

Emergency manager continues threat to “monetize” DIA art treasures

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Christie's auction house is expected to finish assessing the value of the world famous masterpieces at the Detroit Institute of Arts by the end of October, according to recent news reports. The city's emergency manager, Kevin Orr, ordered the assessment and has threatened to sell the priceless artwork to raise at least half a billion dollars to pay off the big banks and bondholders that control Detroit's debt.

Orr is scheduled to present his restructuring plan to federal bankruptcy Judge Steven Rhodes by the end of the year, according to his press secretary, Bill Nowling, who added that Orr “would like to resolve the DIA issue in November.”

Nowling claimed the emergency manager had not yet settled on a plan on how to extract money from the publicly owned art. “But make no mistake,” the *Detroit Free Press* wrote in an article published October 14, “Orr believes that forging a settlement with creditors and gaining Judge Steven Rhodes’ approval for a restructuring plan hinges on monetizing the art in *some* way, said Nowling. ‘We can’t start creating most-favored nation status for different assets,’ he said.”

There is popular anger over the threatened looting of the museum, with 78 percent of respondents to recent polls in Detroit opposing any sale. This opposition was expressed in the October 4 demonstration organized by the Socialist Equality Party and the International Youth and Students for Social Equality, which mobilized hundreds of workers, students and artists to defend the DIA.

In the face of this, Orr and the local media have floated various proposals presented as alternatives to the outright sale of the museum’s collection. “Suddenly, it’s not about ‘selling’ the art anymore, but ‘leveraging’ it,” the article in the *Detroit Free Press* declared.

Free Press article, “The art of the DIA ~~that~~: Orr must get cash out of collection without selling it,” is a tortured effort to convince the newspaper’s readers that less draconian measures are being considered.

The logic of these various “alternatives,” however, is the destruction of the DIA as a public institution and the conversion of its art into “monetized” commodities to be bought and sold by financial institutions and art speculators.

The newspaper says that the first proposal—to “securitize” the artwork by selling shares or “covenants” for individual pieces to raise money from investors—has been taken off the table by Orr.

Other schemes, however, include long-term leasing of parts of the collection to museums around the world and using the museum’s paintings and sculptures as collateral for bank loans or municipal bonds.

“Experts say that art might be used to secure a bank loan,” the *Free Press* writes. The newspaper acknowledges, however, “Using the art as collateral, for example, might sound attractive, but if the city borrows against the value and then defaults, it could mean the bank repo man seizing and selling assets.”

This is not a hypothetical question. Last week, Orr’s office approved a deal with London-based Barclays bank for a \$350 million loan as part of the bankruptcy process. The loan will not go to secure the pensions of retirees—whose benefits are being wiped out by the emergency manager—but to pay off Bank of America-Merrill Lynch and UBS, which swindled the city out of hundreds of millions of dollars in credit default swaps.

The loan will reportedly be secured with a pledge of Detroit’s income tax and casino tax revenue. Significantly, however, if those funds are not sufficient, “net cash proceeds from any potential monetization of city assets that exceeds \$10 million” would be used to

repay the loan, according to a city statement.

In its article on the Barclays deal, the *Free Press* claims the DIA is not threatened by the terms of the loan, saying, “Assets would only be pledged if they are sold for cash, so that means art owned by the city that resides at the Detroit Institute of the Arts is unlikely to be used as collateral for this deal.”

This is hardly reassuring, however. Orr has repeatedly said anything that can be potentially “monetized,” including the collection of the DIA, is “on the table” to pay off creditors. The artwork of the DIA, just like other publicly owned city treasures, including the Detroit Zoo and Belle Isle, can be converted into cash to repay the banks.

Under Chapter 9 of the US bankruptcy law, neither Judge Rhodes nor the city’s creditors can force the sale of any asset. The judge can, however, reject any plan from Orr that does not extract money from the DIA. “You can’t pretend the art doesn’t have value,” Craig Barbarosh, a municipal bankruptcy expert told the newspaper.

The *Free Press* article notes that DIA officials have proposed a plan, which would involve a virtual state takeover of the museum, to meet Orr’s demands for \$500 million. They have asked Governor Rick Snyder and the Michigan legislature to provide \$20-\$25 million annually for the city’s restructuring on behalf of the DIA over the next two decades. The money would not go to funding the museum operations but would be available to pay creditors instead. In exchange, the DIA would also expand its statewide programming and send traveling exhibitions to museums around the state.

“The proposal might also involve a transfer of ownership of the museum building and art from Detroit to the state or the private nonprofit organization that runs the museum under an operating agreement with the city,” the newspaper adds.

The state of Michigan—which used to provide the majority of the museum’s funding, as much as \$16 million a year—has ended all funding for the DIA. There are few if any prospects that Democratic and Republican legislators who are currently gutting funding for public education, pensions and other essential services would spend any money to prop up the museum.

More importantly, various state and regional takeover

schemes have already been proposed by Orr, involving Belle Isle park, the Detroit Water and Sewerage Department, and other city-owned assets. These have nothing to do with preserving resources for the people of Detroit or anywhere else. On the contrary, they are aimed at undermining legal protections of public resources, allowing for fees that restrict public access and the gutting of the wages and pensions of municipal workers, while paving the way for the wholesale privatization of these public entities.

Any state takeover of the DIA would likely lead to raising entrance fees. The museum is currently free for all residents of Wayne, Macomb and Oakland counties.

The media and sections of the political establishment are seeking to promote illusions that the DIA is safe. At the same time, they uphold the legitimacy of the entire bankruptcy process and the looting of Detroit by the Wall Street banks.

The entire political establishment, from Republicans like Governor Snyder to Democrats like Orr, Mayor David Bing and President Obama, want to use the city as a test case to destroy pensions and hand over everything they can to the corporate and financial elite, which they represent.

The right to culture can be defended only through the industrial and political mobilization of the working class to break the stranglehold of the big banks and corporations over society.

The Socialist Equality Party and International Youth and Students for Social Equality are continuing the campaign to defend the DIA and all the rights of the working class. For more information, visit defendthedia.org .



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