Bankruptcy court approves new appraisal of Detroit Institute of Arts collection

Thomas Gaist
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The city of Detroit's bankruptcy lawyers are involved in renewed efforts to appraise the collection of the Detroit Institute of Arts on behalf of large creditors seeking to "monetize" the artwork. Whereas previous appraisals covered a small fraction of the collection, or some 2,000 pieces, the new evaluation will cover the entire 66,000-piece collection, according to attorney statements in court last week.

A group of major creditors want to increase their payouts and are objecting to the current distribution of financial resources contained in Emergency Manager Kevyn Orr's Plan of Adjustment. These objectors include bond insurers Syncora and Financial Guaranty Insurance Company, which could lose hundreds of millions covering the losses of big investors that control unsecured debts.

The bond insurance firms have consistently demanded a selloff of the publicly owned artwork and have charged that the first appraisal—done by Christie's Auction House—underestimates the value of the art. Outside bids solicited by the creditors offered $2 billion for the world famous artwork.

Earlier this month, creditors asked Bankruptcy Judge Steven Rhodes to authorize the removal of many as 12,000 pieces from the museum temporarily, as part of the assessment process. The judge denied the motion citing museum officials' warnings about possible damage to the priceless collection, including paintings by van Gogh, Bruegel and Rembrandt. However, the judge ruled creditors could work with DIA officials to inspect artwork in storage at the museum.

Detroit residents have been subjected to a relentless promotion that the "Grand Bargain" reached by the state legislature, private foundations taking over control of the museum, the trade unions and the DIA itself had "saved" the DIA. In reality, the sale of the collection remains a serious possibility.

The big creditors are not the only forces pushing for the sale of the DIA collection. The city's largest union, the American Federation of State, County and Municipal Employees (AFSCME), has thrown its support behind the drive to squeeze every penny out of the historic museum, together with other municipal unions.

The unions have taken every opportunity to perpetuate the reactionary notion that workers must choose between access to culture and other basic necessities, including pensions. As Jeff Pegg, president of the Detroit Fire Fighters Association, commented in April, "Art is a luxury. It's not essential, like food and health care." Pegg's comment echoed that of AFSCME official Ed McNeil, who declared his support for the sale of the artwork last year, saying, "You can't eat art."

The reality is that the unions favor the selloff of the DIA to protect the income and upper middle class lifestyles of their leading executives. Proceeds from the sale of the art will not benefit city workers who will still face devastating cuts in pensions and health care benefits. Instead, the union executives are seeking a more advantageous carve up of public assets in order to boost the value of their pension investment fund and union-controlled retiree health care trust.

The Michigan Senate voted 21-17 Tuesday to approve a one-time payment of $195 million for the so-called grand bargain, down from the original proposed sum of $350 million over 20 years. The vote clears the way for approval of the funds by Governor Rick Snyder.

The authoritarian and pro-corporate character of the deal can be inferred from the praise heaped on the funding bill by Business Leaders for Michigan association. “The 9-bill package of legislation provides a significant contribution to the comprehensive financial restructuring plan for Detroit and the establishment of a financial oversight process to ensure the maintenance of sound fiscal practices that will improve city services.”

As the business group noted, provisions included in the legislation will create a financial control board, appointed from above by the governor and leading state legislators to restructure the city’s finances for at least 13 years. Thus, the financial dictatorship established through the installation of an unelected emergency manager will continue indefinitely.

Snyder responded to the vote with a public statement echoing Orr’s threat to retirees that they should vote for the Plan of Adjustment or face even more draconian pension cuts. “I clearly encourage everyone to vote ‘yes.’ Kevyn said it well up on Mackinac Island: a protest vote is not helpful,” Snyder said.

The bargain includes the de facto privatization of the DIA through its transfer to the Ford, Kellogg, Kresge and other wealthy foundations. By ending the century long city ownership of the DIA the bargain signifies a frontal assault on the public’s access to artwork and culture. Even now, the DIA closes portions of the museum to the public to facilitate private social events for the city’s upper crust. Once the museum is put in private hands public access will be restricted even further.

The foundations themselves, though dressed up as charities acting in the public interest, are in fact the means through which powerful corporate and financial interests manipulate policy across the country. Such “philanthropic” foundations have played a major role in the drive to destroy public education in favor of for-profit charter schools.

In his statement responding to the approval of funds by the state senate, Judge Gerald Rosen—the federal mediator appointed by the bankruptcy court who crafted the deal—effusively praised the foundations for “setting the tone” for the bargain as a whole.

Meanwhile, plans are moving ahead for the transfer of other precious city assets to corporate hands. Recent reports have noted that the Emergency Manager’s office may confirm a plan to privatize the Detroit Water and Sewerage Department (DWSD)—one of the largest municipally owned water systems in the US within the next two weeks.