

Judge says water shutoffs are bad publicity for Detroit bankruptcy plan

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US Bankruptcy Judge Steven Rhodes told an official from the Detroit Water and Sewerage Department that the shut off of water service to tens of thousands of city residents behind on their bills was generating widespread anger and “bad publicity” for the city in the national and international media, which was having a detrimental effect on the bankruptcy proceedings.

The judge made his comments Tuesday afternoon during a court hearing, which had been called to take testimony from individuals who filed objections to the Plan of Adjustment. Detroit’s unelected emergency manager, Kevyn Orr, drafted the bankruptcy restructuring plan, which includes billions in city worker pension and health care cuts and the selling off of public assets to pay off the Wall Street banks and wealthy bondholders who control the city’s debt.

Next Monday, the city is expected to release the results of the thoroughly undemocratic “vote” on the adjustment plan by 30,000 current and retired city workers who have been threatened with even deeper cuts if it is rejected. Judge Rhodes has the power to impose the plan—or an even more draconian one—unilaterally even if it is defeated. AFSCME, the UAW and other city worker unions have backed the blackmail plan as part of the so-called Grand Bargain with private foundations and the state government.

Tuesday’s court proceeding was a farce, with the judge granting a mere five minutes to each objector. One witness who continued speaking past her allotted time was grabbed by a security guard and forced to end her comments as US Marshals approached her.

Rhodes, who previously issued a ground-breaking ruling that US bankruptcy law can be used to nullify pension rights protected by state constitutions, postured as a neutral arbiter during the hearing. At the end of the session, the federal judge declared that the testimony

had been “highly informative and will help me make what I hope will be the right decision regarding the city’s debt plan.”

The whole affair was degrading, with workers forced to plead before the black-robed representative of Wall Street who holds their fate in his hands. At least half of the scheduled 80 witnesses failed to show up, suggesting many saw the futility of such an exercise. As a retired worker told the WSWs before he testified, “It’s like lambs going to the slaughter.”

During their testimony, retirees detailed the devastating impact of the planned cuts, noting that their medical deductibles have been quadrupled and that pensions—which they earned throughout their working lives—were being slashed in violation of constitutionally-protected contracts. “This is not just illegal but morally reprehensible,” one worker said, noting that workers had no say-so over the city’s economic decisions.

Deborah Graham, who worked in the city’s finance department, said, “I want it to be recognized that as working class citizens we historically provided the economic backbone of this city. Now that we have an aged working class population, we are being forced into poverty, stripped of health care and even a humane burial. Over our remaining life span, we will receive 50 percent less in our retirement benefits and will become social welfare citizens.”

From the beginning of the bankruptcy, Judge Rhodes has been highly conscious of the explosive social tensions in the city and at times has had to rein in Kevyn Orr, whose ham-fisted methods threatened to provoke popular resistance. Rhodes has chosen to utilize the services of the city worker unions to suppress opposition and push through the bankruptcy plan, and even castigated Orr at times for too openly serving the big banks. In doing so, the judge has sought

to bolster illusions that the courts are neutral, rather than a weapon of big business against the working class.

This effort to defraud the population has been aided by the trade unions and in particular Democratic Party-affiliated protest organizations such as Moratorium Now, a group sponsored by the Workers World Party (WWP). During Tuesday's testimony, WWP supporter Kristen Hamel implored the judge: "The buck stops with you. It is up to you to stop this national and international attack. To stop water shutoffs, you should impose a moratorium. Order Orr to stop shilling for the banks and recover the money for the people; for the cause of justice, go after the banks, not the poor."

As if on cue, Rhodes—who has repeatedly ruled in favor of the financial interests and political conspirators that illegally threw the city into bankruptcy—donned the mantle of a humanitarian, ordering the city's attorney to bring back a representative of the water department to explain its shutoff policy.

In an act of brutality that has generated national and international coverage, the water department is shutting off service to 3,000 households every week in an effort to impose the cost of debt servicing and loss of federal and state aid on the backs of the poorest sections of the population. Various Wall Street vultures are looking to privatize the third largest municipally owned water system in the nation in order to drive up rates even higher and make millions.

Orr's spokesman has said the "shutoff policy is a necessary part of Detroit's restructuring," underscoring that the essence of the bankruptcy process has been the transfer of public resources from the working class to the corporate and financial elite.

In order to conceal this basic reality, Rhodes conducted a line of "tough" questioning for Darryl Lattimer, deputy director and chief service officer for the water department.

The judge first allowed Lattimer to declare that "delinquent accounts" were the cause of the city's high water rates—which are twice the national average—even though 50 cents out of every dollar in payments goes for debt servicing. The high frequency of unpaid bills, he further claimed, was due to "lack of enforcement" and the past reticence of the department to "carry out enough shutoffs," saying nothing about the devastating poverty that pervades the city.

Asked why so many customers were shutoff instead of receiving assistance, Lattimer claimed the main problem was that residents facing shutoffs "don't come forward and ask for help." Lattimer claimed that the department was willing to enroll troubled customers in "payment plans" although it is well known that this requires a 30 percent deposit, plus the payment of current bills, an amount well out of reach for most residents who are behind on their water bills.

Getting down to business, Rhodes said that the "shutoff program has created anger and a lot of hardship" and "a lot of bad publicity for the city it doesn't need right now. There is more the department can do to make the assistance programs available and accessible so they can avoid shutoff because people need water."

He concluded: "The problem is informing people so they can maintain their service; that is a solvable problem...I encourage you to work with Orr to come up with a much more aggressive plan to solve that problem. Report back to me with what kind of initiatives you propose. This problem is affecting the bankruptcy. I've heard it in the press; I heard it at this morning's hearing."

This was all political theater, carefully coordinated to give the appearance that the judge and his court were answerable to the people of Detroit. In reality, the mass water shutoffs will continue, with the full blessing of Judge Rhodes and the corporate-controlled political establishment as it prepares to impose the plan of adjustment.



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