

# *Gradually, Then Suddenly: A whitewashing of the 2013 Detroit bankruptcy*

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The documentary *Gradually, Then Suddenly* provides the media and political establishment's version of the city of Detroit's supposed "monumental climb out of bankruptcy [in 2013] toward a new era."

The work opened the FREEP Film Festival, a documentary-focused event produced by the *Detroit Free Press*. Co-directed by Sam Katz and James McGovern, *Gradually, Then Suddenly* was scripted by former *Free Press* reporter Nathan Bomey. (The title is taken from Ernest Hemingway's *The Sun Also Rises*.)

The 95-minute film is essentially a justification for the plundering of Detroit after it was illegally put into bankruptcy July 18, 2013. This assault on the city's working population was a bipartisan conspiracy, involving both Democratic and Republican politicians, including Michigan state treasurer Andy Dillon, a Democrat, and Republican governor Rick Snyder, who colluded on the plan to throw the city into bankruptcy; Obama administration officials; Detroit mayor David Bing; and a host of well-paid political operatives. In their efforts to tear up pension obligations and other democratic protections, the politicians were backed by a sordid alliance of banks, investment firms, powerful law firms such as Jones Day, the trade unions and the pseudo-left groupings.

Central to the film is the whitewashing of the role played by unelected Emergency Manager Kevyn Orr (an Obama supporter), presented by Katz and McGovern as Detroit's savior, albeit with minor criticisms. The principal talking heads include *Free Press* reporters along with the main figure in the bankruptcy proceedings, United States Bankruptcy Judge Steven Rhodes. Others who appear include Chief Mediator Jerry Rosen, executives of the Ford and Kresge foundations, current Detroit mayor Mike Duggan, former Detroit city councilwoman Joann Watson and more. The cast of characters overwhelmingly presents the vast looting operation as the only possible scenario.

Not surprising—as this is also the position of the filmmakers. Co-director Katz, a businessman, longtime politician and 1999 and 2003 candidate for mayor of Philadelphia, has asserted: "Through an ingenious and audacious plan to infuse the city with fresh cash from philanthropy, the DIA and the state of Michigan, Detroit was able to save its museum and art while nearly fully honoring its pension obligation to first responders and dramatically reducing adverse impacts for civilian retirees." In fact, pensions were

savaged and thousands reduced to poverty.

According to Katz, however, "Complex negotiations involving thousands of creditors required a collaboration of unlikely heroes willing to make previously impossible choices and to do so in a political environment made possible only in bankruptcy."

Katz has the audacity to claim, "Today Detroit is alive and aspiring. That is happening precisely as a reflection of the heart and determination of its people and some courageous compromise between major stakeholders. The outcome—the survival of Detroit and an ever-widening sense of possibility for the city's future—was indeed a grand bargain."

This is all propaganda and nonsense. The bankruptcy, in fact, proved an immense boondoggle for the banks, corporations and big business politicians at the expense of the working class. The vast majority of Detroit's population remains mired in poverty, a process worsened by the bankruptcy.

So as not to appear entirely biased, *Gradually* is obliged to show Orr rushing to take the city into bankruptcy in July 2013 before Michigan state judge Rosemarie E. Aquilina could issue her ruling that the emergency manager law was illegitimate and in violation of the Michigan Constitution. This reality, however, does not seriously dim the filmmakers' admiration for Orr.

The documentary ends with a revealing sentence from Judge Rhodes' oral opinion: "It is now time to restore democracy to the people of the City of Detroit." Rhodes thereby acknowledges that democracy was suspended in the course of the bankruptcy.

The magnitude of the crime was investigated in 2014 by the Socialist Equality Party. The SEP's *Workers Inquiry into the Bankruptcy of Detroit and the Attack on the DIA & Pensions* was a major event that featured speakers who discussed the different aspects of the bankruptcy.

The Inquiry found that Orr had no authority to be acting as emergency manager, as the emergency manager law itself was unconstitutional. In fact, the entire proceedings were illegal.

*Gradually* offers a potted racialist history of the bankruptcy process, focused on "white flight," described as "white men" in the 1940s building highways to move white people out of the city. Short shrift is made of deindustrialization and the decades-long decline and decimation of the auto industry.

The historical record brought out by the SEP's Inquiry determined that Detroit's bankruptcy was the culmination of a process spanning decades. One of the major reports to the Inquiry, "The rape of Detroit: Deindustrialization, financialization and

parasitism,” explained: “Over the past 35 years, the American ruling class, represented by Democratic as well as Republican governments, has dismantled much of the industrial infrastructure of the country. It has shifted its money-making activities increasingly to parasitic and non-productive forms of financial speculation.”

The same report noted that the “number of manufacturing jobs in Detroit proper fell from 296,000 in 1950 to 27,000 in 2011. ... Since 1989, auto-related employment in Michigan has declined by 70 percent. ... From 2000 to 2008, metro Detroit lost 150,000 jobs due to downsizing in the auto industry.”

“Corporate America,” the report went on, “laid waste to industrial cities across the US. The epidemic of plant closures and mass layoffs undermined the financial position of the cities. Mass unemployment and declining population depleted income and sales tax revenues. The shutting of plants and urban decay sapped property tax revenues. At the same time, both federal and state aid to cities was repeatedly cut.”

The bankruptcy was used as an excuse to gut constitutionally protected pensions. Orr’s firm Jones Day is an international operation that specializes in bankruptcy. Another important report to the SEP Inquiry, “The Political Conspiracy Behind the Bankruptcy of Detroit: Anatomy of a Crime,” revealed that having “cut its teeth in a series of corporate bankruptcies that stripped workers of their pensions, the firm’s partners began writing a number of papers and articles outlining how the Chapter 9 municipal bankruptcy law could be used to override constitutional protections for public employee pensions.”

Orr wrote an email January 31, 2013 to a Jones Day law partner saying: “Michigan’s new EM law is a clear end-around the prior initiative that was rejected by the voters in November.” He added in another email that the new emergency manager law was “essentially a redo of the prior rejected law and appears to merely adopt the conditions necessary for a Chapter 9 filing.”

At the time of the bankruptcy, Orr expressed his contempt for the city’s population, telling the *Wall Street Journal*: “For a long time the city was dumb, lazy, happy and rich.” He complained that in the post-World War II period there was a “covenant that held if you had an eighth grade education, you’ll get 30 years of a good job and a pension and great health care, but you don’t have to worry about what’s going to come.” By implication, the filmmakers share this contempt.

Despite the film’s racist bent, it presents images of demonstrations against pension cuts, showing black and white workers united in opposition to the pension slaughter.

Detroit’s bankruptcy was part of a global social counterrevolution by the ruling elite. All over the world, the operative word of every capitalist government is “austerity.” Savage budget cuts and so-called structural adjustments have been continuously imposed to pay for the financial crash of 2008 created by the international banks.

Throughout *Gradually*, we encounter calls being made to put the invaluable collection of the Detroit Institute of Arts (DIA) on the chopping block to help pay the city’s debts to its wealthy creditors.

The DIA was forced by Snyder, Rhodes, Rosen and Orr to

accept the so-called “grand bargain” under which the museum had to come up with a \$100-million contribution over 20 years, placing the art institute DIA under the control of an “independent nonprofit.” It then ceased to be a city-owned museum, which it had been for 95 years.

A brief sequence in the documentary highlights a demonstration organized by the Socialist Equality Party, the first and only serious protest against the attack on the DIA. Not insignificantly, the filmmakers do not acknowledge the SEP and its youth movement, the International Youth and Students for Social Equality (IYSSE). The demonstration played a critical role in preventing the outright sale of the priceless art.

Completely ignored by the documentarians is the role of the trade unions. A few grossly ignorant and reactionary comments by union bureaucrats, who in unison supported the sale of the DIA, make their way into the film. In fact, the bankruptcy’s “grand bargain” would not have been possible without the treachery of the unions.

As part of the settlement, they agreed to drop lawsuits against the emergency manager law and the violation of the constitution’s pension clause in exchange for a \$195 million payment to the pension funds. In addition, the unions were bribed by being given two Voluntary Employees’ Beneficiary Association (VEBA) funds worth \$524 million.

*Gradually, Then Suddenly* also sheds tears for the “major haircuts” through which rapacious creditors such as Syncora and FGIC had to settle for pennies on the dollar. In exchange they received “land development rights,” vacuuming up valuable portions of Detroit.

The filmmakers’ jubilation over Detroit’s alleged rebirth includes implicit praise for Dan Gilbert, billionaire CEO of home mortgage company Quicken Loans and Bedrock Real Estate Services, and the late billionaire Mike Ilitch, founder of Olympia Entertainment, owner of the Detroit Red Wings and the Detroit Tigers, and founder of Little Caesars Pizza, who together snapped up the vast majority of Detroit’s downtown real estate for a song.

The bankruptcy of Detroit was unprecedented. It was the largest Chapter 9 in US history. *Gradually, Then Suddenly* falls into line with the mythology promoted by the Democratic Party that Detroit was rescued at the point of destruction by “civic-minded” creditors, businessmen, lawyers and politicians.

As the SEP’s Workers Inquiry made clear: the Obama administration used Detroit as a test case to attack the pensions of millions of federal, state and municipal workers across the country, and channel the money owed to the workers to the Wall Street banks. The result was the ravaging of a major industrial city and the pauperization of much of its population.



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