

Emergency manager to select former law firm as Detroit's "restructuring counsel"

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17 April 2013

Detroit emergency manager Kevyn Orr is set to approve a six month and nearly \$3.3 million contract that would retain his former law firm, Jones Day, as Detroit's "restructuring counsel". Under the facade of attempting to avoid bankruptcy, both Orr and Jones Day will work closely to ensure that Detroit's bondholders are paid back in full on the backs of the workers in the city.

City and state officials first approached the law firm about restructuring Detroit in January. At the time, Orr was still a partner at the global law firm and was on the legal team deciding whether to accept Detroit's offer. It was only after Michigan's Republican governor Rick Snyder's team made overtures to Orr about becoming the city's emergency manager that he recused himself to avoid the inevitable charge of a conflict of interest.

However, this maneuver cannot conceal the real interests that he serves. Both he and his former law firm—a place where Orr may very well return after his stint in Detroit—are set to make a tidy sum. More importantly, the corporations and financial institutions Jones Day represents are the same Wall Street banks that hold the bulk of the city's municipal bonds and other debt. They are set to make a hundreds of millions as Orr destroys city workers' wages and pensions, guts essential services and sells off public assets to channel Detroit's resources to their banks.

Corporation Counsel Edward Keelean, an attorney for the city of Detroit, issued a statement attempting to justify the decision to hire Jones Day. "Jones Day has been very forthright in our conversations about who they represent in this matter," Keelean said, adding that the firm has promised "utmost fealty and loyalty" to Detroit in its restructuring.

This is absurd. Jones Day is an international law firm whose clients include approximately half of the

Fortune 500, *Fortune* Global 500, and *FT* Global 500. Among its clients are institutions such as Bank of America, Citigroup, UBS and others who, since 2005 alone, have made more than \$474 million in underwriting expenses, bond-insurance premiums and fees for wrong-way bets on credit default swaps, according to Bloomberg News.

The firm was chosen not in spite of but because of its close corporate connections. The entire operation is a corrupt, naked and brazen attempt to ensure that the banks are paid back in full.

As for Kevyn Orr, he was chosen to return to Detroit after being hired by Chrysler to be its counsel during its 2009 bankruptcy proceedings. Orr reportedly charged \$700 an hour to ensure that hundreds of dealerships across the country were closed and that wages of new hires were cut in half. Chrysler has since made hundreds of millions profits. When Orr came to Detroit in January, the bondholders saw the same sort of opportunity as Chrysler, the ability to make billions off the backs of workers. It was then that Snyder tapped Orr to be the emergency manager and oversee the looting operation being prepared in Detroit.

Orr's appointment was the culmination of months of increasing pressure by Detroit's bondholders to appoint an emergency manager in order to supersede the city charter and other legal restrictions on touching the pensions of city workers and selling off city assets. Under the emergency manager law, Orr can sidestep those restrictions and act unilaterally.

As an attempt to provide a semblance of democracy over the selection of Jones Day, the Democratic-controlled City Council—whose powers along with the mayor has been usurped by Orr—voted 5-2 to approve the contract. Orr must ultimately approve all city contracts, making the City Council's vote meaningless.

However, it is a signal that the City Council—whose pay Orr has decided to retain even though their salaries and benefits can be ended under the emergency manager law—are completely on board with the savage austerity measures Orr is preparing.

During the deliberations by the City Council, a protest of 30 to 40 people was staged by various protest groups that demand the “self-rule” of Detroit, opposing the appointment of an emergency manager on a racist basis, claiming that “white Lansing” is imposing itself on “black Detroit”. This in a situation in which the emergency manager is African-American, and so is Mayor Bing and the entire City Council.

The “opposition” within the City Council came from council members JoAnn Watson and Brenda Jones. Watson said, “It is common sense that the city should not be hiring the same law firm to address its debt that represents the lenders.” Her only proposal was to oppose the move by appealing to the courts.

It is clear that the City Council, whatever airs of protest they put on, are on board with the cuts to be carried in the city. During Lansing hearings on the appointment of an emergency manager, City Council President Charles Pugh boasted that the body had “put on the hat of an emergency financial manager” when they cut the budget by \$50 million last year, slashed the city workforce and reduced payments into the pension fund.

The only concern of this corrupt layer of the black political establishment, which has overseen the impoverishment of the city over decades, is that they will be excluded from their share from the carve up of Detroit.

A full frontal assault on the working class of Detroit, the vast majority of the population and the one constituency that has absolutely no say over any of these economic and political decisions, is being prepared. The multimillionaire mayor and City Council—whose members and appointees have repeatedly been indicted for corruption—are conspiring with a Wall Street law firm and an unelected emergency manager to savagely attack the living standards of workers in Detroit and gut what remains of the city services such as firefighting, transportation and sanitation. The only genuine opposition to this will be the independent mobilization of the working class fighting for its own class interests.



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