

General Motors and the City of Detroit: A Study of Urban Decline

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Abstract

This paper assesses the 2008 bankruptcy of General Motors and its impact upon the municipal failings of the City of Detroit. It utilizes library research to review the evolution of company towns and their influence upon American culture. The automobile industry's role as an engine of economic progress and social opportunity for African Americans and other under-educated, unskilled workers is reviewed. The influence of labor unions as a representative of workers and a facilitator of social change is also chronicled.

However, impacts of the decline of the auto industry, de-industrialization, disinvestment, decreased union involvement and multinational expansion are then evaluated using General Motors as a prototype. The bankruptcies of General Motors and the City of Detroit are subsequently paralleled and linked.

Consequently, the decline of General Motors as an American corporate leader is viewed as the symbolic, cyclical, completion of the American Industrial Revolution which started in the late 19th and early 20th Centuries. As the City of Detroit attempts to diversify its economy and re-invent itself, initiatives by community groups encourage a new post-industrial Agrarian Revolution.

However, the city is left with an identity crisis as the Law of Diminishing Returns predicted by social theorists becomes a reality. The economic disparity generated by the displacement of workers, and devaluation of land and housing has left Detroiters, as well as, many Americans with uncertain futures. As a result the City of Detroit and the American industrial sector are left at a crossroad as they enter the 21st Century in search of new solutions and ideals.

Introduction

In 2008 the automobile giant General Motors (GM) filed Chapter 11 Bankruptcy and became the largest corporate bankruptcy in American history. Less than a decade later, in 2013, the City of Detroit followed suit and filed a Chapter 9 Bankruptcy, which would also become the largest municipal bankruptcy in history. The economic declines of General Motors and Detroit are viewed as benchmarks for the State of Michigan and the American economies.

The lessening presence of American manufacturing concerns has facilitated the declines of cities such as Detroit as the corporate quests for global expansion continues. Consequently, the problems of unemployment, housing loss, and economic displacement have diminished the luster of the American Dream for many.

Displaced American workers are struggling to find a future. However, there has been no government or corporate initiative to accommodate the industrial workers of the past in the 21st Century. Without addressing the issues of wealth creation, education, and job training for the indigent, and the role of contemporary laborers in a global market, we will fan the flames of a class division that will become increasing apparent and volatile.

This paper attempts to parallel the rise and fall of General Motors, as a multinational corporation, with the economic decline of the City of Detroit. The city and the auto industry are inexplicably linked and reflect the problems of industrial towns entering the 21st Century.

The transnational influence of GM is focused upon because it places the problem in a more global perspective. It is hoped that this will illustrate how a growing underclass of displaced, disenfranchised citizens is emerging on the American landscape.

The Creation of the Company Town

The American industrial revolution inspired the creation of the company town. Small American communities built around a major employer. These employers became the nucleus for economic and civic life in many American cities. “The early Company Town was like a large family,” says Oliver J. Dinus, Associate Professor of Studies at the University of Mississippi (Mohn, 2013). They provided job security, most often for the entire working life of the employee. They also provided a sense of membership and community to their workers.

“Company towns were paternalistic, providing everything from housing, schools, libraries, places of worship, stores, and parks to better hygiene and medical services ” (Mohn, 2013). In the 20th Century, Ford Motors, General Motors, and the Chrysler Corporation transcended the concept of the company town to make Detroit an industry town. It became an employment paradise with not one, but three major corporate employers in one industry.

At its apex in 1960 the City of Detroit, Michigan was America’s 4th largest city with 1.8 million residents. It had approximately 298,000 manufacturing jobs and symbolized the resurgence of the American economy from the Great Depression (Snyder, 2013). Detroit’s primary industry was automobile manufacturing, the major employers were the Ford Motor Company, General Motors, and the Chrysler Corporation. Collectively, they became known as “The Big 3.” During times of war these factories were also converted into munitions plants. This dual purpose provided the auto industry with a secure place in American culture.

The Golden Era of Opportunity

The automobile industry was also a major employer of African Americans and other under educated American workers. It has been estimated that by 1930 approximately 120,000 African Americans had migrated from the south to the northern city which borders Canada during the second wave of what is known as “The Great Migration.” The largest percentage of new arrivals came from Alabama, while many others came from Georgia, Tennessee, and Kentucky (BlackDemographics.com).

It was the same path of the Underground Railway which ushered runaway slaves from plantations in the South to the freedom of the North or to Canada, with which it shares an international border. It was the equivalent of the California Gold Rush, for African American workers as they moved to Michigan and a better future. Manufacturing work required little education and was sympathetic to unskilled, under educated workers.

In 1955 General Motors sold 50 million automobiles and became the first company in the world to owe 1 billion dollars in taxes on its earnings (Fortune 500, 1955). Founded in 1908, General Motors became the crown jewel of American corporations and a major prototype for multinational corporations in the 20th Century. Due to the success of General Motors and the other auto companies, Detroiters had the largest per capita income in the world in 1960.

The productive environment of the auto industry, also assisted in the generation Motown Records, Founded by Berry Gordy Jr. in 1959. Motown Records received international recognition in the 1960’s, 70’s and 80’s, as America’s leading African American Corporation. Although, Motown Records

enhanced the economic status of Detroit's minority workers during the Civil Rights Era, it followed big business and relocated to California. In the 1970's it diversified its media operations before transferring ownership in 1984 (Reynolds,1992).

Other major, Detroit based, African American corporations listed in Black Enterprises during this era were Mel Farr Ford, Barden Communications, and the Bing Group, owned by former Detroit Mayor Dave Bing. It should be noted that as with Motown, Mel Farr Ford has also been listed as the number one company on the Black Enterprise 100 list. Today, only the Bing Group remains, because the other three companies were purchased by non – African American concerns. However, these companies, along with the automobile manufacturers, made Detroit minorities among the nation's most prosperous.

The Start of the UAW

The growth of the automobile industry led to the creation of the United Automobile Workers Union (UAW). Through worker strikes, negotiation and collective bargaining agreements the UAW improved the work conditions for American laborers. Although, it was initially created to improve factory conditions for auto workers, its influence has spread to almost every aspect of American industrial production. The UAW's membership grew rapidly from 1936 to the 1950's and corresponds to the economic development during Detroit's golden era. It has been heralded as an instrument of civil rights and social change.

Headquartered in Detroit, the UAW first gained national prominence with a worker, sit down strike at a General Motors plant in Atlanta, Georgia in 1936. However, it was the strike at the General Motors plant in Flint, Michigan which earned it recognition as a labor negotiator. The General Motors strikes were followed by similar protests at Chrysler and Ford. However, the Ford strike was long and at times violent. It ended in 1941 when Ford agreed to honor a collective bargaining agreement (Galster, 2012).

The biggest benefit for American workers occurred when UAW President Walter Reuther,negotiated what was called by Forbes Magazine "The Treaty of Detroit." A series of collective bargains Reuther conducted between 1948 to 1950 which obtained employees funded pensions at Chrysler's, medical insurance at GM and unemployment benefits at Ford as well as annual cost of living increases (Galster, 2012). Concessions which would later become a large portion of the corporate and municipal legacy debts which encouraged GM and the City of Detroit to file bankruptcy petitions.

Corporate Bankruptcy and Municipal Decline

In 2009 after celebrating its 100th anniversary as an American corporate institution, General Motors came full circle and filed the largest corporate bankruptcy in history. General Motors was aided when President Barack Obama provided a 50 billion dollar federal bailout. The general impression being that 'General Motors was too big to fail' and recalling as former GM President Charlie Wilson said that 'what is good for GM is good for the country' (Carroll, 2008).

The impact of General Motors, one of the biggest companies in the world, declaring bankruptcy, rocked Wall Street. It created an international shock wave, as investors learned that any company can experience financial difficulties and even go bankrupt (Kalen, 2009).

The largest shift in the automobile industry's presence in Detroit started after the 1967 Detroit Riot. Although, there had been another major riot in Detroit in 1943, the 1967 Riot started the mass exodus of businesses and white residents from the city of Detroit. The chronology of decline for both the City of Detroit and General Motors parallel one another, and were both over 40 years in the making.

In 1971 Detroit became a predominately African American city. It elected its first African American Mayor, Coleman A. Young, in 1974. However, the political and investment environment became increasingly polarized and isolationist in the predominately Black city.

The Emergence of the American Rust Belt

In 1980 the Chrysler Corporation became the first major auto company to require federal assistance. This set the future tone for the General Motors bailout when it received a 1.5 billion dollar loan package from President Jimmy Carter (Carroll, 2008). The auto industry also began to collectively decentralize its Detroit operations, by relocating to the South, the Sunbelt and eventually Canada, Mexico, Japan, and China. Today, GM is reported to manufacture cars and trucks in 35 countries (Snyder, 2013).

The 1980's and the 1990's saw the continued outmigration of the auto industry from the Detroit area and the segmentation of its auto companies into auto parts manufacturers and suppliers. The decentralization of the automobile industry to other locations was partially a security measure because Detroit was identified as one of the five places in America to experience attack in the event of a war. The active and highly publicized role of the auto companies during wartime fueled concern. The exodus of the automobile companies was subsequently accompanied by the closing of a number of Michigan military installations.

Thus, the automobile companies began their migration to the American Sunbelt before eventually moving portions of their operations overseas. A number of high profile corporate mergers and acquisitions also led to the departure of General Foods, Kmart, Life Savers, and other retailers and manufactures from Michigan.

However, this phenomenon was not unique to Michigan. It created what would become known as "The Rust Belt" a postindustrial region straddling the Northeastern and East North Central American States (Hartley, 2013). It personified an urban and economic wasteland of abandoned factories which had housed the manufacturing plants of the North. The closing of the Rust Belt factories symbolized the decline of the paternalistic, Company Towns.

In spite of this General Motors remained in Detroit. It vacated its midtown offices and moved to the Detroit Renaissance Center, built by the Ford Motor Company. The Renaissance Center was a symbol of Ford's commitment to Detroit's revitalization after the 1967 Riots. The transfer of occupancy allowed the City of Detroit to maintain a much needed corporate auto

presence in downtown Detroit during a time of economic flight and recession. However, with this relocation, GM traded the rust belt ghost of a neighboring Packard plant, for a view of Canada. The decaying Packard plant and the abandoned Detroit Train Depot would later become the two most popular symbols of Detroit's decline.

The City of Detroit Files for Bankruptcy

As a company town," Detroit was built on the GM model. No one believed that the day would come when General Motors, the largest automaker in the world would falter. Unfortunately, when GM began to falter the city's problems increased" (Patton, 2013).

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Consequently, on July 18, 2013 the City of Detroit filed the largest Municipal Bankruptcy in history. The news of the city's dire financial straight came as no surprise and mirrored that of General Motors in 2008. Decreasing city population, plummeting tax revenues, sky rocketing home abandonment, and escalating taxes were cited as some of the reasons.

However, it was former Mayor Kwame Kilpatrick's award winning bond initiative which perhaps made the city most vulnerable. Kilpatrick proposed a plan to borrow \$1.44 billion dollars to restructure pension fund debt. The plan was lauded by Wall Street and awarded the 2005 Bond Buyers Deal of the Year Award. It has been reported that this deal could now cost \$2.8 billion dollars over the next 22 years, and represents one-fifth of the city's debt (Bomey, Gallagher, 2013).

UAW Membership Declines

The bankruptcy of General Motors and the closing of a number of Michigan automobile plants was accompanied by a decline in UAW membership. At its peak in 1979 the UAW had 1.53 million members. It has subsequently lost 77% percent of its membership. In 2009, the year after GM declared bankruptcy, union membership in Michigan alone fell 60,000. In 2010 it reported 355,000 members, the lowest level since the 1930's when it first gained recognition from General Motors (White, 2010).

Some of the reasons for the decline in membership were increased automation, decreased use of manual labor, globalization, foreign competition, plant buyouts, plant closures and layoffs (Clifton, 2014). In recent years the UAW has also forced tens of thousands of older, higher paid workers to leave the industry through buyouts. This is an effort to align American labor costs with cheaper, non-union, Asian producers in the South. Younger, new hires would be hired at approximately 50% of the current salary. The UAW has also renegotiated billions of dollars of health care benefits owed to over 1 million retirees and their dependents reversing union gains obtained in earlier contracts (White, 2010).

The UAW membership has gradually increased from 2010 to 382,000 in 2013. It has been forced to diversify and represents industries as varied as autos, auto parts, health care, casinos, and higher education. However, it has been unable to unionize Southern auto plants recently built by Japan, Korea, and Germany. The workers attribute the closing of factories in the North to past UAW negotiations which inflated salaries (Clifton, 2014).

The biggest losers in General Motors and Detroit's financial restructuring and the decline in unionization are "the employees and retirees who will receive reduced pensions and the loss of other benefits after years of service. Many of the workers will receive as little as 30 cents on the dollar" (Patton, 2013).

America's Most Miserable City

However, the gradual decline of Rust Belt cities such as Detroit and Flint became evident with the deindustrialization of the North and North Central states. Cities which had rose to power in the first half of the 20th Century were shocked to find in the latter half how many jobs would be loss to foreign competition (Patton, 2013). The exodus of auto manufacturing jobs upon Detroit city residents has had a dramatic impact. In 1960 there were approximately 298,000 manufacturing jobs, however, in 2013 fewer than 27,000 remained (quickfacts.gov, 2013). In a 2013 survey Detroit, Michigan was voted America's Most Miserable City in a study which evaluated the quality of life by assessing poverty, unemployment, crime, health, housing and education (Badenhausen, 2013).

The United States Census Bureau reported that Detroit had an estimated 701,475 residents in 2012. Of these residents approximately 52.7% were female, 26.7% were under 18 years of age and 11.5% were

elderly. Approximately 38.1% of Detroit residents were reported as living below the poverty level (dosomething.org). The 2011 US Census Bureau defines the poverty level as a family of 4 (2 adults and 2 children under 18) that earns less than \$23,021 dollars a year (quickfacts.gov). The per capita income for Detroit residents in 2012 was \$14,861, a third less than the national poverty level for a family of four.

The second on the list of America's Most Miserable Cities was Flint, Michigan (Badenhausen, 2013). Flint is a smaller city approximately 70 miles away, which mirrors Detroit with its problems. Flint is where Filmmaker Michael Moore was born. Moore chronicled the impact of the closing of a General Motors plant on 6000 area residents in his 1989 documentary *Roger and Me*. His vision proved to have been prophetic. A Detroit fact sheet reports that Michigan has lost 48% of its manufacturing jobs between 2000 and 2010. Other miserable American cities in Forbes top 10 included Chicago, Warren and New York. However, with Detroit, Flint and Warren, Michigan had three cities in the top 10 which illustrates the symbiosis between the auto industry and Michigan workers.

The Most Segregated City in America

Within 60 years the population of the Detroit has fallen 63% (Snyder, 2013). In 2014 Detroit was also reported as being the most segregated city in America, with an African American population of 80% or 561,475 residents (Fenster, 2014). Racial polarization and segregation in American cities is a growing concern. The Atlanta Black Star's 2014 list of segregated cities also placed Detroit at number one followed subsequently by Milwaukee, New York City, Chicago, Philadelphia, Miami, Cleveland, St Louis, Boston, and Los Angeles. The majority of these cities are considered Rust Belt cities with the exception of Miami and Los Angeles. It should be noted that segregation in this study does not only indicate areas with high concentrations of ethnic minorities, but also areas that are almost exclusively high income and that are white enclaves (Thorpe, 2013).

The problems of poverty and segregation for cities like Detroit and Flint were further exacerbated when the 2007 American subprime mortgage crisis erupted. In addition to increased unemployment, many home owners experienced mortgage delinquencies and foreclosures. It is estimated that during that year 750,000 people lost their homes in America.

Detroit lost 107,500 homes in September alone in 2007, ending the year with the highest repossession rate for a major city in the country" (Watson, Moore, 2008). The problem continues, in 2013 it was reported that Detroit had approximately 78,000 abandoned homes, and that one third of its 140 square miles was either vacant or derelict (Snyder, 2013). The City of Detroit is reported to be the largest land holder with 60,000 lots (Vanderpool, 2009).

Multinational Corporations and the Global Future

The departure of industrial production jobs from Detroit has created a structural poverty for its residents. Industries such as the auto industry have created a massive vortex in American society as the nature of work changes. The Company Town has died and industrial manufacturing jobs are a thing of the past. Today's enterprises aspire toward clean industries, technologically skilled workers, and fewer employees. Corporate Giant GM sensed this when it began downsizing in the 1980's. However, as General Motors reduced its American presence it began to expand its multinational position in the global market.

"A multinational corporation (MNC) or multinational enterprise (MNE) is a corporate enterprise that manages production or delivers services in more than one country."

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(Boundless, 2014). The multinational theory of business purports that American industry is the representative of American government when it extends its product and production to overseas markets. Some argue that there has been a shift away from the interests of the nation state to those of multinational corporations. It is estimated that multinational corporations account for more than 66 percent of world trade (Smith, Doyle, 2013).

“Multinational corporations are consequently in a position to affect local and national policies by causing governments to compete to attract multinational corporations. In an effort to compete, political entities may offer MNC’s incentives such as tax breaks, pledges of governmental assistance, or subsidized infrastructure, or lax environmental or labor regulations” (Boundless, 2014).

The prominence of the automobile in international culture, has allowed automobile manufacturers to expand their global horizons. Much as the Big 3 auto makers succeeded in expanding the Company Town concept into industrial towns, they have graduated from their multinational status to become transnational corporations (TNC).

Technical definitions of TNCs vary, but the reference in this report is a ‘for profit enterprise that engages in enough business activity outside of its country of origin, so that it is dependent financially on operations in two or more countries. The TNCs management decisions are also made based upon regional or global alternatives’ (Greer, Singh, 2000).

Corporations such as General Motors have long dominated and assisted in building today’s global market. “Economic globalization refers to increased economic interdependence of national economies across the world through a rapid increase in cross border movement of goods, services, technology, and capital. This cross cultural exchange has resulted in the interlacing of economic and cultural activity. It is also often accompanied by the de-localization in social and economic exchanges (Boundless, 2014). Multinational corporations play a keyrole in this process.

“It isn’t just individuals and neighborhood institutions, such as those in Detroit, that have felt the impact of de-localization. A major causality of this process has been the power of [local and] national governments to direct and influence their economies. As a result shifts in economic activity in Japan or the United States are subsequently felt in countries all over the globe (Smith, Doyle 2013).

The automobile industry impacts steel, rubber, glass, electronics, and the petrochemical industries. The environmental impacts of these industries are currently being reassessed and some are viewed as having questionable environmental practices. They also face environmental and economic challenges in acquiring materials for production; as they strive to increase profit margins and create future jobs.

A mismatch has subsequently been created between education, employment, and the skill requirement for jobs. New industries and global markets have emerged, and countries such as China and India are becoming the new international manufacturing centers. With this the American industrial work force can see its participation shrinking. Given this scenario, it is unlikely that traditional industrial production jobs will return to areas such as Detroit. Consequently, technological lags and income gaps are emerging for American workers.

Multinationals, like General Motors, can “impact upon communities with de-localization because they often look to establish or contract operations (production, service and sales) in countries and regions where they can exploit cheaper labor and resources. While this can mean additional wealth flowing into those communities it can also mean large scale unemployment in those communities where those industries were previously located. This process is repeated as they constantly seek out new or under-exploited markets (Smith, Doyle , 2013).

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The Company Town was created because of its accessibility to labor and raw materials. Energy needs and the availability of natural resources in untapped areas have created a new frontier for corporate expansion. These areas will become the new centers of production because they are more cost efficient.

At present they also have fewer environmental legislative mandates which will assist in attracting businesses. Consequently, the development and living standards of these countries will improve, as they begin to equate that of former industrial centers, as their personal purchasing power (PPP) increases. Developed countries will begin to spread wealth to lesser developed countries, in lieu of foreign aid. However, the price of this sharing of the wealth will be to transfer the environmental and economic problems of the past to future generations.

The loss of industry from Detroit has created a “Brain Drain,” as educated residents out migrate in search of productive employment elsewhere. These factors have acted to create a cyclical poverty in Detroit. One estimate has reported that approximately 47% of the remaining residents in the city are functionally illiterate (National Institute of Literacy, 2011). However, this number is controversial and subject to debate.

Urban Blight and Property Devaluation

Available land is required to attract business and industry. Detroit has available, cheap, land with the plummeting of its real estate market, for those who can afford it. It has been reported that some houses in Detroit could be bought for \$500 dollars or less. The average home price in Detroit is \$7000 (Patton, 2013). However, displaced and out-migrating Detroit residents will not be the buyers of these houses because they have recently defaulted on their home loans.

A March 2010 Guardian headline reported that “Detroit Homes Sell for \$1 Amid Mortgage and Car Industry Crisis.” It also stated that “one in five houses was left empty as foreclosures mounted and property prices dropped 80%.” (McGreal, 2010). Real Estate Matters also reported in a 2013 study that the devaluation of property in many cities continues. Homeowners in Detroit and other communities with significant minority populations have lost an average of \$2008 in housing net worth (Glink, Tamkin, 2013).

Other factors are that urban blight and depopulation have resulted in fewer schools and insufficient municipal services in some areas. “Residents of Detroit pay the highest tax rate in the state and receive the lowest level of services. For example, of the city’s 36 ambulances, only 10 to 14 are still running. Moreover, it has been estimated that 40% of the street lights are not functioning. If there is a matter that requires the police it takes approximately 58 minutes to get a response compared to the national average of 11 minutes (Patton, 2013).

When this is coupled with arson, a housing stock in need of repair, and the high tax property valuation, the poor can’t afford to stay in the areas with the most affordable housing stock. Poor residents will relocate from these neighborhoods because they will receive few city services in exchange for their tax obligation. Thus, it is preferable to move to areas with better housing stock that can provide service, in areas that they can’t afford.

The devaluation of housing in impacted, minority areas has created a land grab investment environment. This could result in land banking and profiteering by wealthy interest groups. In The Art of the Deal Donald Trump chronicles how he started his financial empire by buying and renovating 1 block of depreciating New York Housing stock. The Detroit News has reported

that in a similar manner, ten, enterprising, private investors and their companies have purchased 5000 parcels of land in quantities ranging from 1,152 to 142 with the hope of changing Detroit's landscape (Detroit News, 2011). Admittedly, the purchase of 5000 out of 78,000 homes does not constitute a land grab, but it does indicate a possible trend.

Another report states that speculating in "Detroit's real estate market has also become a Chinese investment craze. The International Business Times has reported that the Chinese are looking to buy properties in bulk. One investor has bought 30 houses, but tracts of 100 to 200 properties are preferable. The prospective buyers seem to be viewing properties as investment without plans to move to the Detroit area" (FlorCruze, 2013).

New development initiatives are needed and welcomed in the city. However, this mirrors development effort made in the 1980's and 1990's when municipal governments gave land to corporations to relocate, in exchange for the promise to create jobs. It was the first cycle of federal bailouts and public gifts.

If these developments are successful, the tax base often increases but the indigent residents are displaced. However, where will the marginally educated, marginally employed residents of areas such as Detroit migrate to without addressing the issue of wealth creation? Without doing this, we risk creating a permanent underclass of displaced nomads.

A Redistricting Plan for Detroit

The depopulation of Detroit has created the need to redistrict the area. "Redistricting has a reasonable purpose, mainly to level shifting demographics and population centers. This is understandable because of the changes in the Detroit area. However, the party in power always uses the opportunity to create districts to their advantage" (Detroit News, 2014). The State of Michigan is currently under Republican leadership, but the City of Detroit has been traditionally Democratic. It is probable that the redistricting will adversely impact the poor residents of Detroit whose interest will remain under represented.

The growth of ecommerce, enhanced learning, home schooling, home employment and internet education and employment have reshaped the American work force and the need for workers. However, homeless people will have difficulty voting and participating in these enterprises because they lack a place to live and perform the new requirements for political participation, work and education. Some will also have difficulty remaining competitive with costly technological upgrades required to remain competitive, if they have access to technology. Over time, these things will create a technological lag which will transfer to an increased gap in income and education levels for poorer members of society.

Development After Diminished Returns

The economic declines of General Motors and the City of Detroit symbolize the Law of Diminishing Returns predicted at the dawn of the Industrial Revolution in the early 20th Century. This supports the contention that the industrial growth cycle has gone full circle, and that we have reached the phased industrial obsolescence predicted by social scientists.

Downtown Detroit is still the home of several major employers, Compuware, Blue Cross Blue Shield of Michigan, and General Motors. Wayne State University is also located in Midtown Detroit within close proximity. However, the City of Detroit is still experiencing a massive identity crisis.

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In order to survive and remain competitive Detroit must envision itself without an automobile future. In an effort to diversify the city has attempted to cultivate its service economy. Toward this goal, it has restored some of the theatres in its theatre district.

Although, one theatre, the Michigan Palace, has had a fleeting success as the American Midwest's first million dollar night club, before its conversion into a parking garage.

Comerica Park and Ford Field house Detroit sports teams and also host concerts and public events. However, the development of these projects displaced a number of small businesses when they relocated to the Central Business District. There is currently a plan to build a new stadium and retail outlets in the former neighborhood for Detroit's hockey team.

Detroit has three casinos, The Greek Town Casino, the MGM Grand Hotel, and the Motor City Casino. The casinos provide business and employment for Detroit residents and a percentage of their revenue is used for the Michigan Education Fund. However, no study has been conducted assessing the impact of casino gambling upon the foreclosure of Detroit homes for displaced auto workers. There are also competing casinos in other parts of

Michigan, Ohio, and Windsor, Ontario relatively short distances away. Detroit casinos lost \$10 million dollars in revenue from 2012 to 2013 (clickondetroit.com, 2014). A midyear 2014 report indicates that casino revenues in Detroit are down 1.7% percent from last year (Mitchell,2014).

The City of Detroit has also attempted to capitalize upon its gothic blight by encouraging motion picture production in Michigan. This plan initiated by former Michigan Governor, Jennifer Granholm, gives film makers a tax break, and has been met with some success.

Although, the new service industry jobs created can't employ the volume of workers and match the salaries that the former factory jobs provided.

Detroit has had some success with entertainment, most notably Motown records, Invictus Records, Solid Gold Records, Motor City Records and others. Thus it seems logical to investigate entertainment as an option for job creation. In addition to the roster of Motown stars which have included Stevie Wonder, Diana Ross, The Temptations, Smokey Robinson, Gladys Knight, Marvin Gaye, the Supremes, and the Jackson 5, Detroit has generated many other international performers. Some Detroit musical luminary include Aretha Franklin, Madonna, Eminem, Aaliyah, Kid Rock, KEM, Bob Seger, Patti Smith, the White Stripes, Anita Baker, and Regina Carter, many of whom remain active civic leaders and contributors.

Detroit is also known for its international jazz, electronic music, and country music festivals. However, realistically Detroit seems to be merely a place to launch careers because it remains isolated from the music industry centers of New York and Los Angeles. None the less, music events, motion picture production, sports arenas, casinos, and theatres assist Downtown

Detroit in remaining an attractive place. However, the neighborhoods continue to suffer and it is there that the devastation and desperation of the city residents can be seen.

An Agrarian Future of Urban Gardens

There has been some suggestion that the City of Detroit should use its vacant land for agricultural production, ushering in a New Agrarian Cycle. A similar plan was initiated in New

Orleans after the Hurricane Katrina disaster with some success. The Detroit farms would be a mixture of high technical industrial, ornamental gardens, and small neighborhood garden plots.

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The greening of Detroit would be an attempt to counter attack the bad carbon monoxide karma generated with its history of automobile production. GreenBiz.com has reported that the Hantz Group, a Michigan financial group has bought 10,000 acres of land in downtown Detroit toward this purpose (Vanderpool, 2009).

Urban Farming, a nonprofit organization, has also taken over 60 derelict properties in Detroit and the surrounding area, with the purpose of “optimizing the production of unused land for food and alternative energy.” Mark Dowie author of Food Among the Ruins, thinks that Detroit would be an ideal location for urban farming because there is “plenty of open land, fertile soil, and an ample water supply (Vanderpool, 2009).

Detroit is a possible urban farm center because it has been defined as a food desert; an area with a shortage of available protein, fruits and vegetables to feed its population. Deserts are usually economically impacted areas where healthy food is twice as far away as unhealthy food. The depopulation of Detroit has resulted in the departure of many major supermarket chains from the city which qualifies it as a food desert. However, Mark Dowie estimates that Detroit has enough resources to grow 76% of the vegetables and 42% of the fruits consumed by its residents.

Urban gardens would assist in combating diabetes, heart failure, hypertension, and obesity which are health problems that the poor often experience. At present, Detroit residents have a lower life expectancy than any other American city (Dowie, 2009).

Revitalization Efforts

To its credit, it should be noted that General Motors has repaid its 50 billion dollar loan to the federal government. It has also made strides toward organizing itself as a smaller, more fuel efficient car company which should make it more competitive. It was ranked 7th on Fortune Magazine’s list of top American Corporations in 2013, despite a massive vehicle recall and lawsuits for a faulty ignition switch (Fortune 500, 2014).

Detroit has also elected a new Mayor, Mike Duggan. Duggan is the first white Mayor to be elected in the predominately black city in over 40 years. Duggan was elected after the disastrous terms of Dave Bing, who was viewed as the Chief Administrator of Detroit’s financial problem, and Kwame Kilpatrick, the Chief Architect of the financial collapse, who has been incarcerated for municipal corruption. Among Duggan’s numerous challenges will be his role in helping Detroit overcome its image as a segregated, minority enclave.

An initiative has also been undertaken by the private sector to raise funds to assist the city in keeping its prestigious art collection. Donated by private patrons, as a gift to the residents of the City of Detroit, the \$900 million dollar art collection is being considered as collateral to pay the City’s debt. It is one of Detroit’s few remaining assets that can be used as collateral, with the exception of its vacant land. To date 70% of the needed funds have been acquired.

100 Years of Development and Decay

Thus, Detroit is a postindustrial, apocalyptic, wasteland. It is the most miserable and segregated city in America with the lowest life expectancy. It is an economic and nutritional food desert of blighted homes, and illiterate residents, with one of the lowest per capital incomes in the country. The city residents have been subjected to the authority of corrupt political officials, who have mismanaged their lives and their futures. With redistricting the city residents could lose a much needed democratic voice and political representation.

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Perhaps we are all at fault, but how could this have happened? How could we the American people, allow its fourth largest city, an international port, and a former military installation, assume the characteristics of a separatist, under developed province? Perhaps this is a paradox of laissez faire capitalism, or simply the process of urban development and change with corporate visions of transnationalism. However, Detroit with its disposed political leadership (most notably Kwame Kilpatrick), displaced residents, shift in political power alignment with redistricting, and land grab possibilities, resembles a coup d' etat.

As we strive to answer these questions the City of Detroit must reinvent itself. It must find a new identity without General Motors, and the auto industry. Just as many other fledging American cities, it is at a cross road as it struggles to find its way in the 21st Century. However, when the paternalistic auto fathers reduced operations in American cities like Detroit, they orphaned many people, as they took the hearts, the bodies, and souls of many communities.

It has been estimated 38 American cities have filed for bankruptcy since 2010 (governing 2013). The economic typhoon which impacted the global market and threatened to engulf as many as 100 cities has begun to subside. However, increasing patterns of poverty and segregation in major cities, natural disasters, and market fluctuations which challenge economic recovery efforts, and racial incidents that have resulted in violence, have left many Americans proclaiming that they are miserable and insecure about the future.

Today, General Motors employs 212,000 workers, in 396 facilities, touching six continents, speaking more than 50 languages (Our Company, 2012). The thought that a company as large as GM would go bankrupt was inconceivable. Consequently, it is equally as inconceivable that an American corporations, such as GM, will leave its American shores to be headquartered in another of its 35 transnational locations to avoid doing so. A move of this magnitude for a company such as General Motors would be merely an administrative decision to reduce operating costs.

Detroit is no longer the auto makers primary company town, it has been cast aside by its paternal founders like an abandoned child. In 100 years General Motors has gone full circle from being the most powerful company in the world, before faltering on the brink of extinction. Its struggle has humbled and reminded the shrinking City of Detroit that 'it takes a global village to raise a child' today. Consequently, we must wait patiently as the American work force contracts. Detroit, is known as "The Motor City," however, it is in need of a rebirth as it experiences an identity crisis. It also needs a new, adoptive parent, to guide it and steer it through the dark, as it seeks a broader, brighter future.

Conclusion

The economic declines of General Motors and the City of Detroit symbolize the Law of Diminishing Returns predicted at the dawn of the Industrial Revolution in the early 20th Century. American industrial workers are becoming increasingly obsolete, with the loss of jobs, the addition of new technologies, and the out-migration of employment.

Thus, the era of American Company Towns as the nucleus of community life is ending. There is also the challenge of sustainability; in creating new industries that will employ and thrive in the future. Renewable sources of energy are also needed to transition from the use of fossil fuels. However, America has made little progress in reducing its carbon blue print. Equally as pressing, it has failed to reintegrate the displaced multitudes who were manual laborers.

The American labor force is contracting. The reduced capacity of labor has been accompanied by the devaluation of the American dollar and its housing stock. America is also experiencing problems with its

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societal institutions most notably, schools, churches and families. As a consequence, the foundations which preserve culture and the traditions of a society are fading.

The transition from industrial labor to global service oriented economies has subsequently generated income and education gaps in some areas. One impact upon American society is that major cities are becoming increasingly segregated. Consequently, a structural poverty of displaced and under-employed people is emerging. With this development the quality of life is being eroded and approximates that of under-developed countries in some areas. Problems of poor housing, illiteracy, poverty, crime, and reduced mortality rates have become more deeply woven into the American panorama.

In addition, the presence of American multinational corporations, such as General Motors have begun to decline as the economic engines of China, Russia, and other Asian Tigers accelerates. This has facilitated the emergence of new financial instruments that will create alternative lending opportunities for countries denied assistance by traditional lenders such as the International Monetary Fund and the World Bank.

With the growing globalization of emerging nations, America could lose some international influence as the economies of these nations grow and their untapped natural resources place them in more competitive positions. When America's growing 200 trillion dollar federal deficit and its debt obligations are placed within this framework, it becomes understandable why many Americans are uncertain about the future.

As a heterogeneous society America must strive to preserve its cultural diversity. However, it is its disparate parts that are preventing America from becoming one holistic whole, a task that is essential in overcoming the barriers of racism, sexism and poverty. For without addressing the issues of displacement and wealth creation for the poor, we will remain a society separate and torn asunder.

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