

Governor's chief operative takes stand in final day of testimony in Detroit bankruptcy trial

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Closing arguments begin today after eight days of testimony in the Detroit bankruptcy case concluded Thursday with former State Treasurer Andy Dillon and Richard Baird, Governor Rick Snyder's chief political fixer, among those taking the stand.

The proceedings have had an air of cover-up from the beginning. Every one knows that the key witnesses, including Governor Snyder and Emergency Manager Kevyn Orr, have been involved in a conspiracy to throw the city into bankruptcy for more than a year.

Instead of being on trial, they were treated with deference by highly paid attorneys, US Judge Steven Rhodes and the local and national news media. If the judge rules as expected that the bankruptcy should continue, Detroit will be plundered and used as a model for the destruction of public employee pensions and city services across America.

Far from opposing this, officials who have taken the stand from the trade unions, including the American Federation of State, County and Municipal Employees (AFSCME) and the United Auto Workers, have repeatedly stated they were willing to impose draconian concessions on their members but Orr ignored their efforts. In addition they have castigated Orr for throwing the city into bankruptcy instead of selling off all the city's assets, including the cultural treasures of the Detroit Institute of Arts (DIA).

Soon after coming to power in January 2011, the Snyder administration set up what amounts to a shadow government managed by private law firms, consultants and contractors to throw the city into bankruptcy. The fate of the 700,000 people of Detroit was planned out by politicians from both big business parties and their well-paid advisors in backroom sessions, protected

from any scrutiny by "attorney client privilege".

Dillon, a Democrat and former investment banker, has been the public face of this project piously insisting that bankruptcy was always considered just a last resort and taken reluctantly after exhausting all alternatives. All the evidence proved the contrary—that filing for bankruptcy was a political not an economic decision. For all of his claims about not wanting to file bankruptcy, Dillon acknowledged Thursday that he called in an email for the city administration to "assemble a stable of bankruptcy attorneys for future Chapter 9s."

Meanwhile, Richard Baird—who is listed under the official title of "Transformation Manager" in Governor Snyder's office directory and described himself as the chief "talent selector" for the state government—was Snyder's "back door" man, conducting the secretive business deals, which would allow the banks, auditing and law firms to make a fortune out of the restructuring of the city.

"My role was predominately focused on assessing talent for potential positions that may come as a result of a failing school district or municipality," Baird testified Thursday.

He was also the point man for the governor in negotiations with Jones Day both to tap Kevyn Orr as emergency manager and hire the specialized bankruptcy firm—which had been working for the state for months—as the city's "restructuring counsel." Asked to explain what he meant when he told Kevyn Orr in an January 31, 2013 email that he was "pulling for Jones Day" to be hired by the city, Baird said he only meant he "hoped" the city would hire the firm.

Baird, referred to in the media as a "behind the

scenes” associate of Snyder and “the most important man you’ve never heard of,” has been a close friend and associate of Governor Snyder for decades. He participated in the decision to hire the future governor right out of college at the giant auditing firm Coopers & Lybrand (later merged to form PricewaterhouseCoopers) during the early 1980s, and the two have remained close partners ever since. Snyder would rise up in the company’s mergers and acquisitions department, advising corporate clients on slashing jobs and cutting costs, and paving the way for his own career as a vulture capitalist.

Baird assembled Snyder’s transition team after the governor took office in 2011 and immediately prepared plans for the “restructuring” of Detroit. He led negotiations with legal, financial, and consulting firms contracted by the state and put in charge of the city’s finances. This included Jones Day, Miller Buckfire, Ernst & Young and Conway MacKenzie, which Baird testified Thursday were contracted for an initial sum of \$75.2 million.

Baird also helped pick Kevyn Orr as emergency manager. Asked about the decision, Baird affirmed, “I was the person who made the recommendation to both the Governor and the Treasurer.”

Baird’s company MI Partners LLC has only one employee—Baird himself—and one client, the New Energy to Reinvest and Diversify (NERD) fund. This is a secret slush fund established by Snyder and financed by private interests, which has played a key role in advancing the governor’s deeply unpopular pro-corporate agenda. Among other things, the NERD fund has covered the costs of Orr’s luxury condominium during his stay in Detroit.

In October of this year, after coming under attack for refusing to release the names of donors, Snyder decided to “wind down” the NERD fund, and replace it with a “more transparent” version. The funders behind NERD—who donated at least \$1.3 million in 2011 and \$368,000 in 2012—will remain secret.

Baird also headed up a secretive project of the governor’s dubbed “skunk works,” which sought to establish “value schools” with Internet-based classes to channel public school funds into the hands of private technology companies. In violation of the state constitution the group pushed for voucher-type debit cards to lure parents away from the public school

system.

As the proceedings continued this week, a suit by the NAACP seeking to challenge the anti-democratic emergency manager law in a separate court lawsuit was denied by Judge Rhodes Wednesday. Rhodes effectively ruled that he has the right to decide on the constitutionality of the law.

In a 14-page ruling, Rhodes said the lawsuit could result in Orr’s removal from office and the termination of the bankruptcy, and therefore he would not allow it.

“The public has a substantial interest in the speedy and efficient resolution of a municipal bankruptcy case that affects as many people and institutions, and as much of the local, regional and national economy, as this case does,” Rhodes ruled.

The judge ruled that only Orr could speak on behalf of the City of Detroit in the bankruptcy proceedings.



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