

# Detroit bankruptcy conspiracy enters its final stage

**Jerry White****17 September 2014**

The ruling class conspiracy against Detroit workers, implemented by an unelected “emergency manager” and overseen by a federal bankruptcy judge, is entering its final stage. Over the last several days, settlements have been reached involving key players who previously objected to the city’s financial restructuring plan.

New York-based bond insurer Syncora has been paid off with choice riverfront property, a piece of the Detroit-Windsor tunnel, and a guaranteed flow of millions of dollars in parking fees from a publicly owned garage near the city’s planned entertainment district.

A separate deal will end the city’s control over the Detroit Water and Sewerage Department, which dates back to 1836. A new regional authority, run by unelected commissioners, will operate the system, which generates \$1 billion a year in revenues. This paves the way for the privatization of the third largest municipally owned water system in the US.

The differing financial and political interests in the bankruptcy proceedings have been battling over the spoils from the carve-up of a modern American city. Whatever the conflicts, however, they have been united behind one demand—that the working class pay for the city’s financial crisis.

The settlements set the stage for the confirmation of the city’s Plan of Adjustment. Under the plan, drawn up by Emergency Manager Kevyn Orr, the pensions, health benefits and life savings of 32,000 current and retired city workers will be gutted. Tens of thousands of low-income residents will be turned into urban refugees as water and other essential services are discontinued and poor neighborhoods are razed to the ground. Enormous sums of money and valuable public assets will be laid at the feet of billionaire developers

and private investors who are overseeing the city’s “revitalization”.

From the beginning, the *World Socialist Web Site* warned that the bankruptcy proceedings were an anti-democratic conspiracy against the working class, involving the courts, the emergency manager, the Democratic Obama administration, Republican Governor Rick Snyder, the media and the trade unions.

In the 14 months since Orr brought the city into bankruptcy, this evaluation has been confirmed. In a column celebrating the end to what he called the courtroom “drama,” *Detroit News* columnist Daniel Howes pointed to the lineup of forces behind the bankruptcy.

“Banks and bond insurers, unions and pension funds, elected officials and Michigan lawmakers, all but the most willfully deluded are implicitly recognizing that Detroit’s financial collapse is not some fantasy concocted by a Republican governor, his hand-picked emergency manager and their collection of hired hands.”

The financial crisis, Howes continued, is “as real as it is an opportunity to shed \$7 billion in debt, to restructure and reinvest in city operations, to make a more attractive investment case for would-be investors, including even Syncora.”

In lauding the carve-up of the city by various groups of financial vultures, Howes omitted any discussion of the real causes of the crisis in Detroit—the shutdown of auto production and related manufacturing by the banks and auto companies and impoverishment of the former “Motor City”.

The trade unions, including the American Federation of State, County and Municipal Employees (AFSCME) and the United Auto Workers (UAW), have played a critical role in this process, culminating in their

suppression of working class opposition to the bankruptcy. Far from opposing the gutting of health benefits, pensions and basic public services, they have thrown their support behind the bankruptcy in return for control of billions of dollars in city employee health care trust funds.

The effort to smother opposition has received critical support from phony “left” organizations, including the Workers World Party and its Moratorium Now! front group, which urged workers to place their confidence in the unions, the courts and the Democratic Party. Workers World promoted figures such as Congressman John Conyers, who told workers that the Obama administration would intervene to defend them.

When anger erupted over mass water shutoffs, Bankruptcy Judge Steven Rhodes brought Workers World and other pseudo-left organizations into talks with the water department to dissipate opposition. The outcome of these talks was the inclusion of a token Water Residential Assistance Program in the scheme to end the city’s control of the water department, allowing shutoffs to continue.

These political forces are completely tied to the big business political establishment. They play their assigned roles in imposing attacks on the working class.

The only political force that has opposed the bankruptcy process is the Socialist Equality Party. Last October 4, the SEP organized a demonstration of hundreds of workers and youth at the Detroit Institute of Arts (DIA) to oppose plans, as part of the bankruptcy, to sell off the museum’s art treasures. This was the only genuine expression of the widespread popular opposition to the bankruptcy that exists in the metropolitan Detroit region and across the country.

The demonstration in defense of the DIA was followed in February by the Workers Inquiry into the Detroit Bankruptcy and the Attack on the DIA & Pensions, convened by the SEP to expose the official lies, arm workers with the truth about the crisis in Detroit and the bankruptcy conspiracy, and outline a political program to fight.

In recent weeks, the SEP has formed the Detroit Workers Action Committee (DWAC), which has initiated a campaign for mass action by the working class against the attacks being carried out under the restructuring plan.

The line-up of political forces in Detroit reflects a

broader national, and, indeed, international process. Six years after the financial collapse of 2008, social inequality has reached new heights. Trillions of dollars have been handed to the banks, while the ruling class has deepened its offensive against the social rights of the working class. Detroit is at the center of a social counterrevolution aimed at returning the working class to conditions of industrial slavery and poverty not seen since the 19th century.

There is deep opposition among workers and youth to these attacks, but this opposition must be organized and given conscious political expression. The working class must be mobilized as an independent political force. The most burning issue is the building of a new, revolutionary leadership and to arm the working class with a socialist program. We urge workers and young people to join the Socialist Equality Party to take up this fight.



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