

Detroit Does Not Need a Financial Dictatorship; It Needs Glass-Steagall

Detroit Board of Education president and former Michigan State Legislator (1999-2007) LaMar Lemmons was interviewed by LaRouchePAC's Matthew Ogden and Bill Roberts, a former Michigan Congressional candidate (2012) and member of the LaRouche Policy Committee, on July 21, 2013 (<http://larouchepac.com/node/27440>).

Matthew Ogden: Detroit has become *the* largest city in the history of the United States to file for Chapter 9 bankruptcy. This came on the heels of several months of an emergency financial manager by the name of Kevyn Orr, negotiating and threatening city workers, city pensioners, to take a major cut in their pension funds and in their obligations that the city owed to them, using blackmail, saying if they didn't agree to voluntarily take a cut, the city would be forced to enter into bankruptcy.

And in fact, that is what has happened. The bankruptcy petition has been filed, in violation of the Michigan state constitution, and now this is receiving national headlines everywhere, and people are acknowledging that this is something which stretches beyond Detroit, and is threatening many cities in the nation.

So, LaMar, thank you for joining us. Let me ask you first, if you can give us some background on the situation there on the ground in Detroit, from your vantage point, and what your involvement in the situation leading up to today has been?

LaMar Lemmons: First of all, let me say this: I, too, am supportive of an FDR-like administration and, as a matter of fact, I had really

hoped that Barack Obama would be the second coming of FDR, and not a rehashed Bill Clinton Administration, which is what he is, in my opinion, unfortunately.

It is imperative that Glass-Steagall be reinstated, and I thought that the President understood that. I also thought that the President would institute a massive urban policy, like that which Roosevelt introduced with the WPA and the Civilian Conservation Corps of the 1930s, which would help stimulate our economy. Detroit has been in a depression for decades now—the country may have been in a recession, but Detroit has been in a *depression*. The banks have plundered and pillaged, and we're the capital in the world of abandoned home and property: There are more abandoned buildings and properties in the city of Detroit, than anywhere else *in the world*.



EIRNS/Stuart Lewis

Former Michigan State Rep. LaMar Lemmons is challenging the bankers' attempt to impose a financial dictatorship over the city of Detroit.

From the ‘Arsenal of Democracy’ to Fascism

Ogden: As has been made clear over the recent period, in response to this crisis, what we’ve seen is a policy by the Emergency Manager of Detroit, Kevyn Orr, to intimidate public workers and the average resident of Detroit, into taking heavy pay cuts, and accepting pennies on the dollar for the obligations that they have been owed, after 20-30 years or more of hard work for the city; while at the same time, the banks, the major creditors which are responsible in large part for the depression which you just spoke about, which Detroit is experiencing, have actually gotten a separate settlement from Kevyn Orr, many of them receiving 75-80 cents on the dollar for the obligations, the swaps deals, and the derivatives contracts that Detroit was lured into accepting, as a way to drum up desperately needed revenue. Those banks have now cut a deal with Orr to get 80 cents on the dollar for those derivatives swaps deals.

Can you say a little about how the emergency control board, and the emergency financial manager, were brought in, over and above the democratically elected members of the Detroit City Council, and the School Board which you serve on, and the breakdown of representative democracy at the hands of this financial dictatorship?

Lemmons: As a matter of fact, that’s exactly what it is. Initially, the emergency financial manager was limited to just having control over the finances of the city—we’re speaking about Kevyn Orr right now, and the City of Detroit. And they then grandfathered the City of Detroit’s import of the emergency manager, to have complete control, under Public Act 436, over the assets and lives of the citizens of the city of Detroit. He is in effect a dictator. In the city of Detroit, we have a fascist state.

Ogden: Bill and I were discussing earlier that Detroit was one of the most proud cities of the United States. The population of Detroit exploded in the first several decades of the 20th Century, and then it became the most strategically significant area of the United States during World War II, and what Franklin Roosevelt did to build up what he called “the arsenal of democracy.” That was the critical element of the role of the United States in defeating fascism in Europe in the 1940s. Unfortunately, we now see that exact same kind of bankers’-dictatorship-driven fascism coming to Detroit itself.

You know the population in Detroit reached its

maximum in 1950s; there were over 1.8 million people, making it the fourth or fifth largest city in the United States at that time. According to the 2010 Census, that population has dropped to 700,000 people! So that’s a more than 50% reduction—and that’s just in 2010.

Can you discuss what the conditions are that the people of Detroit are facing right now, and what the effect is of the increasing poverty and the transformation of Detroit into essentially a ghost town: Can you give us a picture of that?

Lemmons: Let me say this, we have about a 50% unemployment rate in the city of Detroit in real terms—50%! That means that every other Detroiter you see is unemployed, and seeking and wishing to have work, even if they have stopped looking. We have massive crime; we have conditions which are unbearable—the street lights are out in much of the city; and the misery index for the city probably eclipses most places in the United States, and in some cases, on the planet Earth.

The fascist fate that you referenced earlier is here in Detroit, in that we don’t have democracy: We vote for a mayor who has no power; we vote for a council, which has no power; and yes, we vote for a school board, which has no power. And we’ve been waiting—this was supposed to be an “emergency”—but what we find, is that once the dictators come in, they don’t leave.

We’ve had, for the last four and half consecutive years, an emergency manager, an emergency financial manager, for the Detroit public schools, where they have plundered and pillaged the assets, sold them off, increased the privately run charter schools, and the student population has decreased from 200,000 to 50,000 students in the Detroit public schools, while there are another 60,000-70,000 students who attend the charter schools, which are, for the most part, privately run enterprises, using public dollars for private profit and gain.

And that’s what we now are having in the city: The bankers are being taken care of, the wealthy, the lawyers—the law firm of Jones Day has attorneys that are billing the city at \$1,000 an hour. They’re making *millions* of dollars off the misery of the City of Detroit, and they are being paid, while they threaten the pensioners.

And Detroit still sits in the middle of a metropolitan area with 4 million people! So the people have left the

city in favor of the suburbs, but now that Detroit goes down, the vortex that it will create, sucking in the rest of southeastern Michigan, and the rest of the state, may create an environment where this philosophy of having an “emergency manager” may even be imposed over the entire state, instead of a governor.

So, we’re concerned about the loss of democratic rights here, in the city of Detroit.

Greece Comes to Michigan

Bill Roberts: Yes, the judge in Michigan [Rosemarie Aquilina] recently ruled that this filing for bankruptcy, in fact, is unconstitutional, according to the Michigan constitution. It seems to me that the whole idea of a non-elected dictator, bankers’ dictator, over a board of people who have been democratically elected, is unconstitutional from the standpoint of the U.S. Constitution.

And I would say that this is more of a reflection of what we’re seeing in Europe right now, where, for example, in Greece, the European Commission, the IMF, and the European Central Bank have complete control over all economic decision-making. And the cuts that they have made, which include cuts to wages, slashing of pensions, cuts to the city educational system, have actually created a situation where even the economists within the IMF have had to admit that those decisions have, in fact, created an even larger budget deficit for Greece, because the further contraction of economic activity has collapsed the revenue base, leading to larger deficits.

Could you describe the process of contraction of services, including education but also police and fire services, to the constituents of Detroit? And what conditions this has created within the city?



Library of Congress

The “Arsenal of Democracy”: Ford’s Willow Run auto plant converted for war production of the B-24 Liberator, April 1943.



Detroit today: an abandoned house and car. “There are more abandoned buildings and properties in the city of Detroit, than anywhere else in the world,” Lemmons said.

Lemmons: Well, let me start with the schools: They have placed 40, 50, and 60 kids in classrooms, the kids who can least afford it, who already come from families which don’t have the resources and the background to assist their children in educational achievement; and then to put a teacher, in many cases, an inexperienced “Teach for America” teacher, who doesn’t understand the urban child—or, any child, for that matter, since

they have very little experience. But they're the cheapest to put in front of these children.

And also we've closed, literally, over the last few years, 200 schools—*200 schools*—decimating neighborhoods.

It is also, with the cuts in services for the city—the EMS trucks often are over-extended, and people wait hours for service in an emergency. It is almost always better to rush to the hospital yourself, rather than to wait for an EMS. Fires break out and spread to occupied homes from unoccupied homes, and further destroying neighborhoods, because the fire department, because of archaic and non-functioning equipment, and the lack of trucks and firemen, is unable to put out the fires. Police response time is literally in the hours instead of minutes. And city services, as I mentioned earlier: The street lights are out in almost 50% of the city, so crime flourishes, desperation expands, and the misery index is magnified.

Can the Ship Be Turned Around?

Ogden: Going back to 2005-06: You've worked closely with the initiatives that Lyndon LaRouche and LaRouchePAC have been leading to try to save the former industrial belt of the United States, starting with the Economic Recovery Act of 2006 [ERA], which was LaRouche's proposal to do what Franklin Roosevelt did with the retooling of the auto sector in World War II, to build munitions; but this time, to retool the auto sector and to rehire the autoworkers, the skilled workers, to build the necessary matériel to develop the rest of the United States, to build the necessary infrastructure, and great projects that are necessary. This was supported by the Detroit City Council at that time.

Also, following that, at the point that the 2007-08 crisis struck, the Bear Stearns/Lehman Brothers crisis of 2007-08, LaRouche's immediate response was to initiate an emergency bill called the Homeowners and Bank Protection Act [HBPA], which was really a precursor to the current Glass-Steagall mobilization. This was not only to erect a firewall between those crashing investment banks, and the legitimate commercial banks, but also, to put a moratorium on home foreclosures, and keep people in their homes.

So both of these initiatives, the ERA and the HBPA, and now, Glass-Steagall, are initiatives that you've been on the front lines fighting for. And maybe you can say something about your experience in that

fight, and where you see things standing right now.

Lemmons: Well, if Mr. LaRouche chose, he could say, "I told you so." He predicted the current economic collapse; and if we don't heed those words, we are facing some extremely dire times. I don't know if the ship can be turned around, but it certainly can't, if we don't reinstate Glass-Steagall, if we don't put in a works program similar to what Franklin Delano Roosevelt instituted.

It is proven that the austere economy doesn't work, the contraction of the economy doesn't work: We must build infrastructure; it is now archaic, and much of it dates from the 19th and 20th centuries; we must move on for the 21st and prepare for the 22nd Century. And so, we must expand and develop the infrastructure and create jobs, and thereby increase the standard of living for all Americans.

Roberts: A city the size of Detroit, being the largest U.S. city ever to file for bankruptcy, may be quite shocking to a lot of Americans. But I'm sure there are still those out there who are saying, "Well, that's Detroit. That's a separate case from where I live, or from other places." What would you say to that? Are we looking at a process that the rest of the country could really expect to be seeing?

Lemmons: Most definitely. Most of the tensions around the country are in these urban areas that are underfunded, and were highly tied to the real estate bundling of Wall Street and the hedge funds. And now, as more and more Baby Boomers come online to receive those pensions, they're going to find that their pensions are not there, and this is likely to spread. So Detroit becomes the canary in the coal mine—and it's more than a canary—it's an *eagle* in the coal mine.

Pass Glass-Steagall, Now. Period.

Ogden: Over the past week, and over the coming two weeks at least, LaRouchePAC has brought our Policy Committee from around the nation into Washington, D.C.—this Policy Committee is comprised of six former candidates for Federal office, including Bill Roberts who ran for Congress in Michigan's 11th District; but also former candidates from Massachusetts, from Washington State, from New Jersey, from Texas. And we see a very intense, hand-to-hand combat in Washington, D.C. You've got J.P. Morgan, the other major Wall Street banks, coming directly into the Congress, using money, blackmail, intimidation, threats, to try to do everything they can to block

the passage of Glass-Steagall.

But despite this, really largely because of the organizing and mobilization that LaRouchePAC and others have done around the country, bringing Glass-Steagall into city councils, into local elected bodies; into now 25 different state legislatures, with official resolutions on this issue introduced, there's been an increased momentum around this in Washington.

Congressman John Conyers from Detroit, who is a co-sponsor on the H.R. 129 bill to restore Glass-Steagall, announced yesterday that he is going to initiate House Judiciary Committee hearings on the Chapter 9 bankruptcy in Detroit. He is the Ranking Member, the top Democrat, on that committee, and he's inviting testimony on whether or not Chapter 9 bankruptcy by, not only Detroit, but also other cities, has been misused, to, as he said, "unilaterally abrogate obligations otherwise protected under the law, such as pensions, health care, and other legal obligations, without sufficient legal safeguards." So this is significant resistance, opposition, coming from Conyers, and this will create the necessary forum for discussion in Washington, D.C., about what is happening to Detroit, but also other cities.

But with the LaRouchePAC Policy Committee in town for the next two weeks, and with this increased momentum around the fight over Glass-Steagall, I'm wondering what would be your message, directly, to the United States Congress, in terms of what has to be done, and the urgency of those actions being taken?

Lemmons: Pass H.R. 129, now. Period.

Ogden: Good. I would say that the eyes of the world are certainly now on Detroit, and I think your courage in fighting for this, LaMar, should inspire other people to do the same thing, and to realize that if you try to avoid the fight, or if you try to make deals or compromises, you're merely inviting more of the same, or worse. That's what we've seen going into this point, with the labor unions and the autoworkers who have taken the buyouts, and other cities that are trying to cut deals with these Wall Street banks. So, as LaRouche has explicitly stated this week, "You've got to wage an all-out war if we're going to save the country."

Lemmons: That's right.

Roberts: I would just say that we've got a big fight over the next two weeks on our hands. I wanted to thank you, LaMar, for your role in this fight, and thank you for joining us for this interview today.

Lemmons: My pleasure.