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The Obama Administration and the Detroit Bankruptcy

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Top Obama administration officials visited Detroit, Michigan Friday to give their benediction to Emergency Manager Kevyn Orr's plans to use bankruptcy proceedings to slash city workers' pensions and health care and sell off art from the Detroit Institute of Arts.

The administration delegation, headed by Attorney General Eric Holder and Obama's chief economic adviser, Gene Sperling, came bearing gifts, albeit paltry ones. Of the headline figure of $300 million to be allocated to Detroit, itself a token sum, a mere $100 million is to come from the federal government.

This will mainly take the form of previously allocated aid for the demolition of buildings and "blighted" homes—the chief request of multibillionaire developer and Quicken Loans owner Dan Gilbert, who is heavily invested in Detroit land and buildings and aims to transform the city center into a haven for the wealthy. Tens of millions more will be made available for hiring police officers and installing security cameras throughout the city.

Orr, the unelected front man for Wall Street, announced that none other than Gilbert himself will head a new panel on "blight elimination," presumably overseeing the distribution of the federal funds.

Friday's "Detroit Summit" was aimed primarily at providing political cover for local and state officials, Democrats and Republicans, and an assortment of "community organizations" and trade union officials who are collaborating in the bankruptcy scheme. It was a photo op intended to endow the plundering of the city and its working-class residents for the benefit of the banks and bondholders with a veneer of "renewal" and "progress."

Meanwhile, the United Auto Workers, the city unions and the AFL-CIO are lobbying behind the scenes for a share of the spoils from impoverishing workers and retirees, gutting city services, and selling off public assets from DIA masterworks to the city water department and Belle Isle.

Friday's event underscores the fact that the Obama administration sees the Detroit bankruptcy as a model for similar attacks throughout the country, just as its 2009 restructuring of the auto industry sounded a national tocsin for wage- and benefit-cutting.

Among the topics not mentioned during the summit, at least publicly, was Orr's announcement the day before of plans to scrap the pension plans for city workers, turning them into 401(k) stock market investment schemes, while slashing benefits for retirees. Cost-of-living adjustments are to be eliminated for pensions that currently average only $19,000 a year for non-uniformed workers and $30,000 a year for firefighters and police.

Nor was there any reference to Orr's plans to eliminate the retiree health care program, sending retirees onto Medicare (if they are over 65) or Obama's private insurance markets (if they are under 65). With enrollment in Obama's insurance exchanges set to begin tomorrow, the anti-working class essence of his health care overhaul is evident from the fact that Detroit officials see it as an opportunity to slash health care expenditures by $120 million a year.

The looting of Detroit is epitomized by plans to sell works from the Detroit Institute of Arts, located across the street from Wayne State University, the site of Friday's "summit."

In a column appearing in the *Detroit News* on Sunday, Nolan Findley, the newspaper's editorial page editor, declared categorically, and enthusiastically, that DIA masterpieces will be sold off to private investors. The well-paid editor, channeling the cultural backwardness of his even wealthier financial patrons, denounced DIA Director Graham Beal for opposing the sale of art, even though Beal has accepted the framework of the bankruptcy process. "He should polish his walking shoes," Findley wrote. "Art from the DIA's treasure chest is going to be taken."

Findley reported that he had spoken to "three people at the top of the decision-making in the bankruptcy process" and that "all said, without question, that at least part of the collection will have to be—their word—'monetized' before the bankruptcy is resolved." Orr is said to be looking for at least $500 million from the sale of DIA works.

The *Detroit News* editor mocked defenders of the DIA for believing they were living in the "museum world." He wrote: "They're living in the bankruptcy world. And some very unsavory things are done in the bankruptcy world."

One can almost hear the lips smacking in anticipation at the prospect of turning priceless artistic works into cash. For Findley and the social forces for whom he speaks, the "bankruptcy world" provides the framework for dispensing with all democratic pretenses. It is a world in which everything—from pensions and health care to artistic treasures and the cultural heritage of mankind—can be seized and liquidated to funnel even more money into the coffers of the banks and bondholders.

Findley repeated the claim, echoed by trade union and Democratic Party officials, that liquidating the DIA's art is necessary to avoid even deeper cuts in pensions. Such lies should be treated with contempt! Not a penny from the legal theft of DIA art will go to workers.

Meanwhile, the *Detroit Free Press* on Sunday published a report showing that Orr has already allocated $62 million for consultants and advisers, including $18 million for his former law firm Jones Day.

The defense of the right to culture is a class question. It is inextricably linked to the defense of pensions, health care and all of the social rights of the working class.

The Socialist Equality Party calls on workers and youth to reject all demands for cuts and sacrifices. We have suggestions for where the money can be found to save the art of the DIA, resolve the city's budget problems, fully fund workers' pensions and health care, and develop a public works program to rebuild the city in the interests of the working class.

The first step should be the expropriation of the wealth of speculators like Gilbert (net worth $3.5 billion) and his co-conspirators. Amidst the claims that there is "no money," US

corporate profits are at a record $1.83 trillion a year. The wealth of the richest 400 Americans exceeds $2 trillion.

Next are the repudiation of the city debt to the bankers and the nationalization of the banks and their transformation into public institutions under the democratic control of the working class.

The outcome will be determined in struggle. If the plans of Orr in Detroit and the ruling class throughout the country are to be opposed, the working class is going to have to fight. In this fight, workers are pitted against the entire political establishment, Democratic and Republican, their flunkies in the trade unions, and all the defenders of the capitalist system, from the Obama administration on down.

A stand must be taken and a line drawn from which a counteroffensive of the working class can be launched. The SEP has initiated a campaign to defend the DIA, beginning with a demonstration this coming Friday, October 4, outside the DIA. We call for the broadest support for this campaign, from workers and young people in the region and throughout the country and internationally.

For more information on the campaign to defend the DIA, visit defendthedia.org

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