The Detroit Institute of Arts, Detroit's creditors, the investment bankers, the unions, academia and identity politics

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On April 12, we took note of new efforts by city of Detroit creditors, in collusion with the trade unions, to vandalize the collection of the Detroit Institute of Arts (DIA) for the benefit of various bondholders and financial institutions, as well as the coffers of the unions themselves.

Three days earlier, a group of creditors had filed a motion in United States Bankruptcy Court, presided over by Judge Steven H. Rhodes, asking the court to direct "the City of Detroit, Michigan (the 'City' or the 'Debtor') … to cooperate with certain interested parties seeking to conduct due diligence on the art collection of the City housed at the Detroit Institute of Arts (the 'Art')."

In short, this group of creditors, who are not getting what they consider to be their rightful pound of flesh as part of the "Grand Bargain" worked out by Emergency Manager Kevyn Orr, are urging the bankruptcy court to order the city to put the DIA's art collection on the auction block.

Those filing the motion include bond insurers Financial Guaranty Insurance Company (FGIC) and Syncora Guarantee Inc., Germany's Hypothekenbank Frankfurt AG, Erste Europäische Pfandbrief und Kommunalkreditbank based in Luxemburg and Michigan Council 25 of the American Federation of State, County and Municipal Employees (AFSCME), AFL-CIO and its Sub-Chapter 98, City of Detroit Retirees.

These legal allies reveal in their court motion that months ago (in June 2013) they engaged the investment bank Houlihan Lokey to begin examining and assessing the DIA's art, to develop a catalogue about the work and to "share this catalogue" with "numerous parties potentially interested in entering into a transaction with respect to the Art."

In other words, entirely behind the back of Detroit's population, for whom the art collection was organized and built up over the course of decades, the creditors and the investment bankers have been dangling the DIA's irreplaceable works in front of various hedge funds, private equity firms, billionaire collectors and auction houses. Of the 38 "interested parties" contacted, 24 expressed actual interest, 19 received the catalogue of information and four submitted formal proposals for buying all or part of the DIA's holdings.

Catalyst Acquisitions and Marc Bell Capital Partners offered $1.75 billion for "all assets held in the DIA"; Art Capital Group offered a $2 billion loan with the DIA's collection used as collateral (the city would likely have to sell important parts of the collection to repay the loan); Yuan Capital offered approximately $1 billion for most of the DIA's masterpieces; Poly International Auction offered up to $1 billion for the museum's Chinese art collection.

All of these proposals, one way or another, would mean the end of the DIA as an art museum serving the Detroit-area population and would constitute an unparalleled cultural regression. There is no precedent in the modern age, outside conditions of war (and rarely even then), for the destruction of such a major institution. All to benefit the already immensely wealthy … !

As the WSWS has explained on more than one occasion, the DIA is a jewel of a museum, whose collection was built up in the 1920s, 1930s and 1940s in particular under its remarkable director, William Valentiner. The DIA possesses works by major European and American figures, collections of works from Africa, Oceania and the indigenous Americas, ancient Western antiquities and significant examples of Asian and Islamic art.

The DIA has been one of the largest publicly owned museums in the US since 1919, and one of the few that made use of public funds to buy masterpieces by Bruegel, van Gogh, Matisse, van Eyck, Bellini and others. Appropriately and magnificently, Diego Rivera's *Detroit Industry* murals (1932-33) cover the walls of the DIA's central courtyard, paying artistic tribute to modern industry and the working class.

Anyone concerned with the current state of artistic and cultural life ought to pay serious attention to the creditors' April 9 court filing, whether or not it succeeds or fails in the short term, and what it portends. The document illustrates the present precarious, essentially impossible position of art at the mercy of a ruling elite prepared to go to any length to defend its vast wealth.

The ideological-political-financial chain of which the court motion forms a link also needs to be considered. This chain connects the financial institutions that have bled the city dry for decades, their investment bank agents, the union leaderships, the professoriate, local Detroit politicians and demagogues and the pseudo-left practitioners of identity politics. Objectively opposed to those forces is the mass of the population, and the socialist movement that articulates their interests.

Along these lines, a number of themes emerge from the investment bank's "Confidential Catalogue of Information Concerning Artwork Housed at the DIA," drawn up (principally by Houlihan Lokey Managing Director Stephen Spencer) on the basis of examining publicly available information about the DIA collection, viewing the art on display and consulting with various professionals in the field.

First, the investment bank, on behalf of the creditors, asserts that the city has deliberately undervalued the DIA collection (including through the appraisal carried out last year by Christie's art auction house) and refused to "develop strategies for monetizing the Art" or "take steps to market test the value of the art."

Tactical divisions undoubtedly exist within the establishment over the fate of the DIA, which have a good deal to do with how many cents on the dollar various parties are going to receive under Orr's "Grand Bargain." While none of the politicians or corporate executives has a serious commitment to the museum, much less to the cultural conditions of the broad layer of the population, there are elements of the local elite in particular that would prefer not to see the DIA simply shut down, an action with considerable political and economic repercussions.

On the other hand, AFSCME, the Detroit Fire Fighters Association, various police associations and the rest of the city's union apparatus have been among the most vigorous proponents of selling the DIA's art.

Infamously, AFSCME's Ed McNeil, a leading official in Council 25, told a WSWS reporter, when asked about whether the DIA collection should be sold, "You can't eat art." On April 10, Jeff Pegg, president of the Detroit Fire Fighters Association, reiterated that reactionary notion, asserting, "Art is a luxury. It's not essential, like food and health care." In last year's Detroit mayoral election, the United Auto Workers (UAW) endorsed Benny Napoleon, the sheriff of Wayne County, who was outspoken in his contempt for the museum. When it came to the city's assets, Napoleon proclaimed, "I think they should take the DIA first."

The unions have joined hands with the financial predators in demanding the sale of the DIA's art *not* because they are protecting the interests of retirees or any other workers in Detroit. AFSCME, the UAW and the rest have accepted concession after concession, job cut after job cut. Prior to the city filing for bankruptcy in July 2013, the municipal unions offered $180 million in concessions, trying to convince the powers that be they could do the job of lowering workers' wages and benefits without an emergency manager.

The sole concern of AFSCME and the other unions is that they not be cut out of the dirty deals surrounding the city's financial fate. If the DIA is sold to a hedge fund or a private equity firm none of the revenue will find its way to retirees or active city workers, but a portion of it will end up in the bank accounts of the unions and their top officials.

Moreover, the union leaders are instinctively among the most determined enemies of workers' cultural development, because a more independent-minded rank and file would all the more rapidly and decisively rebel against the unions' bureaucratic stranglehold.

Second, Houlihan Lokey presents the DIA as an immensely valuable, low-hanging fruit available for the plucking. The bank, for its own sinister purposes, gushes that the museum "is routinely ranked among the top 5 in the United States and is recognized globally for the high quality of the artwork in a broad spectrum of subject areas."

In the section of the catalogue entitled "Investment Highlights," the authors paint a picture intended to make a billionaire collector drool: "Never before has a de-accessioning involving such a large volume of major artwork potentially been made available to investors. Both the scope and quality of the DIA artwork being offered is unique in the history of the international museum community and unprecedented in the broader international art market."

They continue: "The DIA collection is populated with major works by many of the most important artists of the 18th, 19th and 20th centuries. These works range from singularly transcendent pieces from artists like Bruegel and Bernini to significant collections from globally recognizable and important artists such as Rembrandt, Cezanne, Degas and Picasso."

Houlihan Lokey point out that those who buy the DIA artwork are unlikely to be in the same wretched financial state as the city, meaning that the works once snapped up are not likely to appear on the market again: "The conditions that have created the need for the DIA to explore monetization opportunities for these assets are highly unlikely to be experienced by another acquirer. As such, it is conceivable that once the DIA assets are sold, a comparable collection of assets may never again be available for acquisition."

The bankers point to the manner in which artwork has become as much an investment vehicle as precious metals or this year's barley crop: "In recent years art has moved far closer to mainstream status for a segment of the investing world. In an age of hyper-monetarism, art has proven to have solid inflation hedge characteristics stemming from the finite scarcity value inherent in the extant portfolios of the world's leading artists." New markets and new buyers have appeared, they write, pointing to "the rapidly increasing presence of personal wealth in developing nations and an expanding global interest in fine art as evidenced by the birth of new world class art museums in Seoul, Doha and Abu Dhabi."

Meanwhile, "the threshold price for the top 5,000 art sales … has increased at a 13.2% compounded annual growth rate since 2011, and overall market liquidity, as measured by the dollar volume of the top 5,000 sales, has made impressive gains."

The investment bankers' blunt comments, with their "icy water of egotistical calculation," are valuable, in making public the real concerns and motives of the ruling elite in the artistic sphere too: naked self-interest and callous "cash payment."

One of the most striking features of the Houlihan Lokey is the use it makes of academic research, as well as the language and argumentation of contemporary identity politics.

The bank document authors note that one of the books they reviewed was Jeffrey Abt's *A Museum on the Verge: A Socioeconomic History of the Detroit Institute of Arts, 1882-2000*, published by Wayne State University Press in 2001. The book by Professor Abt, who teaches painting and drawing at Wayne State in downtown Detroit, contains a great deal of useful historical information, but its perspective is extraordinarily limited.

Referring to the museum's recurring financial problems, Abt argues repeatedly that the original (and ongoing) sin of the DIA's founders and later directors was their reliance on "the mercies of public funding." The museum, he argues, "came to be wholly dependent on public funding administered by government officials whose other responsibilities frequently competed for their attention."

And, consequently, according to this line of reasoning, it was irresponsible of Valentiner and other museum officials to obtain so many art works for an institution whose financial foundations were always insecure. So Abt writes, "The museum simply outgrew the capacity—or, depending on one's point of view, the willingness—of the city and state [of Michigan] to support it." The history of the DIA thus illustrates "the consequences of enlarging buildings without planning for more employees to staff them, and the outcomes of concentrating on acquisitions without providing for the costs of their future care."

This is worship of the accomplished fact at its most slavish. The greatness of Valentiner as a museum director, in fact, was that his acquisition and expansion plans *did not begin* from what Detroit's ruling faction could afford, but from what would contribute to the cultural development of the population, "rich and poor, high and low," as he put it in 1927.

However, like decent jobs, health care and retirement benefits, the ability of Detroit area residents to view masterpieces of art has proven to be tied to the destiny of American manufacturing, and the auto industry in particular. Abt never questions that the sharp decline of Detroit's industry should be translated into cultural deprivation for the city's and the region's residents.

Houlihan Lokey make use of Abt's passivity and conformist outlook. In their catalogue overview, the investment bank notes that the document will include "A brief history of the DIA that includes a summary of how the museum came to be owned by the City of Detroit, how this ownership dynamic has had a negative impact on the museum's endowment and overall financial stability." Their museum history includes sub-sections entitled "The Problem with Municipal Ownership" and "A Museum in Peril," the latter a direct reference to the title of Abt's book.

In a key passage of the catalogue in which the bankers attempt to demonstrate that the looting of the DIA will be a boon to the city's development, they cite Abt: "Lastly, a significant DIA de-accessioning will unlock otherwise stranded asset value in a municipally owned institution that Jeffrey Abt, one of the museum's foremost historian's and authorities argues has grown so dependent on public funding, so culturally irrelevant and '...so large that its environment can no longer sustain it'."

In fairness to Abt, Houlihan Lokey actually distorts his argument, or makes it more categorical than it actually is. In his book, Professor Abt muses about the possibility that an arts institution, like a plant or a tree, may find its environment no longer nourishing. He writes, "We do not know, because we have not lived with these organisms long enough, what would happen if a museum became so large that its environment could no longer sustain it. The history of the DIA, however, has provided glimpses of this worst-case scenario." The bankers have worked out Abt's clear implication, at any rate, which leaves the fate of museum, libraries, schools and other institutions entirely up to the ability of the capitalist elite to fund them.

To the unions' claim that continued funding for the museum must come at the expense of city workers and retirees and Professor Abt's implication that Detroit simply cannot afford a world-class museum, one must add the arguments of various African American nationalists and pseudo-left tendencies that DIA is an "elitist" institution whose work holds no genuine interest for Detroit's population.

Speaking for an entire social layer, Sherry Gay-Dagnogo, "a hybrid education advocate and community activist in the City of Detroit … [w]ith more than two decades of combined experience working with the Detroit City Council," declared in June 2013, "to place a choke hold on seniors' pensions while protecting art at the DIA is wrong!"

Glen Ford, executive editor of "Black Agenda Radio," in a May 29, 2013 commentary, argued, "Elements of Michigan's upper class are finally showing concern for the plight of Detroit … Wait a minute, say the high-priced art aficionados. Selling off the nuts and bolts assets of a great metropolis full of Black and poor people is one thing, but don't you dare go after our van Gogh." Ford contrasts Motown, which "was produced by people from the streets," to "the works of Picasso and Matisse [which] are prized by the folks from the suites, and must be saved for future generations of that class." Ford pours scorn on what he terms "masterpieces of Euro-American high culture."

This sort of rotten demagogy, which is tacitly accepted as legitimate by pseudo-left tendencies such as the International Socialist Organization and Workers World, who have for decades accommodated themselves to right-wing nationalism and the layer that peddles (and profits from) it, finds a definite echo in the bankers' document.

Houlihan Lokey refers to the DIA in a passage cited above as "culturally irrelevant" and, driving home the point, asserts in another that the museum has "a tenuous cultural relevance to Detroit's current citizens." This is a polite means of suggesting that the museum's collection contains the works of "dead white men," in the language of contemporary pseudo-left politics.

The bank document goes on to suggest that a sale of the DIA's collection might be used to pay off the creditors "while liberating additional sources of capital to catalyze the City's reinvestment initiatives—including investments in a reconstituted DIA or such other arts institutions the City's leadership deems more relevant to the City's rehabilitation."

Where do these references and this language come from, if not from the nationalist elements and their petty bourgeois "left" accomplices? If the bankers have their way, Detroit's population will be "liberated" once and for all from the burden of the DIA's masterpieces, magnificent expressions of humanity's collective effort to make sense of the world in the form of artistic imagery.

There is no need to choose between art and pensions, or between the art in the DIA and contemporary efforts, including the work of Detroit working class residents. Billions and billions of dollars need to be poured into existing museums, libraries and schools as well as art and music programs at all levels of the education system, providing encouragement to every possible variety and tendency of artistic expression.

A progressive outcome to the crisis over the DIA and the Detroit bankruptcy in general requires the working class breaking free from the Democratic Party and the unions and consciously opposing the line-up of forces leading the assault on workers' democratic rights, including the right to art and culture, and their conditions of life.