

Detroit City Council Calls for Retooling Bankrupt Auto Sector

The Detroit City Council on June 8 passed a resolution calling upon Congress to intervene on an emergency basis to save and retool the nation's bankrupt automobile sector (see text, below). The collapse of auto has reduced the former "Motor City" to a catastrophic fiscal crisis. According to the Council's May 2005 budget report, the city's budget problem has been 50 years in the making, and the GM and Ford crisis, as well as Bush's Iraq War, will only worsen the situation.

The LaRouche movement nationally has been campaigning for such a retooling policy, and spearheaded the effort to get such resolutions passed. A similar call was adopted by the Wayne County Commission, which represents an area that includes Detroit (see *EIR*, June 10); and Michigan State Rep. LaMar Lemmons III (D) has filed one in the Michigan House of Representatives (*EIR*, May 27; see also accompanying *Interview*).

The Detroit Council is in a pitched battle with Mayor Kwame Kilpatrick over how to close a \$300 million deficit. Their competing plans both impose austerity measures, so it is clear that the only solution is LaRouche's demand for Federal action to retool the auto industry to rebuild national infrastructure, thereby regenerating the tax base necessary to support the workforce and local and state governments.

According to the Council's budget statement: "Fifty years of disinvestment in the city, national housing and highway policies that subsidized suburbanization, the State's fiscal problems, and the profound challenges faced by General Motors and Ford have all coalesced to create a financial storm that has engulfed this city. . . .

"The cost of war in Iraq continues to mount and directly affects our tax revenues. Each U.S. household is now paying approximately \$1,475 on average for this disastrous war. . . . If the expenditure for the war in Iraq was allocated instead to cities and states, Detroit's share would have been \$369 million."

EIR Economics Editor Marcia Merry Baker was giving a radio interview on what needs to be done to solve the crisis to Detroit radio station WHPR on June 9, when Councilwoman JoAnn Watson called in to report the news that the resolution, which she sponsored, had been passed. "It was unanimously supported yesterday," she said, "and approved and is now

passed. Resolutions, like ordinances, have the weight of law. So it's now law, and an official sentiment, and recommendation and a strategy, recommended by the city of Detroit."

Radio host Richard Hairston told Watson, "Our guest today said this is kind of like a 'shot heard around the world,' when Detroit comes together and we're promoting this kind of legislation from our Council chambers."

Watson: "You know it's interesting that it's also linked to the significant work of the Honorable Coleman Alexander Young, whom I loved and respect, and whose legacy is still strong in the city. He invested time and influence in the salvation of Chrysler—not because he was in love with Chrysler, but because he was in love with his people—maintaining employment, if you understand what I am saying."

Hairston: "Yes."

Watson: "So his work to negotiate with the President of the United States at that time, and the Congress, to come up with this package to keep Chrysler from going under before it was DaimlerChrysler, when it was just Chrysler hanging on by a thread—that was led by the Honorable Coleman Alexander Young, who basically did what this Resolution calls for, for the whole auto industry. To intervene into the process with an influx of funding, and other credits, and the infrastructure, including for workers who gave up concessions, to maintain jobs, and to maintain the economy, and all the neighborhoods supported by this industry. That's exactly what he did, and that's what this in a broader scale, calls for. . . .

"[The] notion that the government must seek to maintain industry and jobs, and the quality of life for its citizens—that's a part of this resolution that was passed by the City Council yesterday. Absolutely, I am proud of the City and I am happy that I had an opportunity to be a sponsor of this resolution."

Documentation

Resolution Calling for Federal Intervention to Rescue Automobile

WHEREAS, the Detroit City Council is concerned that a growing number of experts are warning that the decline of the U.S.-based automobile manufacture poses the danger of a severe overall economic depression for the nation, with tens of thousands of jobs lost in auto, machine, steel, and other related industries; and

WHEREAS, Detroit, a world working class city, is adapting to the changes over the last fifty years which have scattered the points of the automobile production from the city to the suburbs, from the North to the South, and from the shores of the U.S., abroad; yet we, the metropolitan area which was once the source of every other car built in the world, must rise to demand that Congress not permit the utter dissolution of

the Arsenal of Democracy and the City that put the world on wheels; and

WHEREAS, certain stop-gap measures should be adopted and implemented by Congress to forestall the presently threatened, irreparable damage to our nation's physical economy, which is typified by the presently accelerating crisis in the U.S. automobile industry; and

WHEREAS, the U.S. automobile industry is billions of dollars in debt and recently has had its bond ratings lowered drastically, unbelievably posing the threat of bankruptcies; and

WHEREAS, it is conceivable that the automobile industry's leading manufacturers could close most, if not all of their factories in the United States, and

WHEREAS, the closing down of even some of the automobile factories, including the shutdown of machine tool production, would mean both the end of the United States as a leading physical economic power, and cause chain reaction damage to the other economies, especially in Detroit; and

WHEREAS, Congress has the capability and duty to avert national economic disaster by intervening on behalf of the automobile industry to ensure that the continued employment of that industry's labor force remain functioning in each and every present locality of employment; Congress must intervene on behalf of national and related interests and security, to ensure that the productive potential of the automobile industry, with its featured high technology and machine tool capability, be maintained; and

WHEREAS, the impact of Congressional intervention may be to create thousands of new jobs repairing infrastructure, maintenance of automobile production jobs, restoration of the tax base, and ultimately an increase in the standard of living in Detroit and elsewhere; and

WHEREAS, this Council has initiated a series of hearings on Detroit's economy in conjunction with the National Negro Labor Council; and

WHEREAS, this resolution constitutes an emergency measure for the immediate preservation of public peace, property, health, welfare, and safety, now THEREFORE, BE IT

RESOLVED, That the Detroit City Council joins the Wayne County Commission, Cleveland City Council, and other government bodies, and urges the Congress and federal government to take every action necessary to promote and preserve the automotive and machine tool sectors of our national economy; and be it further

RESOLVED, That a copy of this be sent to Sen. Carl Levin, Sen. Debbie Stabenow, Congressman John Conyers, and Congresswoman Carolyn Cheeks-Kilpatrick, the entire Michigan Congressional delegation, and Pres. George W. Bush; and be it finally

RESOLVED, That this Council will hold hearings in conjunction with the NNLC on threats to Detroit's social and economic prosperity from the decline of the automobile industry.