

Emergency manager threatens Detroit retirees at policy conference

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In remarks late last week to an audience of Michigan businessmen and politicians, Detroit Emergency Manager Kevyn Orr threatened retired city workers with a sharp increase in proposed pension cuts if his bankruptcy restructuring plan is voted down.

Addressing the annual Mackinac Policy Conference, Orr issued a barely veiled blackmail threat saying, “So I ask all our stakeholders, particularly our active employees and retirees, please be very careful. I ask you, those who have an opportunity to speak on this issue to talk to them, to explain to them ... this is not a time for protest votes.”

Referring to his so-called Plan of Adjustment, Orr warned, “If you vote no and that money goes away, we are talking about severe cuts. We are talking about predators being unfettered in their number of attempts to get at every asset of the city.”

According to a reporter from the *Detroit News* at the conference, Orr said non-uniformed retirees will face a direct cut of 60 percent to their pensions, instead of 4.5 percent plus the “claw back” of annuity payments they received during the past decade. This is a substantial increase from the 27 percent cut, which would be triggered by a “no” vote according to the Plan of Adjustment document.

Orr’s comments typify the bankruptcy process as a whole, which was planned years in advance by big investment and legal firms as strategy to use the federal courts to loot pensions, which are protected by Michigan’s state constitution. In an effort to give this political conspiracy a democratic veneer the court is now conducting a “vote” on the plan of adjustment. Even if current and retired workers vote it down, the bankruptcy judge has the power to ram it through anyway and Orr is authorized to redraft the plan, regardless of the vote.

During his remarks, Orr used an apt metaphor to describe his role in the bankruptcy process, saying “It’s sort of like the Vikings when they came to the new land. They burned their boats so they wouldn’t be able to get back home...we were going all in.”

Indeed, Orr came to the city of Detroit as a professional corporate raider, with decades of experience carrying out similar operations. The corporate-financial elite selected Orr for his ruthlessness during the Chrysler bankruptcy and ties to the Democratic Party establishment, as an ideal candidate to spearhead the attack on constitutionally protected pensions.

Orr is now preparing to prove, as he quipped last year, that he “knows how to cut somebody’s throat and leave them to bleed out in the gutter.”

The Plan of Adjustment, described by Orr as a “consensual resolution between our stakeholders and creditors,” is in fact a slash and burn plan. It has been endorsed by AFSCME, the UAW and other city unions, which are being handed a half-billion retiree health care slush fund in exchange for their support for pension, health care and other cuts.

Even if retirees approve the plan, huge cuts to pensions are guaranteed. The 4.5 percent cut to General Retirement System pensions—contingent upon a majority vote of retirees in favor of the plan—drastically underestimates the real impact of the cuts. Once the loss of their health benefits, cost of living adjustments (COLA) and annuity paybacks is taken into account, many retirees could lose more than 50 percent of their current income stream, even if the plan is approved in its current form.

The supposed preservation of the Detroit Institute of Arts (DIA) collection by its transfer to a private corporation—and a lessening of pension cuts through a

“Grand Bargain” involving state and private funds—has been the main selling point for the plan. But even this is by no means assured. Orr revealed in his remarks at the Mackinac conference that Detroit’s creditors are aggressively seeking an arrangement for outright sale of the DIA collection. Last Wednesday, Jones Day attorney for the city Bruce Bennett said during a hearing that the city is also carrying out another appraisal of the DIA collection. Whatever the outcome of the vote on the restructuring plan the collection may still be broken up and sold to the highest bidders.

Highlighting the bipartisan support given by the entire political establishment to the bankruptcy process, Orr expressed his delight that Detroit Mayor Duggan “would go to the annual NAACP Convention and get a standing ovation, and I would walk in to the House Republican Caucus and get one.”

This, Orr declared, “shows progress for a city that is moving into a new age, and it’s a great testament to the ability of all of us to come together to get this job done.”

The Mackinac conference is an annual affair, where various elements of the capitalist ruling elite come together to “network” and formulate policy. According to its own literature, the conference “joins more than 1,500 Michigan business professionals, government leaders, CEOs, entrepreneurs and regional champions” to strategize over how to “create a more globally competitive and financially attractive business environment in Michigan.”

Aside from Orr’s remarks, the conference featured policy seminars on the topics of education and promotion of “entrepreneurship” in the region. A taste of the perspective on education laid out by the conference was given by social media representative for Blue Cross Blue Shield David Linghold, who told the *Detroit Free Press* “I was blown away by some of the ideas, things I thought should have been talked about maybe a long time ago—especially the idea that college isn’t always for everybody.”

As these snippets make clear, the ruling elite is determined to transform Detroit into a haven of cheap labor and sees the basic rights won by the working class in the past century—pensions, education, and health benefits—as intolerable obstacles to its quest for ever-greater wealth.



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