

COVID-19 Prompts Austerity Budget in Detroit

Corporate-imposed mayor focuses on appeasing banks instead of guaranteeing health and security

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Detroit is one of the epicenters for the spread of the COVID-19 pandemic where the city in southeast Michigan has the highest death rate from the infection in the United States. (See [this](#))

This majority African American municipality (79 percent) has all of the risk factors for the spread of the virus and the concomitant health and social impacts.

Figures commonly referred to are the nearly 40 percent rate of poverty and the continuing crises related to the declining educational system and a lack of quality healthcare coverage among key sectors of the population. Since the 1970s, the corporate entities and financial institutions have drained the working class through insurance redlining, restructuring within the labor market, environmental degradation, predatory lending, utility and water shutoffs and property tax foreclosures.

Consequently, the rapid spread of illnesses and deaths from COVID-19 infections since the second week in March, has created economic problems which are monumental. Tens of thousands have been thrown out of work in the industrial, service, construction, hospitality and educational employment categories placing many households under a greater threat of eviction and hunger.

Under such a situation what is needed is a program for sustaining the people and reconstructing the economic and social life of the majority. However, the corporate-oriented Mayor Mike Duggan held a press conference on April 14 to unilaterally announce what is tantamount to an attack on the poor and working class people in Detroit.

Duggan raised the specter of layoffs, furlough days, service cuts and other draconian measures to ostensibly make up for the potential of a \$348 million deficit by the next fiscal year. Such a course of action, which requires the approval of the City Council, will only further aggravate the plight of people who both live and work in Detroit.

Over the last decade there have been substantial cuts in the number of civil servants and educational employees. Although the Detroit Public Schools Community District (DPSCD) system is governed through a separate entity from the City, the education sector has been subjected to emergency management, corporate orientation, the closing of buildings and the reduction in teachers and other employees.

In those areas where the municipality is in charge, there has been a dislodging of control by the City to quasi-governmental agencies which have far less oversight than other

departments. The budget outlined by Duggan will inevitably continue this trajectory.

In an article published by the Detroit affiliate of ABC News (WXYZ)), it says that:

“[T]hey (the city) will have to lay off 200 part-time, temporary and seasonal employees. He (Duggan) says the city will file unemployment claims for them. That leaves \$44 million and the 8,000 city employees will fall into 4 groups. 10% workers will work 10% of the time and will still receive their health care. 80% workers will work 80% of the time and will still receive their health care.

95% workers will work 100% of the time and take a 5% pay cut, while receiving their health care. 100% workers will work 100% of the time and will receive all of their pay. No one will get a scheduled pay raise as of July 1.” (See [this](#))

Duggan suggested that the State of Michigan required the City of Detroit to balance its budget every year since the imposition of Emergency Management and Bankruptcy during 2013-2014. Yet this project engineered by the banks and corporations resulted in the seizure of \$5.5 billion in municipal retiree pension funds and the further weakening of public ownership in Detroit.

The reality is that Duggan is a manifestation of the process of disenfranchisement and exploitation initiated by a series of state governments led and directed by the ruling financial and industrial interests still dominating the city. It will inevitably be up to the working class and oppressed to build a resistance movement to oppose the program being forced upon the workers and residents of the city.

Crisis in Healthcare System Leads to Lay-offs and Worsening Conditions

Hospitals in the Detroit metropolitan area have been overwhelmed with the large numbers of COVID-19 cases in the city. Statewide some 28,059 cases have been reported as of April 15 with 1,921 deaths.

In the city of Detroit, which is nearly 80% African American, over 58% of cases are among this group while 75% percent of the deaths occur in this demographic. In general, African Americans are 14% of the state population in the state of Michigan yet they represent 40% of the deaths reported.

Of course these figures could very well be undercounted considering the dearth of testing and access to doctors, nurses and hospital care. Many within the city do not have health insurance as a result of the failure of the existing medical system prevailing in the U.S.

Despite this critical situation, the largest hospitals and medical centers announced lay-offs during the week of April 13. The spokespersons for the corporations are saying that as a result of the cancellations of elective surgeries many of the nurses and other workers are not needed since the primary focus has been on treating COVID-19 patients.

The Detroit CBS Radio affiliate (WWJ 950 am) reported on April 15 saying:

“The DMC announced furloughs for some employees Wednesday morning (April 15). How is that possible at a time when Sinai Grace workers posted pictures of packed hospital corridors and a 1,000-bed field hospital was built just down the street to handle a projected overflow of patients? DMC explains:

‘With stay-at-home orders and government restrictions on elective procedures, some hospital units – which are not related to the COVID-19 crisis or other critical patient care needs – have been temporarily closed or ramped down. We have taken steps to divert additional resources to COVID-19 care and other urgent medical procedures that cannot be deferred. This includes reducing costs, and hours worked, and implementing furloughs of certain jobs, where needed. This furlough impacts approximately 480 workers.’” (See [this](#))

Similar personnel decisions have been made at Beaumont Hospital which is providing drive through testing and treatments for COVID-19 patients. At a time when the social problems resulting from the absence of universal guaranteed healthcare have been exposed in the U.S. for the world to observe, the principal providers of treatment during the pandemic are downsizing their workforce in consideration of financial profitability.

Therefore, the advent of municipal furloughs, lay-offs and public service curtailments combined with downsizing in the healthcare sector provides a social context for a volatile situation in the city of Detroit and state of Michigan. Right-wing groups on April 15 engaged in a demonstration at the State Capitol in Lansing protesting the “shelter-in-place” order by Democratic Governor Gretchen Whitmer saying it infringed upon their rights to engage in business activity and various associations.

Of course this action took place in the middle of a week where there appears to be a lessening of the growth of COVID-19 cases in the state. The closing down of what are deemed to be non-essential businesses and services along with the ending of the educational year for teachers and students, were declared by Whitmer during the conclusion of the second week in March.

A Response from the Workers and Community Required

Members of the Detroit City Council will take up the question of the austerity budget in the coming days. Community organizations, labor unions, religious organizations and progressive politicians have no other choice than to oppose the bank-engineered budget plans announced by Duggan.

Residents of the city have turned over billions of dollars to the largest corporations in Detroit over the last few years through tax abatements and revenue captures. Dan Gilbert, the Illitch family, the Fords, General Motors, the leading banks, among others, owe the people of the city for the resources expropriated at an even more vociferous rate since 2012 with the illegal imposition of a failed Financial Stability Agreement (FSA) which led to Emergency Management and Bankruptcy.

These corporate interests and their financiers such as Chase, Bank of America, Quicken Loans, etc., should be called upon to provide the \$348 million and more needed to maintain the workforce within the municipal and healthcare sectors. Amid such a social and healthcare crisis, no workers should be laid-off or face salary and benefit cuts.

In fact there is a need for more civil servants, educational and healthcare workers. When the rate of illnesses and deaths begin to decline significantly, in its wake there will be enormous dislocation and instability. The role of the state structures in such a situation should be designed to provide the assistance much needed by the majority of the people in Detroit and the state of Michigan.

The Moratorium NOW! Coalition based in Detroit has in its programmatic response to the crisis called for the indefinite halt to all evictions, rent and mortgage payments, tax payments and the maintenance of full municipal services. The organization held a special meeting on April 13 to build a campaign aimed at securing Cuban medical assistance for the people of Detroit in light of the economic downturn taking place in Michigan and across the U.S.

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