

# The Privatization of Detroit: Massive Termination of Water Services

Judge Refuses Reconsideration in Class Action Lawsuit to Halt Water Shut-offs. Bankruptcy plan designed to further impoverish Detroit residents

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*Federal bankruptcy Judge Steven Rhodes continued his anti-people legal reasoning by denying a motion to reconsider his decision not to halt water shut-offs in Detroit.*

Since January some 31,000 households have been subjected to a concerted policy of massive terminations of water services. Even though officials of the Detroit Water & Sewerage Department (DWSD) claim that most customers paid their designated arrears allowing a reconnection of service, there still remains an undetermined number of people who are living without water or have been forced to re-locate.

Earlier in June, a spokesperson for emergency manager Kevyn Orr told the Detroit Free Press that the termination of water services was an integral part of the City of Detroit's restructuring. For weeks officials at the DWSD denied there was a problem until protests and a public outcry drew global attention to the conditions prevailing in the majority African American municipality.

In fact this policy of large-scale termination of water services was the subject of demonstrations throughout the summer. The Moratorium NOW! Coalition held weekly pickets and marches, known as Freedom Friday, outside the DWSD headquarters on Randolph street downtown, extending from June through late Aug.

The weekly marches gained nationwide support in that it drew participation from those across the southeast Michigan region as well as people coming into the city for conferences and solidarity work. In late July, the Women's International League for Peace and Freedom (WILPF) held a national gathering at Wayne State University and took time out to hire a bus that traveled downtown to participate in the Freedom Friday protests.

These efforts peaked on July 18 when thousands rallied and marched across downtown in conjunction with the Netroots Nation Conference which convened at Cobo Center that same week. Members of the National Nurses United (NNU), who were in town for the Netroots summit, assisted in the mobilization of the conference delegates where the gathering of bloggers and various types of social media activists closed down the meeting in order to join the struggle for water and against emergency management in the streets.

Earlier on July 15, an objections hearing to the so-called "plan of adjustment" was held in federal bankruptcy court where over 50 people out of over 600 objectors, representing retirees, homeowners, city workers and community residents, spoke out in opposition to the

bankers' plan to further exploit and oppress the people of Detroit. Kris Hamel, representing the Moratorium NOW! Coalition, condemned the emergency manager Kevyn Orr and the federal courts for allowing thousands of households to be subjected to the shutoffs when financial institutions, which took \$537 million out of the DWSD system through interest rates swaps that were terminated in 2012, remained unscathed by the court.

Following the week of objections in the federal court and mass demonstrations in the streets that drew international press coverage as well as acts of solidarity, the DWSD officials under the direction of the emergency manager, declared a 15-day moratorium on shut-offs. This moratorium was extended for additional period as a class-action lawsuit was filed on July 21 seeking relief on behalf of victims of the shutoffs along with four community organizations: the Moratorium NOW! Coalition, the People's Water Board (PWB), Michigan Welfare Rights Organization (MWRO) and the local chapter of the National Action Network (NAN).

### Federal Judge Rhodes Favors Banks, Dictatorial Rulers Against the People's Interest

This motion for reconsideration was submitted in response to the dismissal of the class-action lawsuit that was filed in July aimed at halting water shut-offs and imposing a water affordability plan in Detroit. What emerged from the finding of a people's legal team working on behalf of the victims of the shutoffs and the four concerned organizations was that the DWSD system was broken as result of the usurious and predatory lending policies of four major financial institutions: Loop Financial, Chase Bank, Bank of America and Morgan Stanley.

With the abandonment of thousands of former industrial, commercial and residential structures in Detroit, water pipes were broken through decay, scrap metal collectors who act as scavengers stripping vacant structures as well as direct sabotage. Due to the lack of resources and poor management, water main leaks and broken pipes results in untold amounts of waste in the system. Nonetheless, it is the people of Detroit who have been subjected to paying the costs of this dysfunctional system.

Judge Rhodes claimed again that he lacked authority to order a halt to the termination of services yet even if he did the jurist said that there was no legal right within United States law to affordable water. Such a statement speaks volume on the actual character of modern-day capitalist society.

In an article on the most recent ruling published by the Metro Times on Nov. 21, it says that "In the 24-page supplemental opinion, Rhodes considered both sides of the argument, determining that even if he found his court had the authority to weigh in on the issue, he still would've denied the request, saying 'there is no constitutional or fundamental right either to affordable water service or to an affordable payment plan for account arrearages.'"

Strangely enough, the ruling denying the reconsideration of his earlier decision, the judge acknowledges that Mayor Mike Duggan's putative "10-point plan", where payment arrangements could be made on a revised and purportedly more affordable basis, was insufficient in its approach to solving the problem.

This same Metro Times report quoted the ruling saying that "Because the poverty rate in the City is about 40%, this is likely to be a large group. To address this need, the 10 Point Plan relies on a patchwork combination of charity and public funds. Unfortunately however, there has been no analysis of whether the available resources will be sufficient to address this

need over the long term. Section 904 of the bankruptcy code forecloses to the Court the issues of whether and how to address this important and urgent need. Still, the Court urges the City to examine the issue with the sense of urgency that it deserves.”

### Millions for Consultants, Yet No Water for the People

This decision was handed down amid more controversy surrounding the nearly \$200 million in consultancy fees billed by the political engineers of the largest municipal bankruptcy in U.S. history. Jones Day Law Firm, Orr’s former employer, has billed the city over \$52 million in legal fees.

By November, \$177 million in such consultancy fees had been sent to the City of Detroit. Costs are continuing to rise as the pro-bankers “plan of adjustment” is being jeopardized even prior to the full exit from bankruptcy.

Rhodes has ordered mediation sessions surrounding the high cost of the unnecessary bankruptcy proceedings which are scheduled for Dec. 3-4. Meanwhile, as the cold weather creates harsh conditions for Detroit residents, water shutoffs are continuing along with tax foreclosure notices to thousands of households further threatening the majority African American and working class population with basic survival.

Even if the City of Detroit is allowed to exit bankruptcy by the end of the year, austerity and increasing impoverishment of the people will continue. The Moratorium NOW! Coalition is preparing for the next phase of the struggle aimed at fighting the budget and service cuts that will continue to be imposed on the people.

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