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USA

Detroit's Tale of Two Water Crises

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Less than eight months before he was assassinated, Martin Luther King, Jr. cited water bills as an example of what was wrong with capitalism. In his "Where Do We Go From Here?" speech, delivered at the 11th Annual Southern Christian Leadership Conference convention in Atlanta, Georgia on August 16, 1967, King asked, "Why are there forty million poor people in America?"

He observed that "when you begin to ask that question, you are raising a question about the economic system, about a broader distribution of wealth. When you ask that question, you begin to question the capitalistic economy." He went on to ask: "Who owns the oil? [...] Who owns the iron ore? [...] Why is it that people have to pay water bills in a world that's two-thirds water? [1].

Taken literally, King's last question suggests that desalination technology, harnessed to human needs rather than profit, could make the world's oceans a viable drinking water source for the world's population. (This was not a totally impractical idea; by 1961, Kuwait was already desalinating over six million gallons of water per year [2]

Whether taken as a rhetorical flourish or as a literal statement, King's deeper message was clear. Despite the growth of the postwar middle class, the wealth of a small elite and the poverty of 40 million Americans were still two sides of the same coin. So were the control of natural resources by private monopolies and the denial of access to necessities like water to poor people.

Even during the so-called "golden age" of American capitalism between 1945 and 1973, the system made the meeting of basic human needs a class privilege rather than a universal right. After over 40 years of neoliberal retrenchment, King's critique of capitalism resonates more powerfully than ever.

Today, three billionaires have more wealth than half the U.S. population combined, and 26 billionaires have more wealth than half of humanity as a whole. [3] The Poor People's Campaign estimates that 140 million Americans are poor or low-income, and the minimum wage is lower — in real terms — than when King was assassinated in 1968. [4]

This article will discuss how Detroit avoided mass water shutoffs during the 1930s Great Depression and imposed them in the recent Great Recession.

Shutoffs, Poverty and COVID

In 2016 alone, over 15 million Americans had their water shut off; at least 1.4 million people lost water service due to non-payment of bills. [5]

In addition to the stress and humiliation of being unable to flush toilets or to properly bathe and clean, water shutoffs make people more vulnerable to dehydration and infectious disease with lethal consequences during the COVID-19 pandemic.

A recent working paper by the National Bureau of Economic Research estimates that a national moratorium on utility

disconnections between March and November 2020 could have reduced COVID-19 deaths by 14.8% (over 37,000 people). An eviction moratorium could have reduced deaths by 40.7% (over 100,000 people). [6]

Needless to say, these numbers cannot begin to convey the unnecessary human tragedy each of these deaths represents. Depriving people of water, heat, light and shelter on the grounds of inability to pay is not just cruel and inhumane. It is a crime against humanity.

Detroit, often called the "Blackest big city" in the United States, became notorious for mass water shutoffs in the decade before COVID-19 hit. Since 2014 the city has shut off water for over 141,000 residential accounts.

In a city with 2.51 persons per household, this means that shutoffs forced over 300,000 people — almost all of them Black and poor — to live without running water for days, weeks, and in some cases months or even years in the past decade. Not coincidentally, the shutoff numbers closely parallel the number of Detroiters officially living below the federal poverty line in 2019: 243,891. [7]

However, Detroit's mass water shutoffs are not simply a result of poverty and the long history of racism that has concentrated it in Black communities. Those problems long predated the past decade but mass water shutoffs are a relatively recent development.

Rather, they're a product of 21st century austerity policies implemented by the federal government, the state of Michigan, and the City of Detroit that prioritize the interests of largely white capitalists over the health and safety of the Black urban poor. They are also entirely preventable, as the history of Detroit shows.

Water Crisis in the Depression-Era

To see why mass water shutoffs did not need to happen during the 2010s Great Recession, it is helpful to go back to the 1930s Great Depression, the last time a comparable water affordability crisis happened in Detroit.

In the four years after the stock market crash of 1929, as automobile sales nosedived by 75%, Detroit manufacturers laid off 45% of their workers. Payroll at the Ford Motor Company fell from 128,142 to 37,000 between 1929 and 1931. [8]

As the newly unemployed fell into destitution, the city's welfare rolls exploded from 3,977 in 1928 to 229,000 by 1933. Detroit's unemployed were unable to pay bills, rent or mortgage payments, leading to a rapid increase in utility shutoffs, evictions and home foreclosures. Meanwhile, the administration of Mayor Frank Murphy faced the prospect of municipal bankruptcy as Detroit's tax revenues collapsed, forcing the city to default on its debts to Wall Street banks in 1933 and to begin paying city workers in scrip. [9]

At the Detroit Department of Water Supply, staffers watched as ratepayers stopped paying their bills. Hal Smith, the Head Water Consumer's Account Clerk for the City of Detroit, wrote in a 1933 article that unpaid water bills "had not been a serious problem" before 1929.

By 1932, however, "many, through no fault of their own, were unable to meet their bills, and further, we knew that we would have to handle about 20,000 delinquent accounts per month." Delinquent accounts reached 90,000 by April 1933, and over 100,000 by March 1934. [10]

In response to the crisis of the Great Depression, the Communist Party (CP) began organizing mass demonstrations of the unemployed in January-March 1930, including in Detroit. [11] CP-led Unemployed Councils used direct action tactics to fight evictions and utility shutoffs, including reconnecting gas and electric lines. [12]

Black Detroiters in CP-affiliated groups like the Nat Turner Club — an offshoot of the League of Struggle for Negro Rights — played a prominent role in these struggles. As Joseph Billups recalled in a 1967 oral history interview, "the Nat Turner Club turned out to be an Unemployed Club, taking care of evictions, turning on the lights, and so on." [13]

As historian Eric Rauchway has shown, by 1932 President Hoover and his White House staff "were sure that Communist agitators would take advantage of unemployment to foment revolution." Indeed, "Hoover was sure that the New Deal was bringing communism to America" and portrayed Roosevelt as a Bolshevik in public statements on the campaign trail. [14]

The New Deal, of course, was a far cry from socialism — let alone communism. The 1932 Democratic Party platform did include a tepid endorsement of "unemployment and old-age insurance under state laws" and called for expanded federal relief aid and public works programs.

The 1932 CP and Socialist Party (SP) platforms also called for unemployment and old-age insurance, but called for them to be funded by employers as well as the state. Unlike the Democratic Party, they both called for civil rights protections for African Americans and labor rights protections for union organizers. The SP called for "social ownership and democratic control" of the "principal industries" of the country. [15]

The New Deal was fundamentally a liberal project of saving capitalism. During this period, however, militant organizing by the unemployed and industrial workers (often led by communists and socialists) did succeed in unionizing auto, steel, and other mass production industries, and won significant concessions from capital and the New Deal state. [16]

Following the failure of 11,000 banks under President Hoover, New Deal policies prevented the collapse of the banking system and brought crucial federal aid to cities. Under the Emergency Banking Act, signed by Roosevelt on March 9, 1933, emergency loans from the Reconstruction Finance Corporation and the Federal Reserve enabled the banks to recapitalize and established a system of federal deposit insurance to protect depositors. [17]

The Rescue of Detroit

It was only in June 1933, once these measures were in effect, that Detroit was able to refinance its municipal debt with Wall Street banks, converting all the city's bond debt into 30-year loans. [18]

The New Deal also brought substantial federal aid into the city. Over the next decade, the Works Progress Administration (WPA) would create nearly 100,000 public works jobs in Detroit, putting the unemployed to work rebuilding the city's roads, water and sewer infrastructure, parks, and municipal and federal buildings. [19]

These policies made it possible for Detroit's Department of Water Supply to avoid a policy of mass water shutoffs. In the Hoover years, debt service had climbed to a staggering 89% of revenues at DDWS. [20]

Detroit's debt refinancing sharply reduced its short-term debt service obligations at DDWS and other municipal

departments while the WPA and the Public Works Administration (PWA) financed long-delayed infrastructure projects. [21]

On the one hand, New Deal federal aid funneled resources to the Department of Public Welfare and other city departments, reducing unemployment and making it possible for more people to pay rent, mortgage payments, and utility bills. [22] On the other hand, reduced debt service obligations enabled DDWS to extend more credit to ratepayers behind on their bills.

According to Hal F. Smith, DDWS made "an effort to assist the delinquent consumer toward working out some plan whereby his water supply will not be cut off, such as granting more time, accepting part payments, etc." In cases where "the lack of water service was causing a health menace […] the Department of Public Welfare would pay out of Welfare Funds the amount required to have service resumed." [23]

As a result of these policies, DDWS settled 100,165 water bills in 1933-1934, for a total of \$533,541. With the use of credit installment plans, DDWS was able to settle most unpaid bills by 1936.

DDWS Office Manager Daniel C. Grobbel told the Detroit Free Press, "There have been about 1,000 shutoffs altogether, but in most instances the bills are paid and the service is resumed within 24 hours." [24]

Of course there is much to criticize about the New Deal, as radicals and civil rights activists did at the time.

The Homeowners' Loan Act of 1933 and the National Housing Act of 1934, which established the Home Owners Loan Corporation (HOLC) and the Federal Housing Administration (FHA), helped end Detroit's home foreclosure crisis during the Great Depression. But in Detroit as in cities across the country, the HOLC created racist "residential security maps" that classified virtually all neighborhoods where African Americans lived (and many where foreign-born immigrants lived) as "hazardous" to mortgage lenders.

Although the HOLC and FHA insured loans for African Americans in Detroit at higher rates than in most cities, they also trapped African Americans in a few restricted areas of the city and suburbs like Inkster. They refused to insure mortgages for African Americans who sought to move into segregated white neighborhoods and required developers to use racist "restrictive covenants" that barred sales to Blacks, and often other people of color and Jews. [25]

Similarly, New Deal labor laws — made politically possible by the strike waves of 1933-1937 — were at best a mixed blessing for Detroit workers in the long run. While they established a legal framework for collective bargaining between capital and labor, management succeeded in excluding fundamental production decisions from the realm of negotiable issues by the late 1940s. (This was reinforced by purges of Communists from the CIO unions.)

UAW contracts increased wages and fringe benefits for auto workers, especially between 1950 and 1973, but racism, sexism, seasonal layoffs and unsafe working conditions remained rampant in Detroit auto plants. The postwar collective bargaining regime also gave workers no say in the corporate investment decisions that reduced the number of manufacturing jobs in Detroit from 349,000 in 1950 to 62,000 by 1990. [26]

From New Deal to Urban Crisis

By the time of the 1967 rebellion, the combination of deindustrialization and virulent racism against African

Americans in housing, jobs and policing had produced an "urban crisis" in Detroit and other cities that would only deepen in the late 20th century. [27]

In many ways, the urban crisis was a product of the fundamental class and racial contradictions of a "New Deal order" based on the Democratic Party's tenuous alliance among "corporate moderates," organized labor, white southern Democrats, and northern African Americans and white ethnics. Any serious grappling with those contradictions requires that we dispel romantic, liberal illusions about the New Deal. [28]

That being said, the history of the Great Depression and the New Deal in Detroit does demonstrate that an unemployment and water affordability crisis does not need to translate into mass water shutoffs — or, for that matter, mass evictions and foreclosures. Those tragedies are entirely preventable through progressive public policies, of exactly the kind that SP and CP members called for at the time.

The contrast between the history of water shutoffs in Detroit during the Great Depression and the Great Recession is stark. While shutoffs occurred sporadically between the 1940s and the 1980s, they increased dramatically as a result of "welfare reform" in the 1990s and 2000s, which replaced another New Deal program, Aid to Families with Dependent Children (AFDC), with the punitive Temporary Assistance for Needy Families (TANF).

AFDC itself was a flawed program, yet welfare rights activists succeeded over the decades in expanding some benefits, including the Vendor Pay Program, which provided utility bill assistance to welfare recipients in Michigan. In 2002, Republican governor John Engler eliminated Vendor Pay as part of welfare reform, making nearly 30,000 TANF recipients in Wayne County alone immediately vulnerable to shutoffs. [29]

Detroit's water shutoffs only took on truly crisis dimensions, however, after the 2008 financial crisis. In contrast to the New Deal, the Obama administration's Home Owner Loan Modification Program (HAMP) provided meager assistance to distressed homeowners and 10 million people lost their homes to foreclosure during the Great Recession. [30]

Between 2005 and 2015, a third of homeowners in Detroit lost their homes to foreclosure, due to both predatory subprime mortgages and illegally high property tax assessments. [31] While Washington bailed out banks that had marketed predatory loans, crashing the economy, and provided loans to two automakers (General Motors and Chrysler) that had driven Detroit's deindustrialization, there was little federal aid to Detroit after 2008.

The city's fiscal crisis — driven by collapsing tax revenues caused by the 2008 crash, population loss, and deindustrialization — gave Governor Rick Snyder a pretext to impose an Emergency Manager in Detroit and force the city into bankruptcy. In Flint, similar policies notoriously led to the poisoning of nearly 100,000 people in the same period. [32]

Today's Avoidable Disaster

This is the context in which Detroit's mass water shutoffs have occurred. In 2014, when Detroit was under the appointed Emergency Manager, Kevyn Orr, the Detroit Water and Sewerage Department implemented its harshest policy on unpaid bills yet. DWSD hired private contractors to shut off any account behind by \$150 or 60 days, regardless of public health consequences. [33]

Despite civil disobedience, protests, and lawsuits filed by water rights activists with the People's Water Board and

other organizations — and even denunciation by the United Nations Human Rights Council — the mass water shutoffs continued after Emergency Manager Orr ceded authority to Mayor Mike Duggan and DWSD was regionalized under a Great Lakes Water Authority. [34]

It was only in March 2020, with the out¬break of the COVID-19 pandemic (and under pressure from Detroit activists), that Governor Gretchen Whitmer issued a water shutoff moratorium in the state of Michigan.

Whitmer's Executive Order 2020-28 required public water suppliers to "restore water service to any occupied residence where water service has been shut off due to non-payment," but only for the duration of the pandemic. [35]

On December 8th, 2020, Mayor Duggan announced that the city would extend Governor Whitmer's shutoff moratorium through 2022. However, activists like Sylvia Orduño of the People's Water Board have pointed out that Duggan continues to oppose a water affordability plan, which would limit water and sewer bills to no more than 4.5% of household income. Currently, poor households in Detroit spend over 10% of their incomes on water. [<u>36</u>]

As organizations in the No Utility Shut-offs Coalition have demanded, a national moratorium on utility shutoffs, and state and local water affordability policies that restructure water and sewer rates, are imperative. [37] However, a long-term solution requires ending the poverty that makes water unaffordable for anyone in the first place.

Policies like a jobs guarantee, a homes guarantee, Medicare for All and direct income assistance — coupled with "blue" and "green" infrastructure projects as envisioned by many Green New Deal advocates — would do just that. Like CP and SP militants during the 1930s, socialists today should support such progressive policies, while recognizing the need for a deeper systemic transformation away from capitalism. [38]

We must also ensure that the racist treatment of African Americans and other people of color by New Deal housing and welfare agencies is never repeated again.

Ultimately, we cannot end water or other utility shutoffs without working toward a world without evictions, foreclosures, homelessness and poverty wages. We must work toward a world where everyone has access to decent and affordable housing, living-wage jobs, healthcare, and clean air and water. That necessarily requires fighting for a socialist future.

Source: Against the Current.

PS:

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