Michigan Senate passes Detroit "Grand Bargain" package

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5 June 2014

Accompanied by fanfare from business and government officials and the media, the Michigan Senate voted Tuesday to approve several bills aimed at accelerating the attack on Detroit workers contained in the city's bankruptcy restructuring plan.

After an overwhelming 103-7 bipartisan approval by the House of Representatives on May 22, the Senate passed nine of the 11 bills, with the funding components for the so-called Grand Bargain package passing by a 21-to-17 margin. After the vote, Governor Rick Snyder held a press conference announcing he would sign the measures into law.

Under the plan, the state will make a one-time payment of $194.8 million into two city workers' retirement funds. The allocation represents close to a 50 percent cut from the original proposal, which until last month, put the state's contribution at $350 million over a 20-year period. The payment is based on a loan using funds from a national settlement with the tobacco industry as collateral.

Either amount will be inadequate to protect the pensions and health care coverage that more than 30,000 current and retired city employees have earned. Under the plan, cuts to retiree pensions—illegal under the state constitution but sanctioned by the federal bankruptcy judge—will be implemented, along with severe cuts to retiree health care benefits.

Speaking at a pro-corporate policy conference last week, Detroit Emergency Manager Kevyn Orr threatened retirees with even greater cuts—up to 60 percent—if they did not vote to approve his Plan of Adjustment.

After the senate passage of the bills, Snyder urged Detroit's creditors, particularly the retiree associations, to approve the restructuring plan. The bills Snyder will sign in a few days include provisions that will prevent the payout of state funds if the plan is rejected.

While the corporate-controlled media plays up the contribution by the state and wealthy private foundations involved in the Grand Bargain, the impending laws will enforce the dictatorial rule of the banks long after emergency manager's scheduled departure in the fall.

The most significant of the bills will establish an unelected nine-member "Financial Review Commission" to oversee Detroit's finances for up to 13 years after the city exits bankruptcy. All decisions on future spending, as well as further attacks on city workers and services, will be subject to approval by a body of unelected representatives of the finance industry.

Detroit's newly-elected mayor, Mike Duggan, a supposed corporate "turnaround" expert, praised these measures, saying, "Today's vote by the Senate to approve $195 million in financial aid for the city of Detroit will help us honor the contract we made with our city retirees. We all owe a debt of gratitude to Senate Republican Leader Randy Richardville and Democratic Leader Gretchen Whitmer for their leadership on this issue. The kind of bi-partisan support we are seeing in Lansing right now is a clear sign of a new beginning for the city of Detroit."

Other Democratic Party politicians praised the "Grand Bargain," with State Senator Tupac Hunter from Detroit saying, "We are all politicians, that's the nature of the game. This is one of those times that we are to be statesmen."

Under Orr's plan, the Detroit Institute of Arts, owned by the city for more than a century, will be handed to a "charitable trust" known as DIA, Inc., which will be comprised of wealthy private foundations that are contributing $370 million to the plan. This has been

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presented as the only means of blocking the sale of the museum's priceless collection to private art dealers.

Nonetheless, as the "grand bargain" laws are nearing enactment, representatives of bond insurers Syncora and Financial Guaranty Insurance Company are carrying out a new appraisal of DIA assets with the aim of "monetizing," i.e., selling off the artwork.

At the same time, several private investors have shown interest in taking over the Detroit Water and Sewerage Department, one of the largest municipally owned water systems in the US.

Among workers, opposition and anger at the plan is intensifying. The political establishment is conscious of how unpopular these measures are, which is why the courts and politicians from both big business parties are pushing to implement them as quickly as possible. They have also brought on board the trade unions to suppress opposition.

Orr spoke to Detroit local ABC News television after the vote, saying, "I'm relieved for about a second. Now I'm a little anxious again. We've got to get this vote in." Responding to what he called "chatter at city hall" for a "no" vote, Orr warned, "I just want to reiterate: that's very, very dangerous."

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