

# Privatization of Urban Areas? American Cities Need Bailouts Not More Usurious Bond Schemes

Detroit and other municipalities will be further impoverished as political leaders seek to impose austerity

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*On August 14, the final abandoned home was demolished with the more than \$265 million in Hardest Hit Funds initially designed to preserve neighborhoods as opposed to their destruction in the majority African American city of Detroit. (See [this](#))*

Over 15,000 houses have been destroyed since 2014 yet tens of thousands more dilapidated and abandoned homes, apartments, commercial and industrial structures remain in the city.

These government funds were deliberately redirected from their intended purpose to later serve as a profitable enterprise for private companies engaging in work which environmentally has endangered hundreds of thousands of people. A corporate-imposed administration in Detroit headed by Mayor Mike Duggan has defined its mission as the exploitation of labor, resources and tax dollars for the wealthiest interests in the city and beyond. This regime was installed during an unprecedented declaration of emergency management and bankruptcy during 2013-2014.

The 2008-2009 corporate and financial institutional bailout only provided a small percentage of the overall assistance to homeowners so deeply impacted by the worst economic crisis since the Great Depression. Toxic mortgages and urban bond initiatives played a pivotal role in the bankruptcies and near financial ruin of many of the major cities across the United States.

Detroit and other municipalities were already suffering from the vast transfer of wealth from the working class and oppressed peoples to the capitalist ruling class which expanded exponentially after the restructuring of the world system after 1975. Industrial centers such as Michigan, Ohio, Pennsylvania and Illinois, among others, were turned into economic wastelands where unemployment remained astronomically high while workers fled the areas seeking work and other forms of social assistance.

In Detroit, a popular struggle emerged during the latter months of 2019 over the introduction of yet another questionable municipal bond deal which would cost the people of the city a half-billion dollars. The existing demolition program which has exhausted its funds was characterized by graft, patronage and the widespread poisoning of the affected communities through the dangerous levels of lead, asbestos and other harmful materials left after the demolition of the homes and apartment buildings.

An Auditor General's report commissioned by the City Council took several years to complete due to the lack of transparency by the Duggan administration. The overcharges, missing documents and arbitrary actions taken against salvageable homes which were not even on the demolition lists, has tarnished the image of the program in the eyes of the public. (See [this](#))

Consequently, due to public pressure, the bond deal went down in flames at the City Council table during November. In a 6-3 vote, the Council, although not known in recent years to take positions which support the interests of the majority Detroit population, felt the mass discontent and rejected the financial scheme.

Nonetheless, amid the economic distress of the people of Detroit, the City Council has passed by a 5-4 margin another revised bond initiative introduced by the administration. The plan on paper says that 8,000 homes will be "rehabilitated" while an equal number are slated for destruction.

There is no explanation as to how this measure if approved in the November election, can improve the conditions of the people of the city. Detroit has been disproportionately stricken with COVID-19 infections. 40 percent of the deaths from the pandemic are among African Americans even though they only constitute 13 percent of the population of Michigan.

These actions by the bank-directed administration in Detroit are a reflection of the lack of mitigation efforts to resolve the existing crisis which is growing every month in its magnitude. There have been no resolutions, ordinances and executive orders issued to place a moratorium on evictions which are rapidly increasing. Similarly, the daily Black Lives Matter demonstrations in the city have been attacked on several occasions by the police resulting in more than 400 arrests and numerous injuries from pepper spray, rubber bullets, concussion grenades and other crowd control tactical weapons.

A moratorium on evictions by Democratic Governor Gretchen Whitmer in the wake of the pandemic has been lifted. Another moratorium ordered by 36<sup>th</sup> District Court Judge William C. McConico also expired on August 17.

Nearly 100 people gathered outside the court on August 17 demanded that no evictions be carried out in Detroit and that these actions amid the current crisis should be resisted by the people in the communities. Another car caravan outside the office of Whitmer on August 19 demanded that she reinstate the statewide moratorium.

#### A National Pattern of Underdevelopment of Cities

The funding allocated for the Cares Act passed by both Houses of Congress and signed by President Donald Trump in March provided the bulk of assistance to the top echelons of the capitalist ruling class in the U.S. Many firms have profited immensely from government policy at the same time granting \$1,200 per worker for the masses and an additional \$600 in weekly jobless benefits.

These additional benefits have run the course as Congress is divided between the Democratic and Republican parties and therefore cannot reach agreement on even a minimal bailout for the working class and oppressed. The Heroes Act passed by the House of Representatives, which called for additional financial assistance to working families, has

been completely rejected by the Senate. A series of executive orders announced by Trump on August 7 excluded the supplemental payments to workers and retirees while mandating the revocation of payroll taxes for employers which would defund social security and unemployment insurance.

[An article recently published by the Brookings Institution](#) think tank assessed the emerging crisis prompted by the COVID-19 pandemic. The report says:

“Legacy cities are likely to suffer more deeply from the COVID-19 pandemic. They have high concentrations of residents vulnerable to the disease itself, due to underlying health conditions, inadequate access to good health care, and other environmental factors. Legacy cities also have fragile economies with long-standing structural weaknesses that expose them to more severe initial impacts and complicate their path to recovery.”

With specific reference to Detroit, this same analysis emphasizes:

“For instance, as an urban center with a high-risk population, Detroit was an early ‘ground zero’ for COVID-19 infections and deaths. Although showing signs of recovery, the pandemic’s early economic impacts on Detroit and similar places is staggering—and in most cases, more severe than those occurring in other metropolitan areas.”

Another article on the crisis was placed in the [New York Times](#) on August 17. The writers suggest that the precipitous decline in tax revenue in many cities throughout the country will result in service cuts, educational downsizing and municipal lay-offs. These developments are a result of not only the public health, services and educational problems they are a by-product of the unequal and exploitative nature of municipal finance which serves to subsidize private investment through the financial institutions.

#### Electoral Politics and the Status of the Cities

There is tremendous political and corporate media pressure being placed on working class and oppressed peoples in the U.S. to choose between the two parties of the ruling class, neither of which have advanced a program to begin to resolve the contemporary situation. Unrest in cities such as Portland, Seattle, Chicago and others are a direct result of the failure of the municipal governments to address the demands for police accountability and the imperatives of defunding law-enforcement.

At this critical stage, there is a need for a comprehensive redistribution of wealth. The working people are being forced to endure unemployment, hunger, lack of education and healthcare, environmental degradation along with state repression principally implemented to guarantee maximum profits for the banks and multi-national corporations.

The upcoming November elections will generate much interest and debate over the future of the U.S. However, until the workers and oppressed organize independently of the interests of Wall Street there will not be any hope for economic revival among the majority of people inside the country.

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