# Detroit Emergency Manager Orr departs as bankruptcy cuts take effect

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The formal implementation of the plan of adjustment for the city of Detroit imposed by Federal Bankruptcy Judge Steven Rhodes was the occasion for celebrations and self-congratulations from all sections of the political establishment.

Those who engineered the bankruptcy—from Michigan's Republican Governor Rick Snyder to Democrats on the state and local level and the high-powered investment banking and law firms they paid millions to—are well aware that, at least for the time being, they got away with a massive social crime. In telling comments at a meeting of the Detroit Chapter of the National Association of Black Journalists last week, outgoing Detroit Emergency Manager Kevyn Orr said his biggest accomplishment was carrying out his agenda "without any kind of civil strife."

The Detroit bankruptcy settlement that took effect midnight Wednesday imposes steep cuts in pensions, the privatization of the Detroit Institute of Arts and the wholesale sell-off of city assets. Meanwhile, the city has implemented attacks on the largely low-income working class population of Detroit, including a policy of mass water shutoffs for back due bills.

Further, it sets a national precedent for the suspension of democracy and the use of bankruptcy law to loot pensions—in violation of state constitutional protections—and public assets for the benefit of the banks and wealthy Wall Street interests. The bankruptcy enjoyed the support of the highest levels of the US political establishment, including the Obama administration, which see public pensions as an intolerable drain on state finances.

None of this would have been possible without the help of the unions, which intervened to block the mobilization of the working class in opposition to the cuts. As a reward for their services, Detroit city union officials gained control of a half billion-dollar retiree health care fund known as a Voluntary Employees' Beneficiary Association or VEBA.

The formal ending of the bankruptcy and the departure of Orr once again demonstrated the unity of Democrats and Republicans in both Lansing and Detroit in the imposition of brutal attacks on the working class.

This was highlighted at a press conference Wednesday held at Detroit Police Headquarters to mark the end of Orr's 21-month tenure as the city's unelected emergency manager. The event brought together Orr, Governor Snyder, Democratic Mayor Mike Duggan and Detroit City Councilman Gabe Leland.

All four officials presented Orr's departure as the return of "self government" to the city of Detroit. Nothing could be further from the truth. Under terms imposed by the state of Michigan, city finances will be under the control of an appointed Financial Review Commission armed with sweeping powers for the next 13 years. The commission will have the final say on city budgets as well as collective bargaining agreements and contracts, and must approve all city borrowing.

The nine-member commission includes state treasurer Kevin Clinton, state budget director John Roberts, Mayor Duggan and City Council President Brenda Jones. The five other members appointed by Governor Snyder are all tested representatives of the corporate elite drawn from the corrupt Democratic Party establishment in Detroit.

At the press conference this reporter challenged assertions by Duggan and Snyder that the winding up of the Detroit bankruptcy represented the end of the financial dictatorship over the city and a return to self-

government.

Denying the obvious fact that the city was in a form of financial receivership, Governor Snyder attempted to downplay the role of the commission, claiming, “the city is running the city, with some financial oversight on budgetary matters.”

Duggan was more candid, acknowledging the complete subservience of his administration to the commission. “I feel very comfortable. If I cannot make the business case for why the budget should be adjusted, that’s on me. Members of the media who have been at the first two Financial Review Commissions have been disappointed how little drama there is.”

The commission is in fact a direct instrument of the banks and Wall Street modeled on the unelected boards imposed on New York City in the 1970s and Washington DC in the 1990s, which imposed brutal attacks on the working class. The panel’s chief financial advisor is Richard Ravitch, a long time Wall Street investment banker. During New York City’s financial crisis in 1975-76, Ravitch played a key role in imposing huge attacks on workers in collaboration with the unions.

Underscoring the across-the-board support for the bankruptcy settlement were the remarks of City Councilman Leland. While Leland had postured as an opponent of bankruptcy, he hailed the plan of adjustment, declaring he was “very satisfied with the result.” He continued, “we are all about getting business done for the city of Detroit--Santa Claus brought an early gift to the city.”

In response to a question from another reporter Duggan conceded that the much touted $1.7 billion addition to the funding of city services over the next 10 years was essentially based on smoke and mirrors. “Nobody is writing us a check,” Dugan conceded. The money, he said, was in fact entirely predicated on the city meeting budget projections and “cutting costs.” He added, “it is money we are going to have to earn as we go.”

Even if the money were to materialize, it represents a drop in the ocean compared to what is needed. As the power failure in Detroit last week demonstrated, decades of neglect have left the city’s electrical grid in a shambles. The situation is no different with water mains, roads, bridges and other basic infrastructure, not to mention public transit, fire protection and other essential services.

In fact, far from representing the revitalization of the city, the Detroit bankruptcy is only the initial installment of ongoing and deep attacks on the working class. Immediate targets for attack include the workers at the Detroit Water and Sewerage Department, who face mass layoffs and the threat of privatization.

At the conclusion of the press conference Governor Snyder brazenly asserted that the Detroit bankruptcy was not preplanned nor was it precedent for other cites. In fact documents reviewed by the Detroit Workers Inquiry demonstrate that the bankruptcy was the product of years of planning involving a conspiracy by Snyder, the Jones Day law firm, former Detroit Mayor David Bing, the Obama administration and the unions. (See the *Truth Behind the Bankruptcy of Detroit* available from Mehring Books.)

Far from Detroit being an isolated case, the use of the bankruptcy courts to slash pensions of public sector workers is now being examined by cities and states across the United States. Attacks on public sector pensions, once considered politically impossible, are on the table. New York, New Jersey and Pennsylvania are only three of the states to consider such pension cuts. Orr has become a national celebrity, appearing on numerous talk shows and featured in dozens of media interviews.

In remarks quoted in the *Los Angeles Times* Olivia Mitchell, professor of business economics and public policy at the Wharton School at the University of Pennsylvania, made this dire warning: “The conspicuousness of the city’s bankruptcy, the size of its debt, and the long-term erosion of its tax base, combined with the retiree cuts, should give pause to those expecting retirement benefits from the public sector.”