Detroit union joins legal action to force sell-off of DIA art

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The American Federation of State, County and Municipal Employees (AFSCME) has joined a legal action to demand that Detroit Emergency Manager Kevyn Orr sell the cultural treasures of the Detroit Institute of Arts (DIA) to pay off the city's creditors.

AFSCME Council 25 filed the motion jointly with several bond insurance companies and banks, including Financial Guarantee Insurance Company, Syncora Capital Assurance, Ambac Assurance, Hypothekenbank Frankfurt AG, and Wilmington Trust Company.

The motion, which seeks the "greatest return on the city's assets," was filed Tuesday afternoon with US bankruptcy judge Steven Rhodes. Judge Rhodes is scheduled to make a decision on December 3 on the legality of the bankruptcy filing. The motion filed Tuesday warns that any plan emerging from the bankruptcy process could face legal challenges unless it takes into account the full amount of money to be gained from the sale of the publicly owned collection at the DIA.

In their legal filing, the unions and other creditors complain that Orr rushed to lease the city's Belle Isle Park to the state government without entertaining "the idea of a competitive bidding process or private purchaser transaction to maximize the value of the park." This, they insist, must not be repeated in relation to the DIA.

"Generally," the motion states, "a municipal debtor's most valuable 'asset' is its ability to raise taxes. Municipalities rarely own tangible, nonessential assets. The City, however, has the Art, a valuable asset (speculated to be worth billions of dollars) that is not connected with the delivery of any core services the City provides to ensure the health, safety and welfare of its citizens. Accordingly, the 'best interests of creditors' dictates the City must demonstrate that its plan maximizes the value of the Art to enhance creditor recoveries."

The masterworks of Bruegel, van Gogh and Rembrandt are nothing but commodities to these financial vultures and union executives. Nor is the existence of the DIA a "core service" for the people of Detroit.

Noting that a recent piece of artwork—a 1969 Francis Bacon triptych of his friend Lucian Freud—sold for a record $142.4 million, the motion complains that the ongoing appraisal of the DIA artwork by Christie's auction house may result in "an inappropriately low assessment, substantially below the market value of the Art."

The motion urges Rhodes to approve the formation of a ten-member Art Committee—divided equally between representatives of the financial firms and the union and pension organizations—to assess the collection's value and "develop a strategy that considers the potential viable options to monetize the Art…"

With polls showing 78 percent of Detroiters opposing the attack on the DIA, the creditors express concern that the emergency manager "is being pressured to take the Art 'off the table' as a potential source of recovery for creditors."

The joint filing by the union with banks and bond insurers exposes the class orientation of the unions. They are not workers' organizations, but businesses run by wealthy executives whose relationship to the working class is thoroughly hostile. They are not in any way opposed to the bankruptcy process or the devastating attacks on workers' pensions and health benefits at its center. They are part of the process, seeking, like all of the other creditors, to get the biggest possible cut of the spoils.

Well aware of the public hostility to the sale of DIA art, the unions are seeking to pollute the political atmosphere by pushing the most backward conceptions, counterpoising art and culture to other social needs and linking the DIA to “suburban elites.” They have no intention of defending workers’ pension or health benefits, having already imposed massive concessions on city workers. In return for a “seat at the table” and the maintenance of their financial stake in municipal pension funds, they are offering to impose new and bigger give-backs on their members.

In February 2012, a coalition of 30 unions headed by AFSCME signed a tentative agreement granting the city the right to end additional payments to accrued pensions and replace employer-paid pension plans with a 401(k)-style retirement scheme for current employees.

Earlier this month, the court-appointed Official Committee of Retirees, headed by AFSCME and the United Auto Workers union, dropped its lawsuit to block Orr from ending city-paid retiree health care benefits. Beginning in February 2014, with no opposition from the unions, the city will dump retirees under 65 onto Obama’s private insurance exchanges, and those older than 65 onto Medicare.

On the same day that AFSCME filed the motion demanding the sell-off of DIA art, the union-controlled retiree committee dropped its opposition to the agreement Orr reached with Barclay’s bank for a $350 million loan. Two-thirds of this money will go to unwind the interest rate swap deals the city entered into with Bank of America-Merrill Lynch and UBS. These financial institutions will be paid 75 cents on the dollar, while Orr is offering retirees 16 cents on the dollar for unfunded pension liabilities.

Michael Artz, an AFSCME lawyer, told the *Detroit New* s, “The art is a huge asset and you can’t ignore it… If it’s going to be sold or monetized, our position is any money should go to pensioners.”

This is a fraud. The language of the legal action AFSCME filed in conjunction with city bondholders and insurers makes clear that any and all funds derived from the sale of DIA art or other city assets will go directly into the coffers of the financial parasites with whom the unions are allied.

The union officials’ contempt for art and culture reflects the deeply reactionary outlook of the bureaucratic organizations they control. They are hostile to both the long-term interests of workers and their most immediate needs.

Top union officials from AFSCME and other unions sit on the boards of trustees of Detroit’s General Retirement System and its Police and Fire Retirement System. These pension funds hold more than $2 billion in stock market and real estate investments. Influence over these investments guarantees union executives access to vast resources and opportunities for sinecures and kickbacks.

The unions have a direct financial incentive to reduce the pension and health benefits of their members so as to retain as much money in their “investment vehicles” as possible.

These and other facts must be thoroughly investigated. The bankruptcy hearings in Judge Rhodes’ courtroom have sought to cover up the looting of the city by big business. The February 15 Workers Inquiry into the Attack on the DIA and the Bankruptcy of Detroit being organized by the Socialist Equality Party will provide a forum for workers to cut through the official lies and uncover the truth about the political and financial conspiracy against the working class that is being carried out with the support of the unions.

For more information on the Workers Inquiry into the Attack on the DIA and the Bankruptcy of Detroit, visit detroitinquiry.org .