

Detroit officials agree at DIA press conference: Workers must pay for bankruptcy

By Larry Porter and Jerry White
12 June 2014

A press conference at the Detroit Institute of Arts' Rivera Court on Monday was called by city officials to announce that the Big Three automakers are contributing a paltry sum to the "Grand Bargain" plan for restructuring of the city. The event was used as an occasion to reiterate demands that retirees, city workers and the population as a whole agree to the ripping up of pensions, jobs and services.

The deal, which was crafted by a federal mediator and has been backed by the state government, wealthy private foundations, trade unions and the DIA directors, has been presented as a ground-breaking settlement that would protect pensions and artwork from claims by financial creditors.

The opposite is the case. The Grand Bargain is a political gang-up of anti-working class forces seeking to pay off the biggest banks and creditors at the expense of city workers and the public at large.

Under the Plan of Adjustment, submitted by Detroit's unelected emergency manager, Kevyn Orr, the city's 9,000 current workers will face deep job, wage and benefit cuts as services are cut and privatized. Some 23,500 retirees will face health care and pension cuts of 40 percent or more.

Sharp cuts to pensions, which are explicitly protected under the Michigan state constitution, set a precedent for an attack on the retirement benefits of millions of teachers, fire fighters and other public workers. For this reason, it has won the backing of the Obama administration and is being carefully followed by big business politicians throughout the country.

The plan also includes the fire sale of public assets and privatization of services, including street lighting, trash collection and the possible hand-over to private

equity firms of one of the country's largest municipally owned water and sewerage systems. It will end the century-long ownership of the DIA by the City of Detroit and hand over control of the museum's collection to a group of powerful private foundations that are unaccountable to the public.

At the press conference, the \$26 million donation by the automakers—\$10 million each by Ford and GM and \$6 million from Chrysler—was trumpeted as the latest step in the "momentum" to "help Detroit turn a corner." The derisory sum amounts to around 60 percent of GM's *daily* revenue. It is a pittance compared to the three automakers' \$13.8 billion profit in 2013, not to mention the trillions extracted from generations of workers in Detroit, which the corporations have left in ruins after decades of plant closings, mass layoffs and tax dodging.

In addition to officials from the auto companies, the podium consisted of several key players in the conspiracy against the working class. These included Republican governor Rick Snyder, who overturned Michigan voters and imposed a new anti-democratic emergency law in 2012; Emergency Manager Kevyn Orr, whose law firm, Jones Day, plotted for years to use the bankruptcy courts to override constitutional protections for pensions; and Chief US District Judge Gerald Rosen, the federal mediator who put the grand bargain together.

The main purpose of the event was to present the deal as a fair and equitable settlement that has consensus support from all of the "stakeholders" involved, and to pressure retirees—who overwhelmingly oppose the pension cuts—to vote for Orr's restructuring plan.

With the height of cynicism, Rosen declared, "None

of this would be possible without all of us keeping a clear vision firmly in mind about who this is really about. It's about retirees who have given decades and decades of their lives devoted to Detroit.”

Officials from two union-affiliated retiree associations were there to give their approval to the looting of benefits. Shirley Lightsey, president of the Detroit Retired City Employee Association (DRCEA), thanked the auto companies, solidarized herself with the governor and then criticized recalcitrant retirees for being out of touch with reality.

“It is known that retirees are not happy with what is going on, but DRCEA is attempting to notify and educate those who don't understand so they will be able to give us a ‘yes’ vote,” she said to loud applause from the well-heeled crowd. She reprimanded retirees, saying, “You cannot eat principles and uncertainty does not pay the bills.”

Orr praised the retirees' associations for backing the Grand Bargain, calling their decision to do so a “profile of courage.” He then went on to threaten retirees: “Without that vote, we are leaving ourselves vulnerable to parties who aren't as copacetic with the efforts that have been made here.” Orr has repeatedly sought to blackmail retirees by promising that they will be hit with even deeper cuts if his plan is voted down.

Top officials of the DIA, including Director Graham Beal and Chairman Eugene Gargaro, gave their blessings to the deal, which will extract \$100 million from the already cash-strapped museum. “This is about the DIA certainly, but this is about Detroit, this is about Michigan, this is about the pensioners,” said Gargaro. “The idea was to provide significant financial support for the pensioners and secure the future of the DIA” for future generations. “We are all beneficiaries of this wonderful effort,” Gargaro concluded.

Whether these ingratiating remarks were the product of naive wishful thinking, political calculation or both, the truth is that the museum will now be put in private hands—to the detriment of the population.

The venue for the press conference added a cruel irony to the proceedings. It was held in front of the famous Detroit Industry Murals painted by the Mexican socialist artist Diego Rivera in 1932-1933. The murals depict the working class as the most decisive social force and the inheritor of mankind's long struggle to master the world.

Rivera was commissioned to paint the murals by DIA director Wilhelm Valentiner, a left-wing German émigré, who declared, at the opening of the present Woodward Avenue site of the DIA in 1927, that the museum was “for all of us Detroiters, rich and poor, high and low.”

Painted on the eve of explosive industrial struggles in Detroit and other cities, Rivera's murals are a fitting reminder that the working class never attained anything from the “charity” of the ruling class. Every social right—from pensions to health care and public education to access to culture—was won through struggle.

The fight to defend pensions and public assets can be taken forward only by rejecting the bankruptcy, the “grand bargain” and the bogus and anti-democratic “vote” on the restructuring plan. The whole framework is premised on the demand that workers must pay for a financial crisis they did not create.

In opposition to the political conspiracy involving the Democratic and Republican politicians, the Obama administration and the trade unions, workers and retirees must counterpose their own political program and organization. This program must begin with a rejection of all cuts.

The necessary resources to eradicate poverty, ensure quality jobs, safeguard culture and rebuild the city in the interests of the working people, not the wealthy few, can be attained only by breaking the grip of the banks, seizing their ill-gotten gains and reorganizing economic life on the basis of social need, not private profit.

To contact the WSW and the
Socialist Equality Party visit:

<http://www.wsws.org>