

# Detroit emergency manager meets with city's creditors, presents slash-and-burn plan

Bryan Dyne  
15 June 2013

Detroit's Emergency Manager Kevyn Orr met yesterday with the city's creditors in a closed-door session and presented a slash-and-burn plan to restructure Detroit on behalf of the wealthy.

Under the guise of "shared sacrifice" between major financial institutions and the working population of the city, Orr used the latest estimate of Detroit's long-term debt—up to \$20 billion—to carry out a wholesale attack on pensions, health care and all the rights of the working class.

There are two paths presented: either Orr and the 150 creditors gathered will agree on what cuts to be implemented or the attack will be worked out following a declaration of municipal Chapter 9 bankruptcy.

Jobs, education, access to culture, the viability of entire neighborhoods count for nothing. In fact, Orr claims that it is every Detroiters' "debt addiction" that is the root of the city's problems, as if the residents took part in the corruption and criminal operations overseen by the Democratic Party in the city for the past 40 years! Using this logic, Orr is laying the justification for any attack against the city, no matter how outrageous.

Orr's primary target are the "legacy costs," the retiree healthcare and pension benefits, which according to Orr make up 42.5 percent of the city's annual expenses and will account for 65 percent by 2017. He plans to place all retirees above 65 on Medicare, stripping them of medical coverage provided by the city. Those younger than 65 will be forced to rely on Obama's Affordable Healthcare Act, which requires the purchase of private insurance on the market.

These plans have far-reaching ramifications for the nearly 20,000 retired city workers and their extended families. Currently, the city pays 80-100 percent of

healthcare for retirees. According to Orr, this plan is currently 99.6 percent unfunded and essentially has to be done away with. In addition, the city health care plan includes life insurance, which would be wiped out.

Current and future pensioners face similar cuts. Orr has plainly stated that he does not view Michigan's constitution as an obstacle, that Detroit's financial crisis overrides any protections provided to vested retirement benefits. This will undoubtedly be litigated, though how much could be challenged in court under both an emergency manager and a potential Chapter 9 bankruptcy is unclear.

Orr has also announced plans to privatize the Sanitation Department. The Water and Sewerage Department would be sold to a regional authority managed by the city and the suburbs. Both proposals will involve laying off current city workers and hiring a new workforce of contracted labor with lower wages and little to no benefits.

Orr reiterated his plan to lease Belle Isle to the State of Michigan. Whether the park will remain open to the public to be seen. Other assets were not directly mentioned in the proposal, although Orr explicitly left the door open for including the Detroit Institute of Arts or any other asset in his "comprehensive restructuring plan." In addition, if Orr places Detroit in Chapter 9 bankruptcy, a federal judge could order the artwork—or any other city asset from the airport to the zoo—sold.

This is a brief overview of what Orr calls "shared sacrifice"—a recipe for the forced impoverishment of tens of thousands of workers, retirees and their families. On the flip side, everything will be done to ensure that the "10 cents on the dollar" that Orr is claiming the creditors, most of whom have insurance on their bonds, will have to accept, is mitigated. The rich will directly benefit from the looting of benefits and city assets.

Excluded from the plans are any measures that would infringe on the wealth of the Wall Street financiers overseeing this operation, along with local billionaires such as Mike Ilitch and Dan Gilbert.

What is being imposed on Detroit by Orr and the ruling class, backed by both Democrats and Republicans, is a social crime. Workers and retirees will be increasingly forced to choose whether to eat, pay utilities, have health care or get gas. All so that the banks can accumulate even greater wealth.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://www.wsws.org/contact)**