The fraud of Governor Snyder's "rescue package" for Detroit

Lawrence Porter
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The following statement was issued by Lawrence Porter, the assistant national secretary of the Socialist Equality Party and chairman of the Workers Inquiry into the Bankruptcy of Detroit and the Attack on the DIA & Pensions. The SEP is holding the Workers Inquiry on February 15 at Wayne State University (detroitinquiry.org).

The news media and the political establishment are hailing Governor Rick Snyder's announcement that the state of Michigan is joining several philanthropic foundations to provide money to "save" the Detroit Institute of Arts (DIA) and the pensions of retired city workers being targeted in the bankruptcy process.

Far from defending the DIA, however, the proposal would hand control of the museum's priceless artwork—which belongs to the people of Detroit—to a handful of wealthy foundations. The deal, moreover, is predicated on the DIA handing over $100 million over the next two decades, a sum, which directors say would financially ruin the museum, which has seen its state funding cut to zero over the last decade.

As for pensions, the $350 million in state aid over 10 years is only one-tenth of the $3.5 billion reportedly owed to the retiree pension funds. If Snyder were compelled to abide by the state constitution—which bans any reductions in public employee pensions—the state would be responsible to pay the entire amount.

The governor insists the state funding is no "bailout" and the 23,500 retirees who have worked their entire lives "will not be made whole." Representatives of retiree committee say the proposed contributions would not eliminate "significant pension benefit reductions" facing retirees and their families.

The real purpose of the proposal is to politically disarm the working class with talk of a "rescue package" and facilitate the looting of the city by the corporate and financial elite.

The scheme has been crafted behind the backs of the people of Detroit. This alone makes it illegitimate. It has been put together not by generous "philanthropists" and publicly minded state officials but the bitterest enemies of the working class.

These include:

Governor Snyder: Since taking office in 2011, Snyder has spearheaded the conspiracy to install an unelected dictator in Detroit and use the bankruptcy courts to override the state constitution and gut pensions.

The Ford, Kresge, Knight, Kellogg and other foundations: These are the "charity" faces of corporate empires, which amassed great fortunes from the sweat and blood of the working class. Several of these foundations are engaged in attacking public education and teachers, the promotion of charter schools and other pro-market policies in the US and throughout the world.

Federal Mediator Gerald Rosen: Appointed to the federal court by the senior George Bush, before taking the bench Rosen was a senior partner at Miller Canfield, the Detroit-based law firm that helped draft the state's anti-democratic emergency manager law. The firm is currently being paid $2 million to "represent" the city.

In his update on negotiations Tuesday, Rosen gushed over the Kellogg Foundation's "remarkably generous contribution" saying it would inspire "the mediation team to continue its work toward facilitating agreements among as many of the parties to the Detroit bankruptcy as possible." These agreements, Rosen said, would be "part of a larger, balanced agreed-upon Plan of Adjustment designed to provide Detroit with a prompt and successful exit from the bankruptcy and to

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move us toward a revitalized and renewed City and region."

The purpose of Orr's plan of adjustment is not revitalizing the city. It is to pay off the Wall Street banks and hand over the pensions and artwork to the financial aristocracy.

Rosen's talk about a "balanced, agreed-upon" plan is aimed at bringing AFSCME, UAW and other unions on board. Up to now, the union executives have complained that Orr has not given them a "seat at the table" and ignored their efforts to impose massive concessions on their members. The unions have filed legal motions demanding the selloff of the DIA, not to defend pensions, but bolster the pension investment funds controlled by the businessmen who run the unions.

The pre-requisite for any "rescue package" is that the unions drop their lawsuits and pledge full political support the savage cuts in jobs, wages and pensions that will be part of any plan of adjustment. The intense, behind-the-scenes negotiations taking place now are over what price is necessary to buy the union executives off.

In this Bankruptcy Judge Rhodes and Rosen are taking a page out of Obama's playbook from the "structured bankruptcy" of General Motors and Chrysler in 2009 when the UAW-controlled retiree trust was given billions in exchange for the union's support in imposing historic wage cuts on autoworkers.

The Socialist Equality Party insists that pensions and artwork of the DIA must both be defended. To do this, however, the working class must organize a struggle independently of the unions and both big business parties, which all insist that the workers and young people pay for a crisis we did not create.

Not a penny should be paid to the banks, which entangled the city in financial swindles, which Rhodes and Orr acknowledged were illegal. Instead the debts must be cancelled and the ill-gotten wealth of the banks and major corporations impounded to abolish poverty, hire hundreds of thousands of unemployed workers and rebuild the city for the people of Detroit, not financial criminals.

The phony talk of a "grand bargain" points again to the need for workers to cut through the lies and get to the truth. That is why the Socialist Equality Party is organizing the Workers Inquiry into the Bankruptcy of Detroit and the Attack on the DIA & Pensions on February 15. I urge all workers and young people to attend.

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