

Anger erupts at Detroit meetings as unions press for pension cuts

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23 May 2014

Widespread anger over cuts to pensions and health care benefits erupted at two meetings attended by hundreds of retired Detroit city workers Wednesday. The meetings were called by the court-appointed Official Committee of Retirees—a nine-member board of union officials and lawyers—to pressure workers into accepting the bankruptcy restructuring plan drafted by Emergency Manager Kevyn Orr and federal mediators.

The so-called Plan of Adjustment targets more than 23,000 retired workers and surviving spouses for cuts in pensions and related benefits of 30 percent or more. In addition, the city is ending employer-paid retiree health care benefits and cutting its obligations by 90 percent by forcing thousands of retired workers to pay unsustainable costs for inferior care.

The Plan of Adjustment is the outcome of a political conspiracy supported by both big business parties and powerful financial and legal firms to use federal bankruptcy laws to overturn Michigan's constitutional prohibitions against the "impairment" of public employee pensions. The Obama administration has backed this process in order to use Detroit as a model for similar attacks on public-sector workers across the country.

In addition to the attack on pensioners, the restructuring plan will privatize city services, establish a long-term financial control board and hand over the collection of the Detroit Institute of Arts to wealthy foundations.

Facing widespread opposition, Orr and the bankruptcy court have relied on the American Federation of State, County and Municipal Employees (AFSCME), the United Auto Workers (UAW) and other unions to suppress opposition and provide the bankruptcy process with political legitimacy. As a reward, the city unions are being paid off with a \$450 million retiree health care trust fund, known as a Voluntary Employees' Beneficiary Association, or VEBA.

The restructuring plan is the culmination of months of

negotiations by court officials to craft a so-called "Grand Bargain" involving the large financial institutions that hold the city's bonds, private foundations, Democrats and Republicans and the trade unions. This process, which was conducted behind the backs of the people of Detroit, is now being given "democratic" cover by sending ballots out to 170,000 creditors, including more than 32,000 retired and current city workers.

During Wednesday's meetings, lawyers from the committee told workers they had no choice but to vote for the Plan of Adjustment or face even more draconian pension cuts.

Retirees repeatedly interrupted, with one worker shouting, "This is garbage!" and another saying, "This is propaganda for the rich man." The audience was particularly angered when speakers from the platform said that no videoing or tape-recording of the presentations was allowed.

Trying to mollify the audience, one attorney said, "We know you're angry. This is not our decision. It is what is on the ballot. You're trying to stop a moving train." Another speaker claimed, "This committee fought the city and filed appeals." Still another said, "We understand you are not pleased, but there is no money available and this is the best that can be attained."

The nine-member retiree committee includes top officials from AFSCME, the UAW and the Detroit Fire Fighters Association. Among them are Wendy Fields-Jacobs, the executive assistant to UAW International President Bob King, and Ed McNeil, special assistant to AFSCME President Al Garrett.

The half-billion dollar VEBA payoff is modeled on a similar fund set up to pay off the UAW in exchange for the union's support for the slashing of workers' jobs, wages and benefits. Wall Street investment banker and former Obama auto task force member Ron Bloom helped city unions negotiate the deal with Orr and the bankruptcy

court in Detroit. The deal will enable the city to reduce a \$4.3 billion health insurance liability owed to 19,000 retirees to \$450 million in payments to two union-controlled funds.

AFSCME official McNeil was in the audience but said nothing. Facing a rebellious audience, the union bureaucracy kept a low profile and relied on the pseudo-left Workers World Party and its Stop the Theft of Our Pensions Committee to run interference. WWP supporters, including retired city worker David Sole who spoke at the meeting, deliberately concealed the complicity of AFSCME and other unions in the anti-working class conspiracy and sought to bolster illusions that the bankruptcy judge and the Democratic Party would intervene on behalf of retirees.

Sole said a vote “no” would allow retirees the legal right to sue against the violation of the state constitution, adding that union-affiliated retiree associations in Texas, California and other states “would join the lawsuit.” He added demagogically, “Don’t give up your legal right to challenge this. If we vote ‘No’ we can throw this whole thing out. We could shut down JPMorganChase bank and follow what the kids did on Wall Street and shut things down.”

The leaflet released by its Stop the Theft of Our Pensions Committee lamented, “It is unfortunate that some officials and groups felt it necessary to accept the ‘lesser evil’ choice,” without mentioning the unions and their officials who have joined Orr in blackmailing workers.

A “no” vote, the leaflet further asserted, would allow retirees to “mobilize to fight in the courts and in the streets,” suggested that Orr and Bankruptcy Judge Steven Rhodes “ought to go after” Bank of America and UBS to recover the hundreds of millions of dollars the banks had extracted from the city.

The promotion of illusions in the courts, the unions and the Democrats—all of whom are part of the lineup against the working class—has a definite purpose. The Workers World Party is politically aligned with these forces and has repeatedly sponsored meetings featuring McNeil, other union bureaucrats and Democrats, including US Congressmen John Conyers and former City Councilwoman JoAnn Watson.

From the beginning of the bankruptcy process, the WWP has functioned as a defender—not of workers and retirees—but of the income and institutional interests of the union bureaucracy, which has vied with other creditors in the courts for a more advantageous distribution of assets.

This included legal efforts by AFSCME and other unions, along with Wall Street bond insurers, to demand the liquidation of the priceless collection of the Detroit Institute of Arts in to bolster the pension investment funds controlled by the unions.

Supporters of the Socialist Equality Party campaigned at the meetings to provide workers with a political perspective to fight. Dozens of workers bought copies of “The Truth Behind the Detroit Bankruptcy,” the pamphlet containing the reports from the February 15 Workers Inquiry in the Bankruptcy of Detroit and the Attack on the DIA & Pensions organized by the SEP.

SEP supporters insisted that the entire bankruptcy proceeding was illegitimate, including the vote on the plan of adjustment. While it was understandable that many workers would vote “no,” SEP supporters explained that the entire ballot was a fraud, and that the bankruptcy judge could unilaterally “cram-down” the austerity measures regardless of which way workers voted. Moreover, the vast majority of people in Detroit—all of whom will be affected by the corporate restructuring of the city—were not even given the pretext of a vote.

A genuine struggle, SEP supporters said, meant rejecting the entire process—including the anti-working class “Grand Bargain” and the lies that there is no money for pensions, city services and art. This means developing an independent industrial and political struggle of the working class—in metro Detroit, nationally and internationally—against the corporate-backed political parties, their servants in the trade unions and the capitalist system they defend. Only in this way, can the economic and political dictatorship of the banks be broken.

For interviews of workers and retirees attending the meetings, see “‘They are setting up a culture for a revolution’: Retired city workers denounce Detroit pension cuts”



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