Corporate elite divvies up Detroit as bankruptcy plan confirmation looms

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As the Detroit bankruptcy moves into its final stage, it becomes ever more clear that the corporate-financial oligarchy is implementing the wholesale privatization of an entire US city.

With the full backing of a federal court acting on behalf of powerful corporate and financial interests, a cabal of capitalist politicians and legal and financial bagmen are looting virtually all of Detroit's basic public infrastructure—including street lights, garbage collection, the water and sewerage department, as well as the city's world class art museum, the Detroit Institute of Arts (DIA).

The last portion of the bankruptcy follows the crafting of a "grand bargain" supported by the major creditors and the unions, along with a deal with one of the main bond insurers, Syncora. Last month, the political establishment in Detroit and Michigan agreed to another arrangement to keep Emergency Manager Kevyn Orr in power until after the bankruptcy is completed, followed by a transfer of control to Mayor Mike Duggan and the City Council. The city will be overseen by a new Financial Review Commission (FRC), which will retain many of the powers now held by Orr.

With these measures in place, the ruling class is moving forward with parceling out Detroit into private fiefdoms allotted to individual billionaires and corporations, while entire sections of the city will be shut down or cut off from basic services.

The conspiring of the city's ruling class was spelled out in a column published Thursday in the *Detroit Free Press* by Tom Walsh, "Detroit after bankruptcy: now comes the hard part." After affirming that, "there's little doubt" that Rhodes will confirm Orr's "plan of adjustment," Walsh describes Orr and investment banker Kenneth Buckfire as temporary hired guns to oversee the transformation of Detroit.

"Think of Orr, Detroit's outgoing emergency manager, and Buckfire, president of restructuring firm Miller Buckfire, as the outside mercenaries—er, professionals—hired to swoop into Detroit, restore order and achieve specific objectives," Walsh writes.

Proclaiming that Mayor Duggan "won't have enough money left in the kitty" once the bankruptcy is complete, Walsh calls for a fully privatized "revival" of Detroit.

Walsh gives tribute to the city's leading robber barons for organizing "private investment on a massive scale." He writes, "The encouraging bursts of revival in Midtown and downtown Detroit during the early years of the 21st Century have been driven largely by a dogged band of entrepreneurial corporate chiefs working in tandem with big philanthropic foundations such as Kresge, Ford, Hudson-Webber and others."

"[Dan] Gilbert, the head of Quicken Loans and Rock Ventures, has bought more than 60 Detroit properties, moved more than 12,000 workers into the city and is a major force in anti-blight efforts. [Roger] Penske led the Super Bowl committee, brought auto racing back to Belle Isle and donated the Clean Downtown truck fleet. The Ilitch family is leading a $650-million arena and entertainment district project as an encore to its earlier renovation of the Fox Theatre and building Comerica Park. Those business groups, along with Henry Ford Health and the Detroit Medical Center, are teaming with the Rapson-led Kresge Foundation and other donors on the M-1 Rail streetcar lines," Walsh notes.

Walsh concludes that "private sector investment" is the "key to the renewal of Detroit," and that "only a small part of that investment will come from public funds."

These plans were elaborated in bankruptcy court testimony on Thursday and Friday, including from Emergency Manager Kevyn Orr, who declared that the bankruptcy plan constitutes "yet another renaissance."

Asked by Rhodes about the purpose of the Financial Review Commission, Orr gave a response which clearly illustrated the anti-democratic character of the institution. He said that the body would "provide a level of oversight that can be flexible according to the discretion of the commission itself." In other words, the FRC will determine for itself the appropriate level of involvement in managing the city's finances, overturning contracts and imposing austerity measures.

Speaking on the Syncora development agreement, which transfers millions of dollars worth of credits and city assets to the bond insurer, Orr acknowledged that the deal will "intensify and broaden the relationship between Syncora and the city."

Orr's comments on the Syncora deal highlight the fact that, through the bankruptcy, the city will become a hunting ground for rapacious corporate and financial raiders. Last year the city gave Syncora partial control over the Windsor tunnel to extricate itself from the toxic "swaps deal," which bled hundreds of millions from Detroit's budget. Syncora, having profited from the illegal swaps scheme, is being made a first line stakeholder in the future of Detroit.

James Doak of Miller Buckfire gave similar testimony Friday, saying that Syncora "has become a long-term business institution in downtown Detroit," and that the success of Syncora was "very much linked to the revitalization and economic activity of the downtown area."

Rhodes asked, "Do you have a sense as to how that relationship will be monitored and executed on the city's side of it?" Orr responded, "I'm hopeful that the marriage will be better than the courtship," making an ironic reference to Syncora's parasitic relationship to the city under the swaps deal.

Orr testified that future revenues will go primarily to the banks. "We will use revenues to pay debt and provide adequate services—not gold-plated or platinum," Orr said, reassuring the ruling class that the city has no intention of investing in providing services for the broad mass of the population.

Another billionaire and reputed Detroit "booster" (on account of his promotion of corporate-funded development in the city), Roger Penske, also gave testimony Friday. Penske is contributing millions of his own funds to the bankruptcy plan, including some $10 million to the "grand bargain" and millions toward the purchase of 100 new police squad cars. Penske is also contributing money to the M1 rail project, frequently touted in the media as a model for a privately planned and funded transit system.

Penske gave his full support to the bankruptcy plan, saying that through the bankruptcy "a cleansing effect can take place."

Similar comments from former presidential candidate Mitt Romney circulated in the media Friday underscored that such views are common currency throughout the entire US political and corporate establishment. Romney declared his support for the bankruptcy, saying that "dramatic steps" are necessary "when a municipality begins to circle the drain." The bankruptcy has also received the full support of the Obama administration, which sees it as a model for other cities throughout the county.

The corrupt dealings surrounding the courtroom are also revealed in ongoing discussions with the Financial Guaranty Insurance Corporation (FGIC), another major insurer. FGIC is set to lose some 95 percent of the $1.1 billion it committed to insuring Detroit's bondholders. Anonymous sources cited by the *Detroit News* state that FGIC is offering to drop its opposition to the bankruptcy plan in exchange for some portion of a "$123 million bankruptcy reserve fund, city-owned real estate, including riverfront property east of the Renaissance Center, and a 300-space municipal parking garage on Riopelle Street."

The bankruptcy is, in substance, a vast looting operation conducted through the mechanism of the bankruptcy courts.