

Governor's slush fund pays for Detroit emergency manager's luxury condo

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Detroit's emergency manager, Kevyn Orr, is living well in a luxury condominium paid for by a secret slush fund operated by Michigan's multi-millionaire governor, Rick Snyder. The previously unrevealed financial arrangement was exposed by the *Detroit Free Press* and confirmed by Orr's spokesman.

Orr—who is also paid a salary of \$275,000 by the state of Michigan—is demanding that city workers accept savage cuts in pensions and health care benefits. He has also threatened to sell off the city's public treasures, from the Belle Isle park and the public lighting system to the paintings and sculptures of the art museum, to pay off the Wall Street banks and big bondholders controlling the city's debt.

As the saying goes, the corporate and political establishment certainly know how to take care of their own.

Orr's accommodations and some travel have been paid for by a so-called "non-profit civic fund" started by the Republican governor. Known as the New Energy to Reinvent and Diversify Fund (NERD), it is financed by undisclosed donors, which likely include major right-wing corporate figures behind, among other things, the dismantling and privatization of public education.

One of the other figures on NERD's payroll is Rich Baird, Snyder's "transformation manager." Baird played a chief role in the governor's "skunk works" group—a secret cabal of charter school operators, software executives and others who conspired to push through a school voucher plan in violation of state law, which would channel public resources to private education and technology companies. Baird was also tasked by Snyder to select an emergency manager to take over Detroit.

The revelations about the emergency manager surfaced as his spokesman sought to deflect charges

that Orr was living large at taxpayer's expense. "The city doesn't pay a dime for his living expenses," stated Bill Nowling, Orr's press spokesman. Nowling acknowledged that Orr's living expenses were paid by the controversial NERD Fund, which raised \$1.3 million in 2011 from undisclosed contributors.

Snyder's press spokesperson, Sara Wurfel, confirmed the fund has, since April, paid \$4,200 a month for Orr's opulent condo at the Westin Book Cadillac Hotel in downtown Detroit. She also said the fund was covering Orr's commuting expenses to visit his family in the Maryland suburbs of Washington DC, and return to work in Detroit.

The cost of the condo alone amounts to over \$50,000 a year, more than two-and-a-half times the retirement income of the average city worker (around \$18,000 a year) that Orr is planning to slash. While hundreds of thousands of Detroiters are forced to live in impoverished homes, with many suffering utility shutoffs, a description of residential space at "Downtown Detroit's most luxurious condominium development" gives an idea of Orr's accommodations.

"At the Residences at The Westin Book Cadillac, the quality of your lifestyle depends upon you...You will feel transformed as you step off the private elevators into the elegance of your own luxury home. Have your dry cleaning picked up and dropped off, take the elevator a short distance to the state-of-the-art WestinWORKOUT fitness area or the well equipped business center."

Orr filed the largest municipal bankruptcy in US history because, he claimed, the city could no longer afford the pensions and health care benefits of city workers. Last month, he denounced city residents for being "dumb, lazy, happy and rich" and believing "if you had an eighth-grade education, you'll get 30 years

of a good job and a pension and great health care, but you don't have to worry about what's going to come.”

Orr has claimed pensions are unsecured debts and that the city's 19,000 retirees and their dependents must accept as little as ten cents on the dollar for the billions in benefits they are owed.

He is also seeking to force retirees who are over 65 onto the federal Medicare program. Those under 65 will have to enroll in the private medical exchanges being set up under Obamacare with the city paying retirees a derisory stipend of \$125 a month.

According to an email obtained by the *Detroit Free Press* from AFL-CIO union supporter Robert Davis, Orr originally suggested the state go to Bloomberg Philanthropies to get money for his salary in January, two months before he was selected as the EM. Bloomberg Philanthropies is a “charity” run by New York's billionaire mayor, Michael Bloomberg who has waged a war against public education and public sector workers. It is not clear whether Snyder dipped into these funds to pay Orr.

Everything about the imposition of the emergency manager has been an anti-democratic conspiracy.

A revised emergency manager law was rushed through and passed in a lame duck session of the Michigan legislature in December 2012, five weeks after the Michigan electorate voted overwhelmingly to overturn the original law.

In court testimony Baird revealed he began his search for an emergency manager as early as October and November of 2012, five months before the city of Detroit was determined to be in a “state of emergency”—a designation required to trigger a state takeover. During this time, Snyder was publicly denying that he was seeking such a takeover, let alone a declaration of bankruptcy.

On March 14, the governor announced the selection of Orr, an African American bankruptcy specialist from the Jones Day law firm—which represents many of Detroit's biggest creditors—and a Democrat who represented Chrysler during Obama's restructuring of the auto company.

Internal memos from Jones Day—before Orr's selection—revealed that Snyder and Orr intended to use the bankruptcy courts from the beginning. This was the means to circumvent state constitutional protections against pension cuts and other obstacles to the

wholesale privatization and selloff of public property in the city.

The hatred for Orr, Snyder and Detroit officials is widespread. A recent poll taken by the *Detroit Free Press* and WXYZ-TV revealed that 62 percent of residents had a negative view of Orr, 75 percent had a negative view of Snyder and 85 percent had a negative view of Democratic Mayor Dave Bing. Topping the list, however, was the 86 percent negative rating for the Detroit City Council who supported the massive cuts to city workers in alliance with Bing, Orr and Snyder.



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