

## One City Pensioner's Perspective

FILED

By Ron Markoe

2014 MAR 24 A 11:07

U.S. BANKRUPTCY COURT  
FILED WITH

As a retired city worker receiving a pension after 32 years of dedicated service, I am filled with trepidation about the much talked about reduction or elimination of retirement benefits that the bankruptcy may demand. 20,000 city-workers played by the rules throughout their careers, with the expectation that their pension would be fully honored upon retirement. We all knew that most city salaries were lower than the salaries in the private sector, but pensions were a way to balance the disparities in income and were part of the agreement when people took their city jobs. We based our future financial plans on this agreement. It is a brutal act to break that promise at the end of a career, when people are no longer employable. The idea that so many people do not have a problem with this, illustrates how far our society has sunk, where a promise or a contract no longer means anything, and there is little regard for the victims. This is a moral question and not a political one.

What message would this send to the younger workers? Don't play by the rules. Don't bother to honor a commitment when it is inconvenient for you. Do not be loyal to the city, because they will not be loyal to you. How would we as a struggling city move forward with our workforce having such a mind-set, and who could blame them? Turnover would undoubtedly be rampant and a detriment to forging relationships with co-workers over time, a necessity in getting things done in government. In addition, cutting our retirement benefits would set a dangerous precedent for pensioner's nation-wide, lowering thousands of people's standard of living and quality of life, as other municipalities attempt to duplicate what's done here.

I suspect most people are not aware that the average general retiree receives \$19,213 annually, and police and fire receives \$30,607, without receiving any social security. The average city salary for the rank and file is approximately \$35,000 and those salaries have been hit twice with 10% reductions over the past few years. Although these are far from being large sums of money, more cuts would further impoverish the city when retired residents have less to spend in the local economy.

Surprisingly, many current workers with dependents actually qualify for low-income government programs. The idea that those individuals can adequately fund a 401K, as suggested by many, is delusional. In this current market where you are lucky to get a 4% return, you would need a million dollars in your account to earn 40K. Who amongst us has that type of savings? Governor Snyder has already manipulated the State Constitution to allow public service employee's pensions to be taxed at the State level. Now through bankruptcy they may

be looking to amend the Constitution again, to allow for further financial burdens to be placed on City retirees for a “double whammy.”

For the record, I am not in favor of the Emergency Manager (or bankruptcy). I still believe that it represents taxation without representation, an issue I thought we adequately addressed in 1776. Our local elected body no longer controls our destiny. I am hoping the courts will weigh in on this. Perhaps, it is too late, but I would love to see an organized rally with protesters dressed in colonial garb, replete with fife, drums, and flags, marching down Woodward Avenue to the Detroit River, where large amounts of tea would be dumped into it. What a statement that would make for the world to witness: “The Detroit Tea Party.”

Detroit has suffered through disinvestment and abandonment like no other city in the U.S. and I realize that there is no easy answer to the financial problem that was created from that reality. However, the State and the banks approved the sale of those municipal bonds that contributed significantly to the problem, and therefore, are complicit. Banks, through their foreclosure on numerous ill-conceived subprime loans, and the subsequent non-payment of city taxes, caused further blight, and should provide some measure of restitution.

Moreover, many pundits contend that there is very little likelihood of a federal bailout. But, how does the Federal Government reconcile with giving 83 billion taxpayer dollars a year to the country's largest banks (according to The Bloomberg Report), 49.6 billion in foreign aid in 2011, and 1.4 trillion (\$1,400,000,000,000! and counting) to cover the costs of the wars in Iraq and Afghanistan, and not even consider helping the city that once helped the country in no small measure, to win World War II, and create the middle-class standard of living for the entire country? Especially, when all Detroit needs is a mere 18 billion (if you believe what has been said).

The Federal Government has enacted policies that have demonstrated a loss of support for the American worker. Outsourcing and free trade have decimated the labor force locally and nationally. There has been no plan developed to counter this assault, and now the only option appears to be cutting, and the dismantling of city-owned assets. Again, what's happening in Detroit may be the bellwether for what may happen in other industrial cities, and should prompt the Government to establish a national agenda to mitigate the damages.

However, the bankruptcy and any possible bailout will not solve all of our problems. It will merely restructure our debt, and when EM Kevin Orr leaves, we will be forced to make things work with the consequences given to us. It will only be a beginning until we recover by taking charge and re-organizing our local government, electing better leaders, and learning to generate and collect new revenue, like we should have been doing all along.

**Appeared in the August 4<sup>th</sup> Edition of the Michigan Citizen**