

Vote ‘No’ on Detroit Plan of Adjustment

Mobilize the working class to end the bankers’ rule in Detroit

The Socialist Equality Party
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The Plan of Adjustment submitted by Detroit Emergency Manager Kevyn Orr and approved by the federal bankruptcy court is a declaration of war against the working class.

The Socialist Equality Party calls on all workers to vote “no” on the plan. A resounding rejection will provide a lead to workers throughout the United States and around the world in the fight to defend the social and democratic rights of the working class. This must be made the beginning of political struggle against the corporate and financial elite that controls the economy and dictates policy.

If accepted, the plan will:

- Cut health care benefits and legally protected pensions by reducing the city’s obligation for retiree health care from \$4 billion to \$450 million and its pension obligations from \$3.5 billion to \$820 million.
- Impose pay and benefit cuts, enforce unpaid furlough days and eliminate work rules and seniority rights for Detroit’s 9,300 current city workers. At the same time, the city is reserving the right to tear up labor agreements and impose even more draconian demands.
- Privatize city-owned assets and services, including street lighting, the electrical grid, garbage collection, the convention center, the airport, Detroit’s half of the tunnel to Canada and one of the country’s largest municipally owned water and sewerage systems.
- End the century-long city ownership of the Detroit Institute of Arts and transfer its world-famous collection to private foundations.

While insisting there is no money for pensions and city services, the plan will hand hundreds of millions to the banks that swindled the city, big bondholders and billionaire real estate developers like Mike Ilitch and Dan Gilbert.

The cuts in pensions and benefits are also only a

down payment. Under the Plan of Adjustment and bills drafted by the state legislature, the city will be put under a “financial oversight board,” which will stay in effect long after the city comes out of bankruptcy. This board will have the “the power to impose limits on City borrowing and expenditures” and tear up labor agreements for 20 years or more.

In an effort to pretend that workers have a “democratic vote,” the bankruptcy court has sent out 170,000 ballots to creditors, including more than 30,000 current and retired city workers, which must be returned by July 11.

Workers must reject these outrageous actions with the contempt they deserve. However, no one should be under any illusion that this by itself will halt the plans of the financial aristocrats who pull Orr’s puppet strings. If workers reject the plan, the city is threatening to double pension cuts and impose even more onerous terms. Judge Steven Rhodes, moreover, can unilaterally “cram down” the restructuring plan whatever the population decides.

The fight against the plan must be based on a worked-out strategy and a clear understanding of the political forces that the working class confronts.

The entire framework of the bankruptcy is based on a lie. Workers are not responsible for the financial crisis of the city. Instead the corporations and banks, which have made trillions from the labor of generations of workers, are responsible. But the super-rich financiers who crashed the economy in 2008 were rewarded with bank bailouts, which they want the working class to pay for.

The financial restructuring plan is the outcome of a political conspiracy, backed by both big business parties and the Obama administration. From the beginning these forces plotted to use the federal

bankruptcy court to override Michigan's state constitution, which prohibits public employee pensions from being "diminished or impaired." If the plan passes, workers will lose their legal rights to challenge this violation of the state constitution and the emergency manager law.

Detroit is being used as a model to go after the pensions and health care benefits of millions of teachers, fire fighters, transit workers and other public employees around the country. Along with other reactionary measures spearheaded by the Obama administration, including slashing health care and dismantling public education, the attack on pensions is aimed at channeling even more money into the bank accounts of the super-rich.

Detroit workers are confronting an anti-working class lineup, which includes the courts, the two big business parties, the news media and the trade unions. Over the past several months, federal mediators have brought the American Federation of State, County and Municipal Employees (AFSCME), the United Auto Workers (UAW) and other city unions and union-affiliated retiree associations on board.

In exchange for a half-billion-dollar retiree health care slush fund, seats on the pension investment board and promises of future collaboration in imposing new cuts, the unions have agreed to drop legal challenges to the bankruptcy and give political support to the plan. They are now joining the chorus of official liars who are presenting this slash-and-burn plan as "fair and equitable" and the only alternative to even deeper pension cuts.

In opposition to the political alignment against it, the working class needs a party of its own that speaks for its interests. This party is the Socialist Equality Party.

In February, the SEP organized the February 15 Workers Inquiry into the Bankruptcy of Detroit to expose the social, economic and political forces behind the looting of the city. In the months that have followed, the conclusions of this inquiry have been entirely confirmed—that the bankruptcy is part of a conscious plan, that it has the support of the entire political establishment and the unions, and that it is being used to set a precedent for attacks on workers around the entire country.

The SEP calls for the formation of action committees in every workplace, school and neighborhood to

campaign for the defeat of the restructuring plan and to organize mass protests and other actions to defend pensions and public assets. These committees must be organized independently of and in opposition to the trade unions and the two big business parties and fight for the fullest industrial and political mobilization of the working class, including a general strike to throw out the emergency manager and break the stranglehold of the banks.

The former Motor City, like economically devastated areas all over the United States, Spain, Greece and other countries, is the victim of an irrational and bankrupt economic system—capitalism—and a ruling class whose gluttonous appetite is devouring the bulk of society's resources.

The way forward must be through the building of a mass socialist movement in opposition to the bankers' dictatorship and the capitalist system. The city's debts must be repudiated and the ill-gotten gains of the Wall Street speculators and corporate executives confiscated in order to rebuild the city in the interests of the vast majority, not the wealthy few.

We urge workers to contact the Socialist Equality Party to take up this fight.



To contact the WSWS and the Socialist Equality Party visit:

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