

Politicians, media hail appointment of emergency manager for Detroit

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The decision by Michigan Governor Rick Snyder to appoint an emergency manager for Detroit—the largest US city to face state takeover—has been greeted with nearly universal praise from the media, political establishment and corporate elite.

Kevyn Orr is an African American bankruptcy specialist, who represented Chrysler in the brutal bankruptcy proceedings in 2009 that resulted in the closure of over a dozen plants and the elimination of thousands of jobs. He was approved by the Emergency Loan Board—a division of the state Treasury Department headed by Democrat Andy Dillon—an hour after a press conference led by Snyder on Thursday. He was awarded a salary of \$275,000 starting on March 25, three days before a new emergency manager law goes into effect.

In an attempt to undercut mass opposition, the political establishment and media are seeking to present the appointment of an emergency manager as a necessary move to improve crumbling infrastructure and revitalize the city. In fact, the manager will operate at the behest of the banks and corporations, which are already responsible for the immense social decay that has transformed Detroit into the poorest large city in the United States.

Orr's central task will be to sharply escalate the attack on the working class of the city, already suffering from mass poverty and unemployment. Schools, parks, recreation centers, city services—all will be on the chopping block. His appointment is not about "improving conditions" or creating better services.

Wall Street's approval of the appointment was signaled by the immediate action of ratings agency Standard & Poor's on Friday, which revised the city's credit rating from negative to stable.

"We view the appointment of an emergency manager

as a positive step toward regaining structural balance and improving the city's overall financial condition," S&P credit analyst Jane Hudson Ridley said. "The appointment of an EM allows the city to move forward in a more efficient manner," she added.

Snyder, who introduced Orr with Detroit's mayor, Democrat Dave Bing, at his side, said Orr had the qualities he was seeking to restructure Detroit's finances. He has the ability, the governor added, to engage in "teamwork" aimed at "solving difficult problems." Snyder said Orr, who worked for the large corporate Jones Day law firm, had skills in legal and financial affairs and was someone who is prepared to make "tough decisions."

At the press conference, Orr, a life-long Democrat who worked on the Kerry and Obama election campaigns, said all avenues for cuts are open, hinting at bankruptcy. "I am not ideologically disposed or predisposed to anything in particular," he said. "Everything is on the table."

While he said he would prefer to work out a consensual agreement with the unions and creditors, he warned, "I am very competent in the bankruptcy courts of this country... I have restructured anything as varied as horse farms to airlines to multi-billion-dollar financial conglomerates. These things are very painful."

At the press conference Thursday, the *World Socialist Web Site* pointed to Orr's role in the Chrysler bankruptcy. Under the bankruptcy, worked out in alliance with the Obama administration, over a dozen factories were closed, including three in the Detroit metropolitan area. Orr specifically demanded the closure of 25 percent of the dealerships, 789 nationally, bringing the job cuts into the tens of thousands.

In response, Orr said, "Chrysler was quite successful

although there were some costs. I don't mean to mislead anybody that a restructuring will be cost free. It will not." As to eliminating city jobs, he said, "I am hoping I can do it without trauma surgery. I might have to, I don't know."

Orr also said he supported a plan to separate the Water and Sewerage Department from the city in a bond restructuring plan.

The city's principal newspapers voiced their support. An editorial in the *Detroit Free Press* on Friday hailed the appointment of Orr under the headline, "Snyder Makes Tough But Right Choice for Detroiters." The newspaper declared, "The lesson for all local elected officials is clear: Orr is here because they did not perform."

The *Detroit News* also declared its support for Orr's appointment, pointing to the pressing need to address "the frightening undervaluing of pension fund assets" and "staggering legacy costs"—that is, the need to sharply attack worker retirement and health care benefits.

Columnist Rochelle Riley wrote in the *Free Press* on Friday, "Yes, [the appointment of an EM] suspends democracy. Yes, it's a tough pill to swallow. But is it necessary?... It may seem wrong, on its face, to hire someone to do what Detroiters elected others to do ... The names on the ballot are just means to that end, the tools to make those things happen."

The financial elite and its political representatives, from the Obama administration to state and city governments throughout the country, are all determined to make the working class pay for the crisis of American capitalism.

Mayor Bing, who claimed earlier that he was opposed to the naming of an emergency manager, said he was glad to be with Snyder and Orr and would offer his help in any way possible. "We must stop fighting each other," Bing said. "We must start to work together. And so, I'm happy now that I've got teammates. I've got partners that can help me do some of the things that need to be done in our city."

When the *Detroit Free Press* reported the leaked story on Tuesday that Snyder had chosen Orr as the emergency manager, it also reported that Bing and Snyder had jointly interviewed Orr in Washington last month while Snyder was attending a National Governors Association conference.

As for the Detroit City Council, its appeal to Snyder not to appoint an emergency manager boiled down to a pledge that the Council would be a more effective tool to carry out the cuts demanded by the ruling class. Under the new emergency manager law that will go into effect on March 28, the mayor and City Council can be stripped of their salaries. Several City Council members, however, have now said they are prepared to work with Orr.

The *Financial Times* has reported that investors worldwide are looking forward to an emergency manager because it would allow Detroit to deal with its labor and debt problems. "Investors in municipal debts are betting that bonds by Detroit are poised for a rebound as state officials seek to avert what could be the largest municipal default in US history," the *Times* reported.

The massive debts faced by Detroit have been exacerbated by the predatory role of the banks and the primarily Democratic Party politicians. As a result of repeated municipal bond issues, derivatives and interest rate swaps, the major banks have collected \$474 million since 2005, according to a report in *Bloomberg News*.



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