

Root Causes of the Detroit Municipal Crisis, Austerity and Finance Fraud. Moratorium NOW!: The Struggle Continues

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Orr plan fails to address roots of municipal crisis, finance capital

Note: The following remarks were delivered at a public meeting in Detroit on June 15, 2013. The event was sponsored by Workers World Party Detroit branch.

Over the last week the struggle has escalated for the Moratorium NOW! Coalition. Moreover, since the May 4 public meeting at Central United Methodist Church downtown more people have been involved in the movement to stave off the greater imposition of austerity in Detroit.

On May 4 the Moratorium NOW! Coalition program was laid out calling for a halt to debt service payments to the banks and its relationship to the housing crisis. Both the demand for a moratorium on foreclosures and evictions is directly linked to the problems of municipal finance. With the flight of jobs and home seizures the city has been devastated through the lack of tax revenue.

One of the most significant developments took place yesterday (June 14) after an eight-day intense escalation of activity surrounding the holding of a purported “public” meeting by the emergency manager at the “no show” fiasco at Greater Grace Temple and Martin Luther King High School to the actual appearance of Orr on Monday, June 10 at the Wayne State University Law School. Yesterday (June 14) Orr floated his plan for the restructuring of city finances.

What jumped right out was the declaration of a moratorium on \$2.5 billion in both debt-service and principal amounts of the municipal debt. The first sign of this was the withholding of \$39.7 million in debt payments due on June 14. This moratorium has been called for by the Moratorium NOW! Coalition for at least two years.

The demand has been picked-up by various leaders and organizations throughout the city. Yet the political officials and union leadership have refrained from giving more than lip service for the demand.

Yet it is this demand and programmatic approach for its propagation that has sustained us over the last several months. Although we uphold the demand for democratic rights of the workers and oppressed and the inherent right to self-determination for the nationally oppressed, we have often stated that prior to the passage of the 13th, 14th and 15th Amendments to the U.S. Constitution and a series of Civil Rights Bills extending from 1866

to 1968, slavery, which was legal inside the U.S., is above-all an economic system.

Capitalism today is an economic system that has run its course in its capacity to adapt to the current realities and necessities for domestic and global conditions. Capitalism in the 21st century cannot provide full-employment, a guaranteed annual income, quality education for all, public services, adequate healthcare, public transportation, food and security to all working people within society.

The history of the Moratorium struggle has taught us many lessons in regard to the degree of heightened consciousness and willingness to take bold actions in addressing the imperatives of the challenges today.

Task of the Mass Work Going Forward

Even though Orr declared a moratorium on some of the city's illegitimate debt to the financial institutions, he also announced a series of measures that will worsen the conditions for working people. There will be a privatization of trash collection that will impact jobs.

Other aspects of Orr's plan, a 127-page document issued on June 14, include the privatization as well of the city operations of the water and sewage system, cuts in healthcare benefits for municipal employees and retirees, in addition to the possible lowering of pension payments. Leading up to the June 14 meeting with creditors at the Westin Hotel in the Wayne County Airport's main terminal, both Standard & Poor and Moody's performed a super-downgrade of Detroit's bond rating.

In a follow-up meeting this coming week labor unions will be told of their possible fate in regard to further pay and benefit cuts as well as lay-offs. The plan has been met with criticism by AFSCME leaders but what is required now is a militant program of action and the political will to challenge the banks and their representatives through the personage of Rick Snyder and Kevyn Orr.

The Moratorium NOW! Coalition has been willing and prepared to raise the question of the role of the banks and to take the struggle to the enemy, i.e., international finance capital. Our focus must remain on the banks and the further draconian concessions being forced on the workers and the residents who live in the city.

We are more than willing to back up the municipal workers in any effort to wage a campaign against the proposed restructuring in city operations at the expense of the people. The bankruptcy proceedings in Jefferson County, Alabama, Stockton and San Bernardino, California are being observed intensely by activists in Detroit in order to anticipate possible legal and political initiatives by the banks and their surrogates in government.

We began the moratorium struggle in the ongoing work related to housing. Despite the fact that foreclosures have declined some there has been a sharp rise in home seizures over the last month. Bloomberg Municipal Market reported on June 14 that "Home repossessions in the U.S. jumped 11 percent in May after declining for the previous five months as rising prices and limited inventory for sale across the country spurred banks to complete foreclosures."

Municipal Market reports also that "Thirty-three states had increases in the number of homes repossessed, RealtyTrac says. A total of 148,054 foreclosure filings, including default,

auction and repossession notices were sent to U.S. properties last month, an increase of 2 percent from April and down 28 percent from a year earlier.... One in 885 U.S. households got a filing.”

This same article reports “Florida had the highest rate of filing per household in May at one in 302, followed by Nevada, at one in 305 and Ohio at one in 584. Maryland ranked fourth at one in 587; South Carolina was fifth at one in 600.”

Consequently, the transitional demands related to the moratorium are still valid related to the banks, jobs, plant closings and housing. We must of course deepen our mass work to address these realities.

Last weekend at the Left Forum, this writer spoke to the relationship between “Ideology, Organization and the Mass Struggle.” Our struggle is against capital and the capitalist state and our tactics must reflect this. We must be able to swim in a large pond. We can work in a united front and still maintain our political and ideological independence.

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