

# Detroit Institute of Arts agrees to pay \$100 million as part of “grand bargain”

Thomas Gaist  
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The Detroit Institute of Arts (DIA) has agreed to make a \$100 million contribution to the “grand bargain” being negotiated by Michigan Governor Rick Snyder, US Judges Steven Rhodes and Gerald Rosen, and Emergency Manager Kevyn Orr. The \$100 million contribution, which DIA representatives previously rejected as “completely unfeasible,” will be handed over to a third party and supposedly used to mitigate looming cuts to Detroit retiree pensions.

Reports have stated that the \$100 million contribution may fatally undermine the museum’s finances. The DIA currently relies on \$12 million obtained through fundraising efforts every year, and the contribution to the grand bargain pot would require it to raise an additional \$5 million per year.

At the same time, the grand bargain deal will “spin off” the museum and place it under the control of an “independent nonprofit.” Legal titles for the Woodward Avenue museum, its art collection and other assets will be transferred “free and clear” to a private nonprofit corporation.

So far, the deal would include \$370 million from local foundations and \$350 million from the state of Michigan. As Rhodes’ handpicked mediator Judge Gerald Rosen emphasized in a statement this week, the money from the DIA will not actually “save” the pensions. “While everyone understands that current proposed pension funding levels are not sufficient to provide full restoration of pension benefits for Detroit’s retirees, the Mediators deeply appreciate the DIA’s very positive and constructive contribution as yet another important step forward,” Rosen stated.

In similar fashion the *Detroit Free Press* wrote on Wednesday, “it’s becoming clear that the city’s retirees will likely endure pension cuts. ...The fund will not make pensioners whole.”

Far from protecting the pensions, the real purpose of the grand bargain is to bring about a quick end to the bankruptcy process.

The “swaps deal” hearings during December and early January already served as a detailed exposure of criminal activity carried out by the banks, aided by the complicity of the government and the court system. Extended legal proceedings would only further air the dirty laundry of the banks and corporate-raider law firms like Jones Day that make their living through such predatory operations.

The social forces driving the bankruptcy process are therefore determined to push through a framework for restructuring the city as soon as possible. Without such a deal, lawsuits involving the various creditors could drag on for months.

The *Detroit News* quoted bankruptcy law professor John Pottow of the University of Michigan, who said that the addition of \$100 million from the DIA to the bargain pot “could pressure the city’s pension funds to take the \$820 million proposed settlement and quickly end the largest Chapter 9 case in US history.”

“The idea is to sort of get them to agree not to litigate the salability of the Detroit artwork,” Pottow said.

The ongoing secretive negotiations being overseen by Judge Rosen are focused on finding a price that the unions will agree to. Rosen has insisted that the plan be “balanced,” i.e. that it secure the full backing of the American Federation of State, County and Municipal Employees (AFSCME) and the United Auto Workers (UAW). For the right price, the unions will drop their lawsuits and attempt to sell the ensuing deal to the workers as if it were a victory.

The media is continuing to promote the lie that these funds will be used to protect city worker pensions and the art collection. In an opinion piece for the *Free*

*Press*, “Why saving the Detroit Institute of Arts matters to all of us,” Oakland Count Executive L. Brooks Patterson outlined the perspective of those pushing for the privatization of the museum.

“A group of nine respected foundations will pay the city \$330 million in exchange for oversight of the DIA.” Patterson wrote, “I’m not concerned with who ultimately owns the DIA, only in leaving its collection intact.”

Although the bankruptcy court has been in recess for days, the bankruptcy agenda continues to move forward. Orr’s “adjustment plan,” which will pay off the Wall Street financial houses while slashing pensions, was sent to creditors Wednesday. Orr said that the plan “provides the roadmap for all parties to resolve all outstanding issues and facilitate the city’s efforts to achieve long-term financial health.” The details of the adjustment plan remain concealed from the public under a “confidentiality order” imposed by Rhodes.

Despite all the noise about a rescue for Detroit, priceless assets are passing beyond the city’s control while social infrastructure built over decades is pillaged and dismantled.

The takeover of the DIA by private entities comes just weeks before Belle Isle Park is to be taken out of city ownership and transferred to state control, a move which prepares the way for privatization. As revealed in the *Detroit News* on Wednesday, plans are underway to lay off 700 Detroit Water and Sewerage Department (DWSD) workers during the coming months. These attacks are the first phase of an agenda spearheaded by Orr seeking to “regionalize” and ultimately privatize the DWSD. The mass layoffs are intended to make the DWSD more attractive to private equity groups seeking to buy up the water system and raise rates.



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