

# Detroit Bankruptcy: Unions Participate in Bankers' Conspiracy Against the Working Class

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Last week, the Michigan branch of the main US union for state and local government employees filed a joint motion in federal bankruptcy court to push for the sell-off of artwork at the Detroit Institute of Arts (DIA). In precise legal language, the document exposes the unions as full participants in the bankers' conspiracy against the rights of the working class.

The motion (available here) was drafted by American Federation of State, County and Municipal Employees (AFSCME) Council 25, an AFL-CIO affiliate, in collaboration with Financial Guaranty Insurance Company, a major bond insurance firm. The FGIC and AFSCME Council 25 were joined in the motion by a number of other banks and financial institutions.

In the name of the city's creditors, the motion urges Judge Steven Rhodes to establish a body, composed of an equal number of representatives from the unions and the bondholders and bond insurers, to oversee the "monetization" of the DIA's artwork. Rhodes is due to rule tomorrow on whether the city, under the direction of Emergency Manager Kevyn Orr, can proceed with bankruptcy.

The motion begins by endorsing the bankruptcy process and the actions of Orr, a Wall Street bankruptcy lawyer who was installed as financial tsar to restructure Detroit in the interests of the banks. The "creditors," the motion states, "understand and support the City's goals—assuming the City files an appropriate plan of adjustment." It expresses concern, however, that Orr's proposals (which include slashing pensions and health care for city workers) could "engender lengthy and contentious litigation due to a failure to provide for monetization of [Detroit's] non-essential assets, including the Art, potentially one of the City's most valuable assets."

Far from opposing the bankruptcy, the union and its fellow creditors declare they want to "ensure that the City's efforts to file and confirm an appropriate plan quickly are not wasted."

The motion goes on to assert that since the artistic masterpieces at the DIA, worth "billions of dollars," are "not connected with the delivery of any core services," they should be "monetized." AFSCME and its Wall Street allies warn against an "inappropriately low assessment" of the art's value.

The word "maximize" (in relation to the potential cash payout) appears 19 times in the 18 pages of the main part of the filing. In this connection, the motion notes that federal bankruptcy law requires that the plan submitted by the city be "in the best interests of the creditors," that it afford "all creditors the potential for the greatest economic return for Debtor's assets," and that it "provide more of a return than the liquidation value if the city's

assets could be liquidated.”

This is the language of financial vultures and thieves. That the assets in question *belong to the people*, that the DIA itself is the cultural soul of the city, that its contents are central to the education of the younger generation—this is of no consequence. The idea that art and culture are both a *right* and *anecessity* for working people is totally alien to the union and its fellow “creditors.”

With this legal action, AFSCME defines itself as a business enterprise. Its allies are the banks, bondholders, bond insurers and real estate speculators such as Quicken Loans chief Dan Gilbert, not the working class. The sole concern of AFSCME, which speaks here for the United Auto Workers, the Teamsters and the rest of the unions, is to obtain the biggest possible cut of the spoils from the bankers’ conspiracy to impoverish Detroit workers, sell off public assets such as the DIA art, and slash social services.

There is not a word in the document about the needs of AFSCME members or Detroit workers in general. That is, quite simply, of no concern to the union. AFSCME would like to minimize the devaluation of the assets of city pension funds by cashing in on masterpieces at the DIA not because it wants to maintain the benefits of retired city workers, but because the six-figure salaries of its executives are tied to their control of pension fund assets.

No organization that has any connection to the working class or the traditions of working class struggle could make such statements. By joining this disgusting motion, AFSCME is giving expression to the transformation of the unions as a whole.

The use of the term “union” can itself be deceiving, insofar as it evokes images of workers united in the defense of their interests or recalls previous traditions of class struggle. The unions have long since repudiated these traditions.

Nowhere is the transformation of these organizations clearer than in Detroit. Southeastern Michigan, from Detroit up to Flint, was at the heart of the industrial union movement of the 1930s, including the great battles that led to the formation of the United Auto Workers. The expansion of the DIA was connected to this process, reflected in the auto industry murals of Diego Rivera that frame the museum’s central court.

This history is anathema to the present-day unions. The basis for the transformation of these organizations into pro-corporate syndicates was laid many decades ago, in the political alliance forged with the Democratic Party, the anticommunist purges of the 1940s and 1950s, and the subordination of the working class to capitalism and the nation-state.

Beginning in the 1970s, the unions—in Detroit, throughout the country and internationally—responded to the crisis of capitalism by further integrating themselves into the corporate establishment and the state. The UAW facilitated the destruction of hundreds of thousands of auto jobs in the Detroit area. Over the past four years, it has worked with the Obama administration to lower wages for young workers to levels, in real terms, below those that prevailed in the 1920s.

The backward and corrupt officials who run these organizations have a deeply ingrained hostility to culture and anything else that encourages workers to think and develop a broader consciousness of themselves and their relationship to society. Such an understanding is a powerful engine of social struggle. For the unions, no less than the

financial aristocracy, the DIA is not only a source of potential wealth, but a positive evil.

While the working class of Detroit is looking for a way to defend its pensions and health care, to save the DIA and preserve and expand its rights, all sides in the bankruptcy proceedings—including Orr and Michigan Governor Rick Snyder, the Democrats and the Republicans, the bondholders and the unions—support the looting of the city to benefit the banks and bondholders. To the extent that there are differences, it is over the division of the spoils.

We reject the claim that workers' access to art must be sacrificed and that there are no resources to preserve both the DIA and the pensions of working people. Such claims are made at a time when the Federal Reserve is printing \$85 billion a month to subsidize Wall Street, when the stock markets are soaring to record heights, and the richest 400 individuals in the US have increased their collective wealth to over \$2 trillion.

We reject the subordination of the rights of the working class—including the right to culture—to the wealth of the financial aristocracy and the capitalist profit system. For that reason, we oppose the anti-working class organizations such as AFSCME and the UAW and fight for the building of new, independent and democratic organizations of working class struggle.

The social constituency for defending culture and all the achievements of mankind is the working class. However, to fight for its interests, the working class requires both independent political organization and a conscious understanding of the social and political forces operating against it. It is on this basis that the SEP is organizing a Workers Inquiry into the Attack on the DIA and the Bankruptcy of Detroit. We urge all workers and youth in the Detroit area to make plans to attend today by visiting [detroitinquiry.org](http://detroitinquiry.org).

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