OUR OPINION

The bankruptcy bill

July 24, 2013

When Detroit declared bankruptcy it sucked all the air out of politics over the weekend, first because it is the largest American city ever to take the step, and second because it struck fear in liberal politicians and public sector unions across the country.

What those groups want now is what two of America's auto companies, GM and Chrysler, got when they were on the verge of going bankrupt: A federal bailout. But Detroit, according to President Obama (has he ever lied?) won't get it. He knows, as do the majority of United States Senators and members of the House of Representatives, that the precedent would not only be cited by other, larger cities in similar financial straits (think Chicago) but could well cripple the economy.

Detroit's problem? Everyone knows. Unions and union pensions have been bleeding the city's resources for decades. Current numbers are scary, especially that the city's deficit was $18.5 billion when it went bankrupt, and half (HALF!) was the shortfall in unfunded pensions for the various unions that run the city.

Someone noted this week that Detroit's population shrank by 60 percent from 1990 to 2012, but the city's workforce — police, fire, sanitation, etc., etc., etc. — stayed the same size. John Stossel notes elsewhere on the page today that Detroit has the third highest business tax rate of any city in the country. No wonder businesses left in droves.

We bring this all up not only because it is a tragedy that a once-great city has fallen on hard times because of the choices it made. It's also a tragedy because unions for decades kept electing mayors and city council members who were slaves to unions, who forced those decisions.

What has happened to Detroit has happened to California cities too. Stockton and San Bernardino preceded Detroit into bankruptcy by being far, far too generous in bestowing pension benefits upon city employees.

The same thing could have happened to Victorville a couple of years back, but when Jim Cox returned as city manager, he had a huge advantage that Detroit, Stockton and San Bernardino, did not have: Victorville is nonunion, and that allowed Mr. Cox to reduce the city's workforce by some 200 people. Without that saving shock to its finances, Victorville (and more importantly, Victorville's taxpayers) might now be going through the trauma of bankruptcy.

Of course, California cities are not the only public entities in the state being overwhelmed by unfunded pension liabilities and far-too-generous pay scales for union members. In fact, there's such a place right here in the Victor Valley. Its name is Victor Valley College, and it's ruled by the California Teachers Association — which has demanded and gotten salaries and benefits that are, to put it mildly, excessive. The trouble with the CTA is tenure; otherwise, the wisest course at the school might well be to shrink the curriculum and staff to the point where revenue matches expenses.

Failing that, the best course seems to us to be to have a board of trustees that isn't under the thumb of the CTA. Only voters can do that.

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