

# **Detroit: Social Aftermath of the Largest Municipal Bankruptcy in US History. Expropriation, Impoverishment, Collapse of Social Services**

Post-bankruptcy Panel Shutdown at Wayne State University

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*Snyder, Rhodes and Duggan repudiated for overseeing worsening conditions*

*A panel discussion on the first anniversary of the largest municipal bankruptcy in United States history was met with protests both inside and outside the Community Arts Auditorium at Wayne State University on Dec 9.*

On December 10, 2014, the now-retired federal judge Steven Rhodes approved a so-called “plan of adjustment” allowing the City of Detroit to exit the bankruptcy. Nonetheless, it has come to light in recent weeks that the financial data utilized to justify the massive pension and healthcare cuts along with the transfer of public assets to private interests, were over projections by as much as 70 percent.

In an article published on November 14 in the Detroit Free Press,

“According to new documents, the new estimate for Detroit’s two pension funds is \$195 million, or more than 70 percent above than what was projected under city’s bankruptcy plan. Post-bankruptcy Detroit is obligated to pay little to nothing into employee pensions over the next nine years. But then, an enormous bill comes due that has caught city and pensions officials off-guard, raising doubt about the data used in bankruptcy to calculate the city’s obligations.”

Retirees had their healthcare benefits terminated in March of 2014 as well as steep cuts in their monthly checks in the aftermath of the adoption of the “plan of adjustment.” The Detroit Institute of Arts (DIA) was turned over to a “trust” for its management and a scheme to construct a new hockey arena by Red Wings owner Mike Ilitch was approved by a compliant City Council even before the bankruptcy had been finalized.

Since the imposition of emergency management and municipal bankruptcy during 2013, the corporate media has championed these undemocratic measures which had widespread opposition among broad segments of the residents of the city and statewide. A referendum on Public Act 4 was defeated by a substantial margin during the elections in November 2012.

However, during the lame duck session of 2012, a new emergency manager bill was drafted

and passed by the majority right-wing Republican legislature and governor which was referendum proof, Public Act 436. Other reactionary legislation was adopted during this period including right to work and the abolition of business property taxes.

### Ruling Class Continues Campaign to Justify Expropriation

The WSU event was the continuation of attempts to paint a false picture of the impact of the bank-imposed re-structuring of the City of Detroit which expropriated at least \$7 billion in pension funds, healthcare benefits and other public assets. There is much at stake for Wall Street in the re-structuring of this municipality.

Financial institutions were given preference over retirees, municipal employees and residents during the bankruptcy process. City services have worsened since 2014 despite the claims of the Duggan administration and its supporters in the business-friendly media.

Public Safety police officers from the University came out and told members of the Moratorium NOW! Coalition and others that they had to relocate further down the street from the entrance of the campus area. These activists refused to move from the public sidewalk and continued their demonstration through denunciations of the role of the banks, multi-national corporations and their agents in governments for the ongoing oppression in existence throughout the city.

Jerry Goldberg, who represented City water department retiree David Sole during the bankruptcy proceeding, told the protesters prior to the convening of the panel that an article on the front page of the Detroit News on December 9 exposed the fact that Detroit has the highest rate of asthma among children. Some theories on the prevalence of asthma suggest that it can be aggravated by stress. The article featured families that were living without homes and under other horrendous conditions.

Quoting from this article, Goldberg said

“Detroit has the highest rate of asthma in young children among America’s 18 largest cities, a problem that experts link to urban ills that could affect their health and learning for the rest of their lives. In a study done for The Detroit News and PBS NewsHour, researchers from the Johns Hopkins Bloomberg School of Public Health found about two of every three Motor City children face ‘adverse childhood experiences.’ Those include household substance abuse, exposure to violence and extreme economic hardship that can trigger asthma.” (Dec. 8)

Inside the Community Arts Auditorium Gov. Snyder and retired Federal Judge Rhodes were subjected to loud screaming and hissing that drowned their voices. One community activist stood and told Snyder he was a liar and that many people in the city can’t sleep at night due to lack of healthcare, utilities and water.

Another youth organizer stood up and began to chant “Black Lives Matter” leading to the rapid exit from the stage by Rhodes. One clergyman rose and said “why doesn’t the Rhodes, Snyders and Duggans suffer cuts and that it is always the community people who suffer.”

Consequently, Duggan refused to come on to the stage prompting the cancellation of the event hosted by Detroit Public Television, which is no longer based in the city but way

outside in the western suburb of Wixom. Press coverage of the shutdown was carried by the local television stations and corporate newspaper outlets around the country.

Even the Wall Street Journal carried the story about the protests against the post-bankruptcy forum. The WSJ said of the action that

“Detroit protesters shut down a public forum meant to celebrate the city’s progress since it emerged from bankruptcy protection exactly one year ago, showing that many residents are still raw over the deep cuts made to their health-care benefits and monthly pension checks.” (Dec. 9)

This same report went on to say “Organizers behind ‘Detroit Bankruptcy: One Year Later,’ held Wednesday evening at Wayne State University, ended the program in the middle of a segment with former bankruptcy judge Steven Rhodes, who presided over the city’s historic case. Mayor Mike Duggan, who had been scheduled to speak, didn’t get to take the stage.”

This represented the third demonstration within two months against the bank-led engineers of the forced emergency management and bankruptcy of the Detroit reflecting the mounting anger against the dis-empowerment and forced removal of the majority African American population of the city. Poverty, homelessness and disease are on the incline while the ruling class champions the purported “recovery” of the state largest municipality.

#### Corporate Media Plants Article Attempting to Refute Mass Sentiment

Not to be outdone, the Detroit Sunday Free Press ran a front page article on December 13 saying that a survey revealed that 56 percent of the people asked believed things were improving in Detroit.

However, these “findings” become questionable because in the same survey it was reported that 68 percent of the people asked in Detroit had a negative opinion of Snyder; and 66 percent held an adverse view of the City Council which is not opposing the ongoing State Financial Review Board mismanagement of the municipality; and 75 percent believed that the public school system is not providing quality education, which has been under state control for most of the last sixteen years.

The following day another front page article in the Detroit News said that at least 4,000 households were living without water services including 66-year-old Fayette Coleman who has been shutoff since 2013. Out of the 200,000 customers, 108,000 were in arrears with 9,200 facing imminent terminations. (Dec. 14)

Conditions in Detroit illustrate the crisis of capitalism in the U.S. and until there is a fundamental transformation of the social and economic system these problems will worsen.

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