

Behind the fraudulent “rescue” plan

Emergency Manager seeks to extort \$100 million from Detroit Institute of Arts

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Detroit Emergency Manager Kevyn Orr met with officials from the Detroit Institute of Arts Thursday to demand that the museum contribute \$100 million to the “rescue” package being assembled by Governor Rick Snyder and a group of wealthy foundations, including the Ford Foundation, the Kresge Foundation and the John S. and James L. Knight Foundation.

The proposed deal would raise \$330 million from the nine foundations and another \$350 million from the state, with the money supposedly going to “protect” the DIA and city workers’ pensions from the impact of the bankruptcy.

Orr’s demand that the DIA contribute \$100 million exposes the so-called “rescue” plan as a fraud. It is a means of removing the DIA from public ownership, placing it under the control of powerful private interests, and crippling its finances and operations in order to funnel its funds to the city’s bondholders and bank creditors.

The so-called “protection” of city workers’ pension benefits is no different. They will be drastically slashed with or without the “rescue” package.

The \$100 million demand amounts to an act of extortion and would have a ruinous impact on the museum’s balance sheet. While an unnamed source cited by the *Detroit Free Press* said the city considers \$100 million over 20 years “a number the DIA can get to,” museum representatives said paying such an amount was “completely unfeasible.”

Orr issued his demand for \$100 million from the DIA the same day that Bankruptcy Judge Steven Rhodes rejected the plan submitted by Orr and his former law firm, Jones Day, to pay the Swiss bank UBS and Bank of America \$169.2 million to terminate their interest

rate swap deal with the city. The predatory and very likely illegal deal foisted on the city by the banks was a huge factor in Detroit’s cash flow troubles, which were then used as the pretext for the bankruptcy filing. Under the deal, Detroit has been forced to pay some \$50 million to the banks annually since the Wall Street crash of 2008.

While Rhodes rejected the bank payoff as too large, and admitted that the original deal was probably illegal, he urged that the parties continue to negotiate and agree to a somewhat smaller sum.

Thus the city will pay the banks that swindled it in excess of \$100 million, while the DIA, which has already been stripped of all state and local funding and played no role in the city’s financial crisis, is to put \$100 million of its depleted resources into the pot to be divided up between the city’s financial creditors and various speculators.

In an article published Tuesday, “Foundations Aim to Save Pensions in Detroit Crisis,” the *New York Times* noted: “As part of the plan, which negotiators have been working on quietly for more than two months, the museum would be transferred from city ownership to the control of a nonprofit, which would protect it from future municipal financial threats.”

The effort to privatize the DIA is part of a broader political agenda driving the bankruptcy process, centered on the theft of public assets on a grand scale. The Obama administration has repeatedly signaled its approval of this agenda. Just days before Orr’s ultimatum to the DIA, Vice President Joseph Biden visited Detroit to meet with the new mayor, Mike Duggan, and attend the Detroit auto show.

Biden reiterated the Obama administration’s position

that there will be “no bailout” of Detroit by the federal government.

“Just like the automobile industry came back, Detroit’s going to come back,” he said during his visit. In fact, the auto industry “came back” on the basis of a federal bailout for General Motors and Chrysler tied to an across-the-board 50 percent reduction in the pay of newly-hired auto workers, bringing their starting pay to the near-poverty level of \$14 per hour.

This attack was carried out with the full support of the United Auto Workers union.

The unions are now giving de facto support to the bankruptcy while they negotiate for a cut of the spoils. The main city workers’ union, the American Federal of State, County and Municipal Employees (AFSCME), has been in the forefront of demands that the DIA be forced to sell off its art collection to ease the city’s financial crisis.

The Socialist Equality Party is fighting to mobilize the working class in opposition to the barbaric assault being carried out against the cultural and social rights of the population. To mount such a struggle, working people must have access to the truth about the criminal conspiracy against its interests that is being concealed behind a wall of official lies.

This is the purpose of the Detroit Workers Inquiry into the Attack on the DIA and Pensions being held February 15th at Wayne State University by the Socialist Equality Party and the International Youth and Students for Social Equality. We urge workers, youth, students and all those who oppose the attack on workers’ rights and the DIA to register today and bring delegations of co-workers and associates to the Inquiry.



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