

The History and Future of Detroit

Public Policy 626.001
— Autumn Term, 2014 —



CURVED DASH OLDSMOBILE

Instructor:

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SYLLABUS

(August 8, 2014)

IMPORTANT NOTES

- Classroom meetings will be held in Room 1210 of the Weill Hall Building of the Gerald R. Ford School of Public Policy on Tuesdays and Thursday mornings: September 16 and 18 and then September 23 and 25.
- There are only five meetings of this one-credit course. It is necessary to attend all five meetings.
- The Saturday, September 20 bus tour of Detroit will depart from the State Street side of the Ford School Building at 9:00 AM promptly. We will return by 5 PM. We will travel in a restroom-equipped comfortable bus. Doughnuts will be available at 8:45 AM, but you need to bring your own coffee or juice on Saturday morning. We will stop briefly for lunch in Detroit's Mexican Village. You may bring a lunch with you to eat on the bus or eat at the restaurant. The cost will be modest.



“There are cities that get by on their good looks, offer climate and scenery, views of mountains or oceans, rockbound or with palm trees; and there are cities like Detroit that have to work for a living, whose reason for being might be geographical but whose growth is based on industry, jobs. Detroit has its natural attractions: lakes all over the place, an abundance of trees and four distinct seasons for those who like variety in their weather, everything but hurricanes and earth-quakes. But it’s never been the kind of city people visit and fall in love with because of its charm or think, gee, wouldn’t this be a nice place to live.”

(Elmore Leonard)

Aims of this Course about Detroit:

- To briefly examine the economic, demographic and social trends that contributed to the growth and then the decline of Detroit.
- To link changes in Detroit to the large scale social and economic shifts that shaped this country.
- To provide a perspective about the current bankruptcy of the city and the many efforts now underway to develop a more prosperous and less racially polarized Detroit.

WHAT DO YOU MEAN BY DETROIT?

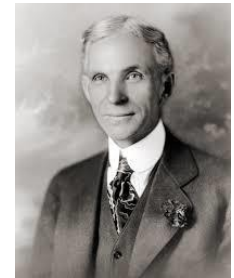
When you hear the word **Detroit** or see it in a headline, what does it mean to you?

- Do you think of the frequently successful athletic teams that represent the city?
- Does it suggest the motor vehicle industry with their numerous accomplishments and failures?
- Do you think of historically important figures born in Detroit or who lived there for long spans, including Henry Ford, Walter Reuther, Rosa Parks, Ty Cobb and Barry Gordy?
- Does it mean the 139 square miles with their 688,000 residents that make up the legal entity that is now bankrupt?
- What about the 180,000 or so persons who live outside Detroit in places like Ann Arbor, but are employed in the city of Detroit?
- And then there are business people, investors and philanthropists who are very concerned about what happens in the city of Detroit but may live elsewhere.
- Or when Detroit is mentioned, do you think of the three-county or six-county metropolitan area that occupies much of southeast Michigan?
- This course will focus upon the city of Detroit. But that city is part of a much larger metropolis and is governed by the state of Michigan. What happens in Detroit has great implications for the area and the state. The city’s population in 2013 made up about 16 percent of the population of the six-county Detroit metropolitan area which has 4.3 million residents. The Census Bureau also defines a Detroit region that encompasses much of southeast Michigan, including Ann Arbor and Flint. The Detroit metropolitan region currently has a population of 5.2 million.

Detroit: The Most Important City in the Twentieth Century

No city was more important in the last century than Detroit.

- The automobile was not invented in Detroit. By the 1890s, the French were producing modest numbers of reliable, expensive vehicles. But the mass production of a dependable moderately-priced vehicle—one within the price range of urban workers and farmers—was perfected in Detroit, thanks to Henry Ford, Henry Leland and many others. No single technological development of the Twentieth Century had a greater impact upon how humans live their lives. The mass production of affordable cars changed where people lived, where they shopped, how often they visited their friends and relatives, where they took vacations and how young people courted.



HENRY FORD

- There is much discussion now of changes in the income distribution; that is, a greater concentration of income going to the rich with a decreasing share going to the middle class and the poor. There is nothing automatic about the distribution of income. People make decisions.



WALTER REUTHER

Policies are influential. Detroit was the center for the development of the financially secure blue-collar middle class. Vehicle manufacturers had to pay high wages to get men to accept the difficult and often dangerous jobs assembling cars. After Congress passed the Wagner Act in 1935, managements were obligated to bargain with unions. Following years of bitter labor management conflict, the United Auto Workers and the three largest auto producers signed the “Treaty of Detroit” in May 1950 providing workers with many of the benefits we associate with the Scandinavian democracies: wages indexed for inflation, health care for a worker and his/her family, generous vacations, beneficial pensions and supplemental unemployment insurance. This served as a model for workers in many industries and in governmental employment.

- A generally liberal political coalition governed the United States for most years from the election of President Roosevelt in 1932 until the nation’s voters selected President Reagan in 1980. Congress enacted numerous laws benefitting the working class, creating Social Security, providing health care for the elderly, support for schools and universities and generous programs designed to benefit both cities and farmers. Late in that span, the liberal coalition supported for civil rights for minorities, for women and for those with physical limitations. For the most part, members of industrial unions very strongly supported the Democratic Party. Indeed, for much of post-World War II era, the United Auto Workers and other industrial unions were the biggest financial supporters of the Democratic Party and their candidates for president.
- The ingenuity of Detroit’s engineers and the strong backs and arms of one-half million defense workers made the city the true Arsenal of Democracy in World War II. Arms man-

ufactured in Detroit allowed the British to hold off the Germans at the start of that conflict and then permitted the United States to fight and quickly defeat enemies in two distant theaters. Detroit was the manufacturing colossus that made a great contribution to the Allies rather prompt and simultaneous defeat of potent enemies in both Europe and Asia.

- Detroit does not differ from other Eastern and Midwest cities in the role it played in assimilating European immigrants. Germany, Canada and Eastern European nations were the typical origins of immigrants coming to Detroit. But no city in the United States experienced more racial conflict than Detroit. It is the only city in which the federal military has been sent to the streets four times to prevent blacks and whites from killing each other. Troops were deployed in Detroit twice in the 19th Century—in 1833 and 1863—and twice in the 20th Century—in 1943 and 1967. You could argue that black-white racial conflict was played out more vividly and persistently in Detroit than in any other United States city.



ROSA PARKS TRANSIT CENTER

- Only New York and Chicago have more extensive arrays of architecturally significant buildings and public sculptures than Detroit. Because of a favorable concatenation of wealth, engineering skills, entrepreneurship and interest in architecture, from the 1890s—when skyscrapers were first designed in Chicago—to 1929, when the Depression terminated construction; many of the nation’s most attractive buildings were erected in Detroit. There is a marvelous array of public art

throughout the city, a city that now contains 140 public parks.

The City of Detroit—The Situation in the Autumn of 2014

In March of 2013, Governor Snyder—acting in accord with a law hastily enacted by the legislature in the final week of 2012—determined that the city government of Detroit would soon run out of money to pay its bills. He appointed a University of Michigan graduate, Kevyn Orr who is a bankruptcy attorney, to administer all financial aspects of the city’s government. Mayor Bing and the City Council lost their ability to make any substantial decisions. Orr examined the books, decided the city was insolvent and, in July, 2013 sought federal court bankruptcy protection. In September, 2013, Federal Court Bankruptcy Court Judge Steven Rhodes approved the city’s request for bankruptcy. Kevyn Orr has proposed settlements with the city’s debtors. In August, 2014 a bankruptcy trail began in which debtors who feel they are poorly treated will try to get Bankruptcy Judge Rhodes to alter the settlements proposed by Emergency Manager Orr.

How did this bankruptcy happen? Cities ordinarily pay their bills—police and fire services, roads, planning, parks, buses and many other services—by imposing property taxes on factories, businesses, shopping centers and office complexes as well as upon the homes of the people who work in the city. A variety of other fees are imposed upon businesses and resi-

dents. The tax base of Detroit collapsed in recent years. After World War II, the city was filled with busy factories, and in 1947, there were 338,000 people who for manufacturing firms in the city. By 2011, that had declined to just 19,000 working for manufacturing firms located in Detroit. The city's population dropped from 1.850 million in 1950 to under 700 thousand in 2013. The number of commercial businesses in Detroit fell by 78 percent from 1972 to 2007. The tax base declined sharply since new employers seldom came to Detroit to replace jobs lost in manufacturing.

The drop in the tax base was the key factor in explaining the city's current bankruptcy, but there are three other important factors. First, Michigan in 1909 adopted a Home Rule system of local government that is noted suitable for the metropolitan era. Individual municipalities have the power to tax and are obligated to provide municipal services to their residents. The law gives local towns no incentives to cooperate with neighboring communities and no incentive to cooperate in solving metropolitan issues such as education, transportation, economic development or parks. Many currently prosperous cities in states other than Michigan annexed much of their suburban ring after World War II. That did not happen in Detroit because of the Home Rule law.

Second, the legacy of the area's long history of racial strife hastened the city's bankruptcy. Shortly after World War II, white residents began moving from the city to the highly segregated suburban ring in very large numbers. By 1990, few whites were left in the city. As economic change occurred—the loss of manufacturing jobs—the black community suffered. Detroit became an overwhelmingly African American city with a high poverty rate—41 percent in 2012—surrounded by a largely white and more prosperous suburban ring. Middle class blacks have been migrating to the suburbs in substantial numbers since the 1990s leading to a further concentration of poverty in the city.

Third, the malfeasance, bad decisions and corruption of quite a few elected and appointed officials in the city of Detroit, sped the city toward bankruptcy.

DETROIT: THE FUTURE

Large cities do not disappear. But they change greatly, especially when their economic base contracts. Many European urban observers and theorists have come to Detroit in recent years. They take pictures of abandoned factories, dilapidated homes and empty blocks that have reverted to unkempt fields. They go on to describe Detroit as the poster child for post-industrial cities and blame the American system of capitalism for the tragic sites they photograph for their costly coffee table books. Detroit is the most negatively stereotyped city in the United States.

Despite the loss of population, jobs and commercial activity, Detroit, remains the heart of the nation's thirteen largest metropolises. It is the 18th largest city in the country. Those who spend time in Detroit will learn that there are more than a dozen attractive neighborhoods that either never fell in-



INDIAN VILLAGE NEIGHBORHOOD

to decline or have been renovated recently. They will learn that private employers have invested substantial funds into industrial plants and that medical sector employment is growing and will likely continue to increase as the state's population ages. The Ilitch family and their collaborators are about to construct a 650 million dollar entertainment complex on Woodward that will include a new arena for the Detroit Red Wings. Dan Gilbert and his colleagues at Quicken Loans have taken control of 60 downtown buildings in hopes of creating a high tech center there. Those who visit Detroit will see that the attractive riverfront north of the Renaissance Center is being developed and that many new condos are coming onto the market every year in downtown and along the corridors that Judge Woodward laid out in 1805.

Private developers and non-profits are using their own resources and a variety of tax abatements to rehabilitate old buildings and construct new ones. Private foundations are investing in the city's educational and social service systems.



THE PONY RIDE BUILDING
1401 VERMONT AT PORTER IN THE CORKTOWN
NEIGHBORHOOD OF DETROIT

Young entrepreneurs are creating an array of new businesses in Detroit's Techtown, at the *Green Garage*, *The Pony Ride* and other locations, such as the *Russell Industrial Complex*. Detroit's elected leaders, much more so than in the past, may now be willing to consider the substantial changes that must be made if Detroit is to become known as a city that lives up to its utopian motto. They are challenged, however, by severe financial problems that we will discuss. There are optimists—many of them young people and entrepreneurs—who see great opportunities in Detroit. Land and property are inexpensive. The vehicle industry is presently thriving and recruiting many information technology experts. Perhaps, after Detroit gets through the current bankruptcy, a new and different city will arise from the ashes just as Father Gabriel Richard hoped in 1805.

Detroit is an interesting exciting place. This course will describe many of these issues. Because this is a short, one-credit course, we will move rapidly and may not give much attention to many important issues. If there are topics that you wish to make sure we discuss, please send me a message at: renf@umich.edu.

FORMAT FOR THE CLASS AND READING ASSIGNMENT

- There is one book to be read for this class: [Revolution Detroit: Strategies for Urban Reinvention](#) by John Gallagher (Detroit: Wayne State University Press, 2013). I have asked the Barnes and Noble bookstore in the Michigan Union to order copies. However, you may be able to locate a lower priced copy from one of the on-line booksellers. It is also available as a Nook Book. Please read this book before the first class meeting on Tuesday, September 16. There are brief reading assignments for the four other classes. These are listed in this syllabus and all of them are available on the C Tools site for this course.
- In each of the four classroom meetings, there will be a presentation at the start. Some time will be devoted to describing concepts, measures, legal decisions and other matters that

have or will influence Detroit. There will be time for discussion of these issues with an emphasis upon how metropolitan Detroit is changing in this century. In each class, there will be time for you to ask questions. **Please do so.**

- There will be a day-long bus tour of Detroit on Saturday September 20 with a stop in Mexican Village for lunch. There will be several opportunities to take short walks or to take pictures of sites if you wish. Let's hope it is sunny and warm. The cost of the lunch is not included. If you wish to bring a sandwich, please do so. If there are places you think we should certainly visit in Detroit, please suggest them to me: renf@umich.edu.

REQUIREMENTS

- Attendance at **all five** meetings of the class
- Completion of reading assignments
- Participation in discussions, as appropriate

HOW YOUR GRADE IS DETERMINED:

- In one of the first two classroom meetings, there will be a very brief quiz keyed to chapters of John Gallagher book that was assigned. This will count for 20 percent of your grade.
- Quite likely, I will ask you to write a very brief essay about issues or questions that arise from our tour of Detroit. This assignment will require about three paragraphs. It may be submitted on line. The deadline will likely be Thursday, September 25. It will count for 20 percent of your final grade.
- You will need to write an "Op-ed" style essay about issues pertinent to the city of Detroit; that is, issues discussed in class or in your readings or topics that arise from our tour. This essay should be no longer than 1200 words and should be submitted electronically no later than one week after the date of our last classroom session. That is, it should be sent to renf@umich.edu or posted on C Tools by Thursday October 2. If you wish to propose an alternative to the Op-ed essay such as adding a webpage to the www.Detroit1701.com site or preparing a CD of Detroit oriented music, please check with me. Or, if you wish, you could submit a short YouTube video of sites in Detroit that meaningful to you.



CLASS MEETINGS AND READING ASSIGNMENTS

- **FIRST CLASS MEETING: TUESDAY SEPTEMBER 16, 2014: 1210 WEILL; 8:30 TO 10 AM**

TOPIC: *The History of Detroit and Its Importance for the Twentieth Century*

Reading assignment: John Gallagher, *Revolution Detroit: Strategies for Urban Re-invention* (Detroit: Wayne State University Press, 2013).

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- **SECOND CLASS MEETING: THURSDAY SEPTEMBER 18, 2014; 8:30 AM TO 10 AM**

TOPIC: *Detroit in Bankruptcy: Did It Have to Turn Out this Way*



HOME OF OSSIAN SWEET

READINGS FOR THIS CLASS (AVAILABLE ON C TOOLS SITE)

KEVIN BOYLE (U OF M GRADUATE) *Arc of Justice: A Saga of Race, Civil Rights, and Murder in the Jazz Age* (New York: Henry Holt and Co. 2004)

PROLOGUE: "America: 1925", Pages 1 to 12

CHAPTER 1: "Where Death Waits", Pages 13 to 43

- **THIRD CLASS MEETING: SATURDAY, SEPTEMBER 20, 2014; BUS TOUR OF DETROIT: 9:00 AM TO 5 PM**

*This tour will depart **promptly at 9 AM** from the State Street side of the Gerald Ford School of Public Policy Building. We will return at 5 PM.*

READINGS FOR THIS CLASS (AVAILABLE ON THE C-TOOLS SITE)

George Galster, *Driving Detroit: The Question for Respect in the Motor City* (Philadelphia: University of Chicago Press, 2012)

Chapter 1. "Sculpting Detroit: Polity and Economy Trump Geology"

Also, Please watch the four minute video "Video about restoring buildings in Detroit" which is in the Videos about Detroit folder in the Resources section of C Tools.

- **FOURTH CLASS MEETING: TUESDAY SEPTEMBER 23, 2014; 8:30 AM TO 10 AM**

TOPIC: *The Demographic and Economic Trends Shaping the City of Detroit, the Metropolis and the State of Michigan*

READINGS FOR THIS CLASS (AVAILABLE ON THE COURSE TOOLS SITE)

EDWARD GLAESER, *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier* (New York: Penguin Press, 2011)

CHAPTER 2. "Why Do Cities Decline?" Pages 41 to 68

- **FIFTH AND FINAL CLASS MEETING: THURSDAY SEPTEMBER 25 2014: 8:30 TO 10 AM**

TOPIC: *Detroit's Future: What will the City Look Like and Who will Live There in Twenty Years.*

READINGS FOR THIS CLASS (AVAILABLE ON THE C TOOLS SITE)

Joe T. Darden and Richard W. Thomas, *Detroit, Race Riots, Racial Conflicts, and Efforts to Bridge the Racial Divide* (East Lansing: Michigan State University Press, 2013)

Chapter 13. "Alternative Future for Residents of Detroit," Pages 297 to 317.

U. S. Department of Housing and Urban Development "Moving to Opportunity for Fair Housing Demonstration Program: Final Impacts Evaluation. (December 15, 2011).

NOTE: I maintain a website about the history and future of Detroit:

www.Detroit1701.org

The pictures on this syllabus are taken from that website where you will find much more information about these and many other sites in and near Detroit.

If you have any questions about this course or this syllabus, please send a message to:

Ren Farley at renf@umich.edu

STUDENTS WITH DISABILITIES

If you believe you need an accommodation for a disability, please let me know at your earliest convenience. Some aspects of this course may be modified to facilitate your participation and progress. As soon as you make us aware of your needs, I can work with the Office of Services for Students with Disabilities to help us determine appropriate accommodations. I will treat any information you provide as private and confidential.



**RUSSELL ALGER MEMORIAL FOUNTAIN
GRAND CIRCUS PARK**