

# Treasury Secretary visits Detroit to reaffirm Obama's "commitment" to city's bankruptcy

By Thomas Gaist  
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US Treasury Secretary Jacob Lew made a two-day visit to Detroit this week, reaffirming the Obama Administration's support for the drive by Emergency Manager Kevyn Orr to use the city's bankruptcy to slash workers' pensions and sell off city assets.

An announcement by the Treasury department noted that Lew's visit will "highlight the Obama Administration's continued commitment to the city's revitalization and explore ways to promote job creation and economic growth."

During his visit, Lew met with wealthy businessmen and corporate foundations, including representatives from the Kellogg, the Skillman Foundation, Davidson Foundation, as well as the Kresge, and Erb foundations. Lew also met with a number of Democratic Party politicians and Detroit Mayor Mike Duggan.

Late last year, the Obama Administration announced plans to provide \$100 million in "blight removal" funds for the city, to be supplemented by some \$200 million in funding from businesses and private foundations. These funds—far from preserving pensions and social services—were earmarked for razing whole sections of the city and forcing out residents. But even these funds—a meager fraction of the money the city owes to its creditors—have not yet been disbursed.

The Obama administration repeatedly stated its support the bankruptcy process, issuing multiple memoranda in support of the Chapter 9 filing. After Detroit's bankruptcy filing in the summer of 2013, Lew made rounds in the media to justify the Obama administration's decision not to allocate any significant federal money to alleviate the city's financial crisis.

In public remarks at a metal stamping facility on Friday, Lew said he is "impressed" with Detroit's blight removal program, saying "We will continue to

look for opportunities where we can partner in those kinds of ways." Lew had taken a driving tour of some of Detroit's most blighted areas on the previous day.

"What I saw yesterday was a strategy very well thought through and an execution that's just beginning ... I think the success of this program is obviously going to be very important in making the case for our support," Lew said.

The blight removal program hailed by Lew amounts to a historically unprecedented wrecking operation directed against large sections of the city. This scorched-earth initiative, aiming to demolish some 80,000 structures, is being spearheaded by the Detroit Blight Removal Task Force (BRTF), which was formed in collaboration with the Obama administration in September.

At a meeting of the BRTF in December, billionaire and leading task force member Dan Gilbert said, "you're going to have large parcels of vacant pristine land that have paved streets, utilities of all sorts, cable, phone, water, sewer—everything at affordable land prices." Gilbert has bought up whole sections of the city's downtown at fire-sale prices.

Reports this week indicate that Detroit may receive federal dollars for blight removal from the Hardest Hit Fund (HHF), which was supposedly established to aid residents in states devastated by the collapse of the housing market, to further fund these efforts. Of the almost \$500 million in HHF allocated for the state of Michigan, \$52 million are to go to Detroit's blight removal initiative.

Lew himself is a seasoned political operative and former Wall Street executive, who previously worked under the Clinton administration to slash social spending, putting together the Balanced Budget Act of 1997, which included \$112 billion in cuts to Medicare.

He later served as a chief operations officer at Citigroup's Alternative Investments Unit, which reaped massive profits by betting on the collapse of the housing market, where he received a \$900,000 bonus on top of his \$1.1 million annual salary even as the bank was being bailed out with tens of billions from the federal government.

The Detroit bankruptcy has received wide support from the corporate and political establishment because it represents the cutting edge of the ruling class's offensive against the living standards of working people.

In an editorial Friday, entitled "Detroit's Bankruptcy Revival," the *Wall Street Journal* wrote that the "much-maligned bankruptcy is giving city leaders important tools to rebuild. It added that "Steven Rhodes in December set an important precedent by affirming that federal bankruptcy law trumps state laws protecting pensions and contracts .... The real credit for rescuing Detroit belongs to Mr. Orr and Gov. Snyder, who had the guts to put the city into bankruptcy."

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