

# Detroit's "water affordability" plan guarantees profits to wealthy bondholders

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Detroit officials have resumed their brutal policy of shutting water off to the city's poorest and most vulnerable residents. At least 1,000 households have been shut off as of May 26 with at least 25,000 residences—or one in three city households--being targeted for possible shutoff this summer. This is in addition to more than 33,000 households that had water service terminated during the 2014 Detroit bankruptcy.

Under the current policy overseen by Detroit's Democratic mayor, Mike Duggan, those with overdue bills of as little as \$150 can be shut off. In cutting off this essential necessity of life, the city gives no consideration as to whether households have small children, elderly residents or those with medical conditions requiring water for treatment.

Under the pretense of "helping Detroiters keep the water on," the Detroit Water and Sewerage Department (DWSD) has implemented a so-called 10/30/50 payment plan. To qualify, those targeted for shutoff must pay ten percent of their overdue bills up front. The remainder will be spread over 24 months, in addition to the payment of regular monthly bills.

If one of these increased payments is missed service will be shut off again. Then, 30 percent of the remaining balance is required to "re-enroll" and get water back on. Another missed payment means shutoff unless 50 percent is paid. The program is limited to 24 months.

In other words, in a city with an official poverty rate of 40 percent, avoiding a shutoff means *increasing one's monthly payments for two years*. City residents already pay water bills that are nearly twice the national average and this year rates went up another 3.4 percent for water and 16.7 percent for sewerage!

This plan is a mathematical algorithm designed to suck the maximum amount of money from poor

residents before they are shut off completely. Fifty cents of every dollar collected by DWSD goes directly to finance debt principally owned by wealthy bondholders, big banks and hedge funds.

The Obama administration, which fully backed the Detroit bankruptcy to set a national precedent for the slashing of city worker pensions and health benefits, has deliberately starved cities of funding in order to compel them to enter so-called public-private partnerships. Like Detroit, Baltimore is targeting 25,000 low-income residents for water shutoffs this summer in order to clear their "bad debt," i.e. to make their water systems more attractive for privatization by global companies like Veolia.

Facing popular anger over its inhuman shutoff policy, the Detroit City Council, supported by a host of local pseudo-left groups in the orbit of the Democratic Party and the trade unions, have revived talk about a so-called "water affordability plan," which would tie water rates to income. In 2006, the Council actually adopted such a plan, drafted by the Michigan Welfare Rights Organization (MWRO), but it was never implemented. The same plan is being touted today.

Like the city's payment plan, the water affordability plan would guarantee every penny to the banks. In this case the shortfall is to be made up by increasing the amount paid by households with slightly higher income. This regressive measure will only serve to create divisions in working class neighborhoods while sanctioning the continued gouging of city residents by the bondholders and major corporations.

During the Detroit bankruptcy trial last year, Jerry Goldberg, leader of the Workers World Party, advised Judge Stephen Rhodes that, "to allow an affordability plan to be developed for the poorest would actually increase revenues for the department". (See: How

Moratorium NOW! facilitated the Detroit bankruptcy) Other groups that advocate such “water affordability” are the People’s Water Board and the Detroit Water Brigade. All of these middle class organizations accept without question that the provision of water must be subordinated to the business prerogatives of the major banks and corporations. They reject that water should be provided free of charge.

The Detroit Workers Action Committee (DWAC), launched by the Socialist Equality Party (SEP) last year, insists that access to free and clean water is a social right. In answer to those who claim such a proposal is unaffordable, we propose our own plan to provide free water for all:

- Cancel the water department’s multi-billion dollar debt to the Wall Street bondholders! Nationalize the banks!

The operating budget of the DWSD for 2014-15 is estimated at \$364 million, with more than \$150 million earmarked for debt servicing. That’s more than three times the amount of overdue bills. The banks whose criminal activities resulted in the 2008 crash should be nationalized under the democratic control of working people and their ill-gotten gains confiscated and used for social needs.

- Sharply increase taxes on the auto corporations and other big businesses! Nationalize the auto industry under workers’ control!

While low-income households are being milked, General Motors and Chrysler, which use vast amounts of water, have hired armies of lawyers to challenge and skirt their multi-million dollar bills. These companies have also received billions of dollars in tax concessions, which has robbed funds needed to make basic infrastructure repairs.

GM, Ford and Fiat Chrysler have made \$73 billion in profits in the last four years alone, chiefly through their relentless attack, supported by the United Auto Workers, against the wages, benefits and working conditions of factory workers. Rather than pouring their vast profits into rebuilding the Motor City, GM is spending \$10 billion this year on stock buybacks and dividends to boost the wealth over their already super-rich investors. This is more than three times what DWSD plans to spend on repairs and upgrades to its decaying system over the next 10 years!

The auto industry should be transformed into a public

utility, controlled democratically by workers, in order to guarantee secure and good-paying jobs and rebuild working class neighborhoods that surround the factories.

- Sharply increase funding for infrastructure repair and upgrades by shutting down the Pentagon war machine!

The cost of one F-35 jet fighter is \$330 million, or more than double the outstanding bills of Detroit residents. The Defense Department’s annual budget of \$560 billion is almost four times the amount that the Society of Civil Engineers says is needed each year to repair America’s decaying bridges, roads, water systems and other infrastructure.

If a social system cannot provide water and other essential necessities to its citizens—including food, health care, decent housing, education—then it deserves to perish. Capitalism must be replaced with socialism so that the wealth created through the collective labor of working people can be used to raise the material and cultural level of the majority, not provide ever more profits to the super-rich.

In opposition to the gang up of the Democrats, Republicans, corporations, unions and media, the Socialist Equality Party urges workers, students and retirees to join the Detroit Workers Action Committee. Every section of the working class—employed and unemployed, young and old, black, white and immigrant—must unite to fight for the social rights of the working class, including free and clean water for all.



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