptcy Judge Steven Rhodes authorized the city to finance the takeover of street lighting operations by the utility monopoly DTE Energy. Now, plans are also being floated for full privatization of the Detroit Department of Transportation.

In a recent commentary in the *Detroit News*, "Privatizing Detroit Department of Transportation Would Save City Millions," Mackinac Center Fiscal Policy director Michael LaFaive wrote, "Detroit should be turned into a contract city by selling assets and shedding extraneous services, and then competitively contracting for the services it would still provide."

"Detroit's city leaders should use the opportunity of bankruptcy to chart a new course: Repeal their archaic

transit laws, close or privatize DDOT and allow private entrepreneurs to accomplish what DDOT can't, among other bold changes," LaFaive wrote.

As these lines make clear, the political establishment and its media mouthpieces see the bankruptcy as an opportunity to implement far-reaching plans to dismantle public services. The transformation of Detroit into a "contract city" is seen by the ruling class as a test case in preparation for similar measures in cities around the world.

On Monday, *the World Socialist Web Site* spoke with Jeremy O'Brien, director of Applied Research at the Solid Waste Association of North America, about the history and effects of waste management privatization.

"New York City had private waste collection around the beginning of the 20th century, and the failure of those companies prompted the city to initiate its own waste management efforts. Since then there have been swings between public collection and private, with the dominant tendency towards privatization during the past thirty years or so," O'Brien said.

"Despite the talk about the inefficiency of public management, public agencies are often more competitive in terms of price than private companies. And once you go to privatization, it's very tough to go back."

"Many cities give their entire operation over to one or two contractors. The private companies will raise their prices once they are in, and especially if they own the local disposal facility, that company has an effective monopoly on service. As a result, it gets paid a big price," O'Brien said.

"On top of that, the private company will charge extra for any type of service not specifically covered in the contract. On the other hand, public sector operations provide whatever services are necessary at a given time

because it is obligated by law,” he added.

“Of course, there are horror stories from privatization of waste management. The city of Newark, for instance, privatized its collection back in the early 1980s, and service quality went way down, forcing the city to return to dealing with its waste on a public basis.

“You never know what’s being paid out to the top managers at these companies. That information is not shared with the public.”

Also on Monday, a veteran sanitation truck driver told *the World Socialist Web Site*, “The companies only listened to managers from DPW when they were decided who to hire and who not to hire. If they spoke badly about you then you didn’t get a job.

“Workers with low seniority also lost their jobs. The others got bumped over to street maintenance,” he said.

“Advance is paying \$15 an hour and Rizzo \$14 an hour. They say that you have to be there five years before you get a wage increase. There is also a nine-step discipline system to fire workers. Rizzo is also not guaranteeing that you will work in Detroit and a lot of workers don’t have cars to drive further away.

“We’ve taken pay cuts for years and our last raise was to \$16 an hour. The only way we could survive was with overtime payment. Without that you had to get another job. The new company has new vehicles so they are going to start early and get you off the clock early.

“Under Mayor Bing no new vehicles were ordered or repaired. The city stopped investing even though they got federal money to fix and buy new vehicles. They want to make it look like the sanitation system was broken so they could give it to private companies. I’m sure they wanted to hurry up and sell the truck fleet before people went and found where the federal money was.

“Everything is being privatized. Who is going to be doing fire protection? They’ve already shut down fire stations everywhere. The water has already been sold off but they waited for the emergency manager to come in order to say it was his decision.

“All our rights are being ignored and discarded and no one is being held accountable. It doesn’t matter whether you have a union or not. They get away with everything,” he said.

This transformation of waste management into a lucrative industry is part of a broader shift toward

privatization of various city services that has gained steam during the 1980s and 1990s as part of the global social counterrevolution.

In his 2007 book, “Rethinking Municipal Privatization,” Oliver Cooke wrote “during the last two decades of the last [20th] century, the pendulum swung strongly in the direction of the private sector ... the types of public goods and services that have been privatized vary widely and include: the operation and management of gas and electricity production units, hospitals, and daycare facilities, rodent control, and solid waste disposal.”

Cooke wrote that this swing toward privatization had its “roots in the urban fiscal crisis that swept the country during the 1970s. Under serious fiscal duress, or in some cases nearly bankrupt, many cities were forced to adopt severe austerity and restructuring programs. Such programs often included partial or full privatization of many publicly-produced goods and services.”

As a result of the growing privatization of municipal services, waste collection and disposal has become a highly profitable industry. North America is home to at least five for-profit trash collection companies taking in more than \$1 billion in revenue per year, including Waste Management, Republic Services Inc., Veolia Environmental Services, Waste Connections, and IESI.

These developments have been international in scope, with massive transnational corporations organizing waste management across borders. In his 2005 paper, “The impact of privatization of solid waste management on the Zabaleen garbage collectors of Cairo,” Wael Salah Fahmi noted that, “Recently, international waste management companies started taking over Cairo’s waste collection routes, with annual contracts reaching US \$50 million. As well as the Egyptian Company for Garbage Collection (ECGC), these companies include FCC and Urbaser, Enser (Spanish), AMA (Italian), that are starting to venture into Egypt to take advantage of a potentially profitable niche in the market.”



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