

Detroit officials defend water shutoffs

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US bankruptcy judge Steven Rhodes will issue a ruling Monday on a lawsuit seeking an injunction to stop the Detroit Water and Sewerage Department from shutting off water service to thousands of low-income households behind on their bills. The judge adjourned the case Tuesday after attorneys from the DWSD and the city opposed any interruption in this inhumane practice, which turns off the taps to an estimated 350-400 households every day.

In the course of the proceedings it became clear that the water shutoffs—which have totaled nearly 50,000 since January 2013—have essentially been a policy of economic terror channeling even more money to the big bondholders who control the debt of the water department and the city.

In her testimony, DWSD Chief Financial Officer Nicolette Bateson acknowledged that 46 percent of the department's revenues were used to pay bond debt interest and fees. "We have a heavy debt burden," she said.

She made it clear the water shutoffs were in response to the pressure of big credit rating agencies—S&P, Moody's and Fitch—which demanded DWSD clear its "bad debt" and "delinquencies," i.e., unpaid bills, in order to qualify for better terms on the municipal bond market.

Once the mass shutoffs began, she said, the credit rating agencies immediately upgraded the department, which went on to qualify for a multibillion-dollar bond with lower borrowing costs.

Any court-ordered pause or moratorium on water shutoffs, she declared, would not be well received by these financial institutions. "Bad debt concerns can be rolled into higher rates," she said. In the most pitiless and calculating manner, she referred to water shutoffs as "one of the tools to effectuate increased collections." If there were to be any letup, she warned, "It would have a negative impact on collections and rates."

Darryl Latimer, DWSD deputy director, testified that the department had shut off nearly 50,000 households since January 2013. Of the 25,000 shutoffs so far this year, he said, 14,000-15,000 had their service restored after making payment arrangements. The remaining households, he said, "were a combination of vacant homes, illegal usage customers who turn on their own service and others who have chosen not to have any services."

Under cross-examination, Latimer admitted he really had no idea whether the households without water were inhabited or whether there were seniors or children living in them.

Latimer said the DWSD had carried out shutoffs "without talking about" the past. Last year, however, it made "a concerted effort to make people aware because we wanted customers to be proactive." As a result, he said, "We were breaking records in terms of collections compared to previous years. There was an awareness of what was going to happen; in the past customers didn't believe we were coming."

Latimer boasted that collections shot up to \$800,000 in June 2014 and \$923,000 in July. He complained, however, that they fell to \$200,000 in August during the month-long moratorium the department implemented after popular anger erupted.

Tim O'Brien, one of the high-paid attorneys brought in by Emergency Manager Kevyn Orr to "represent" the city in the bankruptcy case, gave the closing arguments for the DWSD. He sought to contradict the testimony from health experts the day before who explained that the removal of water for bathing, cooking and flushing toilets could lead to an outbreak of a public health crisis. (See "Testimony reveals health dangers, suffering caused by Detroit water shutoffs")

"There was no evidence of any imminent health threat," O'Brien blithely insisted. "Even though it was raised about cholera there was no evidence of any

uptick of communicable diseases. It's like crying fire in theatre. Could it lead to problems, of course it can, but there is no evidence of an imminent medical threat. Anyway, just because a person does not have water it does not mean they cannot get water."

In July, Judge Rhodes ordered DWSD officials to revamp their shutoff policy after expressing concern that anger over the shutoffs would coalesce without opposition to pension cuts and other unpopular measures and pose a threat to the bankruptcy proceedings. Just as he brought in the unions into a "Grand Bargain" to push through the restructuring plan, he has enlisted the services of several liberal and pseudo-left organizations to dissipate anger over the shutoffs.

The lawsuit seeking an injunction against the shutoffs was brought by a coalition which includes the Workers World Party, the Michigan Welfare Rights Organization and other organizations with ties to the Democratic Party establishment. Representatives of several of these organizations have met with Mayor Mike Duggan to craft a plan for a supposedly more humane shutoff policy. This would be part of the takeover of the water department by a regional authority, which is the prelude to the outright privatization of the nation's third largest municipally owned water system.

Duggan's plan includes a fund to assist a miniscule number of low-income families by lowering the percentage of their past due and current bills that they must put down in order to qualify for a payment plan and restore service. During Tuesday's testimony, an aide to the mayor admitted only 300 households had qualified out of the tens of thousands, which have been shut off.

In the conduct of their lawsuit, the coalition's attorneys repeatedly argued that they were only asking for a temporary moratorium so they could work with the water department to craft a more "comprehensive plan" to enroll citizens into payment plans. In no way did they challenge the monopoly of the banks over the public utility or the very notion that water should be the source of profit.

During the cross-examination period Jerry Goldberg, an attorney for the plaintiffs and a leading member of the Workers World Party, forcefully challenged a witness who complained about the danger of a

moratorium, saying, "You're not suggesting that a temporary moratorium for the poor would cause a cessation in people paying bills?"

On the contrary, Goldberg insisted, "To allow an affordability plan to be developed for the poorest would actually increase revenues for the department."

After closing arguments for the plaintiffs by Alice Jennings the judge posed a number of questions to her. Suggesting that most households that defaulted simply "don't have enough income to pay the expense of life," Rhodes asked her how the coalition's plan would address that. Jennings replied, "It would give them a sum they know that they have to pay. They will be put on a payment plan for 48 months, instead of 24." If this happens, it would assist the department "in getting more money. With the shutoffs now," Jennings said, "they get no money,"

The judge pressed on, asking her where the money would come from to pay the bills of those who cannot afford it. Jennings meekly suggested that the answer was to "reach out to the legislature and the state and to Washington, DC, to help." Noting that she had just spoken to US Congressman John Conyers, he added, "Right now, we may not be able to save everybody, I hate to say, but we can keep some children in homes with running water."

This statement of political bankruptcy exposes the pseudo-left forces behind the lawsuit. Allied to the Democratic Party, the trade unions and the various corrupt "civil rights" figures in the corporate and political establishment—and hostile to the political mobilization of the working class against the profit system—they are craven before the power of the court and the financial oligarchy it defends.



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