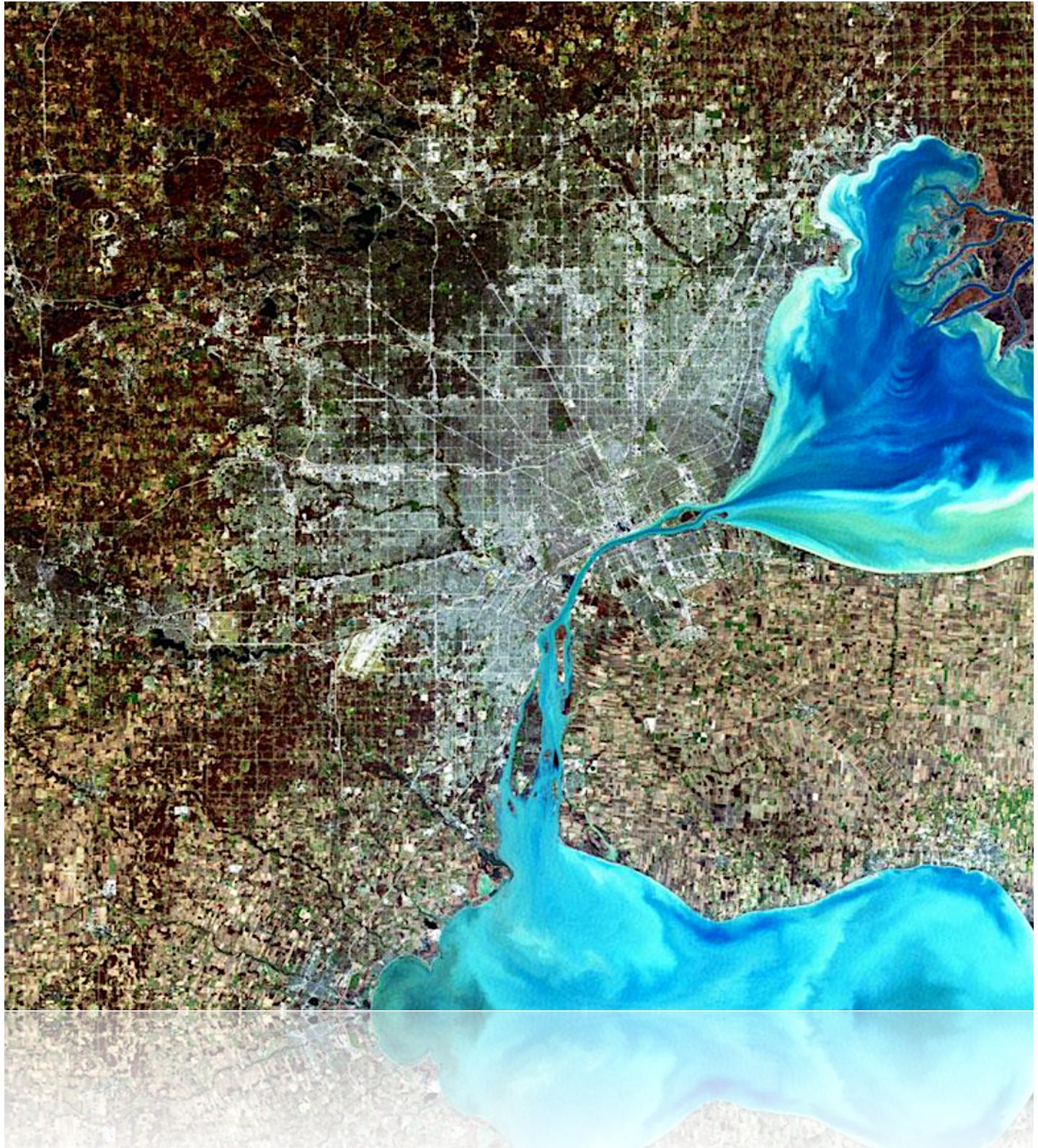




POLITÉCNICA



## THE MAKING OF DETROIT'S BUSINESS PLAN : PLAY LOCAL, SELL GLOBAL ?

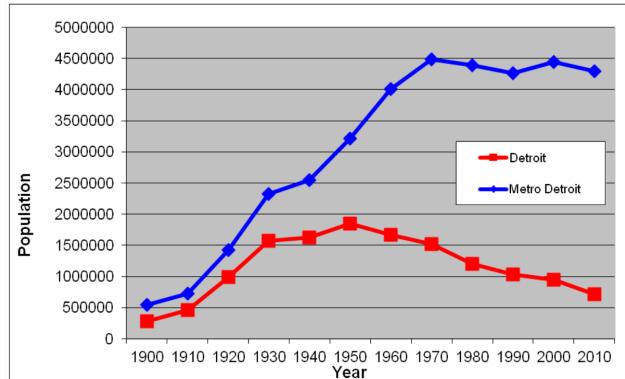


From the end of the 19th century to the 50s, Detroit was a national and international symbol of automobile industrialisation (Derouet, 2012). Its fast economical and demographic development in a few decades stressed the power of an innovative and attractive prosperity period. First, its great location on the Detroit River at the heart of the Great Lakes, as well as its developed transportation system based on a network of ships, railways and streetcars made the city a strategic location for investors. In 1920 the Michigan Station welcomed 5000 new inhabitants per day in the “new Babylone” where luxury hotels, music halls and art-deco monuments stood up.

Henry Ford contributed to shape the motor city’s image of intensive productivity by creating the first assemblage lines and by doubling his employees’ wages. The ultra specialisation of the city in the automobile sector with the development of the Big Three via joint-venture and acquisitions, with their secure and well paid jobs, aimed at attracting many rural and low skilled professionals until the 50s. Moreover, the slogan “separate but equal”, as well as the very hard working condition of the former southern plant system, under the Jim Crow’s law resulted in black americans massive migration to northern industrial cities. Detroit was therefore once the symbol of the american dream, the “Silicon Valley” (Brian Doucet, 2013) of the industrial era and a preferential destination for the massive working class. The best american public schools and the highest rates of home ownership in the US were there.

However, like many other american or industrial cities, Detroit’s transition from an economic centre to an urban desert (Sophia Psarra, 2012) stresses the urban decline of manufacturing centres and suburban emancipations throughout economic and political change. Therefore since the 50s Detroit has slowly become a national and international symbol of devastation and deindustrialization. (Derouet, 2012). What happened in Detroit can also be observed in many other cities around the globe on a smaller scale, the ups and downs of cities are well illustrated by the non static condition of cities ranking. “This great deal of turbulence in the spatial landscape of the economy, means that city regions go up and down in population, income levels and rankings” (Diego Vizcaíno, 2015). Since cities are characterised by periodic cycle of depopulation and neglect as well as repopulation and hegemony, we will therefore explain this urban recurrent phenomena throughout the story of Detroit with a positive discourse. Indeed the industrial giant is not dead, and the development of a creative climate as well as its unique community’s alternative actions, are creating new opportunities. Moreover we will also discuss the arrival of speculative projects and the potential business development the city could face in the next decades. Will investments, people and companies come back? Will Detroit soon stand up?

Figure 2. Detroit population statistics (city and region) 1900 - 2010.



## 1° the Shrinking city : Globalisation local impact?

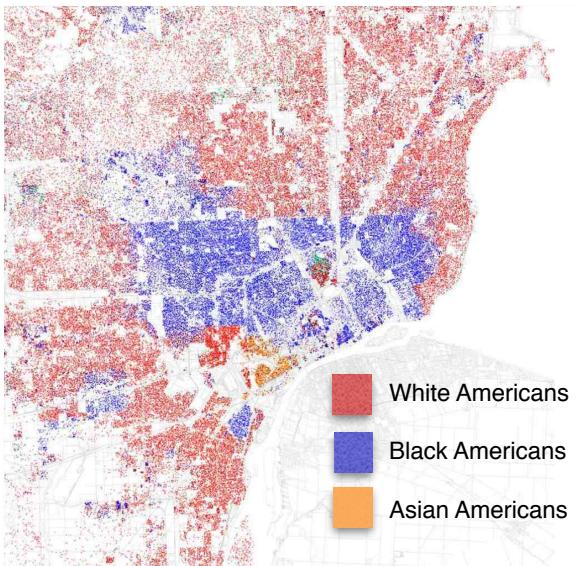
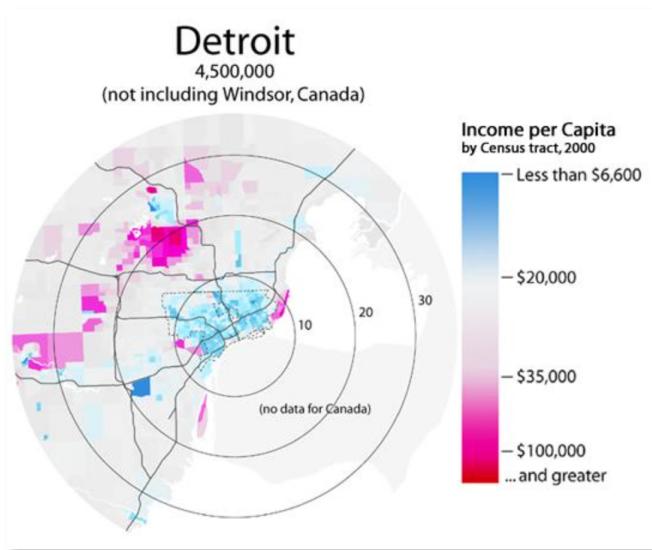
According to Sharon Zukin, landscapes are made up of projections of the inequalities generated by capital and race dynamics. The city of Detroit is composed of patches of urbanity and emptiness with no connections. Urban voids and prairies represent 1/3 of the landscape (the surface of Paris or about 100km<sup>2</sup>), abandoned buildings stand everywhere and the intensive urban sprawl extends over 300 km. The city abandoned its flagship buildings as people abandoned products. The Michigan station is empty since the stop of The trail transportation system. Indeed since the beginning of the

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administration and the end of the welfare state, the city depth grew up to 18,5 billions (2013) with slow financial cut in terms of public services, and the rise of poverty and violence. Indeed Detroit lost 55% of its jobs and half of the population left the city since the 50s. But the shrinking process is not stopping, actually 160,000 homes were abandoned between 1970 and 2000, Detroit lost 25% of its population between 2000 and 2010, and 27% of residential plots are still vacant.

Since the 50s the early deindustrialisation and the erosion of the car industry led to the disappearance of 28 out of 30 car plants. In the 90s the american economic recession and strong internationalisation processes through progressive relocations of the plants offshore, as well as the development of subcontracting, are responsible for many job and population losses. The “big three” to survive toward the aggressive and innovative Japanese and european concurrence, producing compact and very well designed products, had to reduce production costs with a cheap labor force. The development of the auto industry also drove the replacement of men by machines and new technologies and Detroit did not manage to give new job opportunities to its growing unemployed and unskilled class in an other sector. Moreover due to its hyper specialisation Detroit suffered more than other cities during the short term episodes of global crisis of the 20th century. However the successive oil crisis of the 70s, followed by the sub-primes (2007) and the financial crisis (2008), worsens Detroit’s economic situation. Since 2008 Detroit lost 400 000 jobs and the rate of unemployment in some neighbourhoods went up to 50%. The Obama administration successfully saved the american automobile industry and thousands of jobs by investing billions of federal dollars into the economical restructuring of Crystler and General motors. The fall of the economy is not the only aspect that needs to be taken into account.





The fast population growth until the 50s led to the construction of highways and suburbs as well as depopulation process. The inhabitants and jobs disinvestments follow socio economic and racial patterns. Indeed the native-born elite, followed by the white middle class, left the centre for more spacious settings (Poremba, 2003) while the city centre welcomed low skilled immigrants and become mainly black in 1950. In the mean time, Detroit centre became mainly poor since the highest classes took with them their services and taxes. According to Grace Lee Boggs, the fear of cultural invasion by the black minority explains the white suburbanisation. Moreover in the 60s only white people were governing the city, but Detroit was no exception to racism or segregation. Both were endemic (Marotta, 2011) and led to social and political fractures followed by intense black riots and empowerment.



Today the citizens of Detroit and the administration have become more prolific, the declining poor/black core and the rich/white affluent suburbs still stress an extreme racial and social polarisation. 70% of Detroit jobs go to people from outside the city, the majority of the working population lives in the suburbs and the majority of the jobs are also concentrated there. The level of spatial segregation, in terms of connectivities and accessibility, can be easily analysed throughout the absence of residential activities within specific residential areas (Psarra, 2012). Abandoned industrial sites and highway interchanges represent further isolating elements for the minorities.



Economic change is especially damaging if a city doesn't have a culture and regulation flexible enough to adapt to it, to redefine itself and to transform its weakness in prosperity and economic values. Collapsing cities are often cities that failed to reinvent themselves within the shift toward a service based society. In 1960s other industrial centres such as New York or Chicago were associated with unsustainable union wages, race riots, crime, corruption, and municipal deficits. Today, New York is the global capital of finance. The role of political choices and regulations is very important here, it is why capitalism can't alone explain the collapse of the city but has to be combined with racism and political choices. Indeed this combined effect needs to be understood as shifting projections on Detroit's landscape (Marotta, 2011).

## 2 ° From a creative reconstruction



Walking throughout the urban prairies of Detroit, you could notice that the City services are almost nonexistent; “traffic lights don’t work, streets don’t get plowed after snow falls, and police generally don’t patrol here anymore” (Okrent and Gray, 2010). Has the former global centre of carmaking and musical innovation (Florida, 2013) passed the point of no return ? Nonprofit organisations, independent artists, and a new breed of entrepreneurs with a do-it-yourself mentality and a unique way of “wiki-financing” (Ryzik, 2010) have started a redevelopment movement. As Detroit is too often described as a failure, its community seems to redevelop itself in a way that could make “global centres” (Saskia Sassen) soon jealous. “Motown” the mother of soul and techno music is not dead. The last decades emphasised the development of alternative economies. Urban acupuncture throughout local interventions seem to emerge with the inflow of artists and creative entrepreneurs which have put together the first steps of an art-based/“do-it-yourself” restructuring and the development of strong communities.



Indeed the [Heidelberg Project](#) started by the artist Tyree Guyton transformed the abandoned street of Detroit by redesigning empty buildings with waste products. The recycling of waste by functional art is innovative when there is no public money. The development of guided tours around this project stresses the come back of tourists in Detroit. But is tourism not a common strategy used by many global cities to gain investors and develop speculative projects? Are we going to hear soon about a new slogan such as “DETROIT IS NOT DEAD, WE ARE DETROIT” ? Moreover apart from attracting new incomes, new projects are acting as catalyst for further collective actions linking art to education, new flows between the disconnected neighbourhoods and the people to the ground of their city.



This is well illustrated by the development of collective gardening that provides to the communities a financial autonomy regarding food production and consumption. This self sufficiency system of food provision is countering globalisation processes in a city where no food distribution brand such as Walmart invested money. Moreover local food production offers a healthy possibility to decrease the highest rate of obesity in the United States. Following the communities initiatives, the international organisation “Urban Farming” helped developing hundred of small plots.





"Motor City Blight Busters", a non-profit organisation composed of 120,000 volunteer Detroiters and community associations has been very active for the last 25 years of decadence. Their scope is getting larger toward the development of "mixed" actions, from the destruction or rehabilitation of abandoned buildings, to the development of education programmes and farming supports. The role of Technology in these activities is very important. On a local scale technology via social networks and collaborative platforms gather people from the "space of flows" to the space of places (Manuel Castells), on a global scale it brings strength and opportunities to the community. As previous economical development failed because of a lack of coordination and collaborative decision making, this interesting transfer of interests, knowledge and techniques has already developed a "creative cacophony" (Manuel Castells). Technologies here will play the role of a promotion tool for Detroit and its people. Indeed the city of Detroit can sell itself through an alternative branding and attract more tourists, creative entrepreneurs and capital flows. The possible further technologic development also depends on Detroit's capacity to use its local resources to attract money in order to develop a "mixed economy".



### 3° Towards a new business climate for Detroit?

What happens on a local scale is very positive but is still not enough to solve the lack of services and the high rate of poverty. Detroit will need more than a local creative development to face its economical issues. Financial incomes are necessary to quickly grow experimental projects and companies re-implementations, "Reinvent Detroit...require(s) the one thing Detroit lack(s) most of all: unimaginable amounts of money" (Binelli, 2012).

Until now federal initiatives have failed to reposition the competitive position of the centre relative to its growing suburbs. The market-driven revival of urban downtowns, waterfronts, and neighbourhoods that took place during the 1990s and early 2000s, allowed Chicago or New York to redevelop themselves. According to Florida, "a new urban social compact", that is to say a downtown renewal is needed to connect people and increase education. Is the creative class the right answer for Detroit? On the one hand a beginning of residential and commercial gentrification is observed in central Detroit (Flaminia PADDEU, 2013) in very specific neighbourhoods, but with no comparison to the one observed in Brooklyn.



Indeed new construction projects and skyscrapers retrofitting took place in the downtown. Companies such as General Motors, Quicken Loans, Blue Cross/Blue Shield, and Compuware are reinvesting in the central district. Speculative and irresponsible urban renewal projects are made by private entrepreneurs without any public entity or urban planners participation. Dan Gilbert's new entertainment district plan (billionaire founder and CEO of Quicken Loans) forecasts to implement Trendy shops, a new beach, open air markets, restaurants and bars, a dog park... Will these amenities help the poor population of downtown Detroit? They seem to be forgotten by capitalist restructuring responding to invisible market demands (Peter Eisinger, 2013). "God may have created the earth in six days, but Dan Gilbert plans to fundamentally transform downtown Detroit by the end of 2015" (Pinho & Walsh, 2013). On the other hand, Detroit suffers from a lack of alternatives. Like smaller cities, the different urban villages (Flaminia PADDEU, 2013) of Detroit may also have difficulties finding the critical mass needed to make important redevelopment strategies feasible. However planning for shrinking remains an emergency. How to revitalise the land? How to get money and investors and develop the city in a sustainable way? How to retrofit Detroit and increase the level of education of its inhabitants at the same time?

Since Obama's election, the federal state has been more supportive (Allah, 2010) and a business plan needs to be developed. Until now billions have been spent on redesigning infrastructures and speculative offices and housing projects but none of them solved the population loss, the lack of education and the functional issues coming from the massive urban sprawl.

Moreover programmes have often been frozen or inefficient in time due to government alternation. Detroit definitively needs coordination and support at all scales and from many actors , like in Rio de Janeiro or in Cairo there is no simple solution to fix urban failures.

A new agenda focusing on strategic measures and policies is needed. The reconfiguration of the physical environment, the reuse of the surplus of land and buildings, and the targeting of the local resources will allow the city to capitalise on its assets (Psarra, 2012). A business climate development, a healthy housing market for people at all income levels and a lot of education are the first needs. A funding office and a bank of land has to be created to allocate funding and manage the sales of vacant lots. Investors should be involved through Co-ordinated and integrated programmes based on public and private partnerships. The federal state, the region and the city in collaboration with american companies, could help to develop sustainable investment opportunities to reposition Detroit centre in the real estate market. Both the federal state and Michigan Region have to get involved as well as universities and the aristocracy.



## CONCLUSION



Hegemonic cities are not new phenomena, in the first stage of the world system, Amsterdam or Venice organised trade and executed imperial, colonial and geopolitical strategies. Then industrial cities such as Glasgow or Detroit were symbols of emancipation for the world middle class. Now global centres like London and New York capture the impulses of globalisation and become transnational elites based infrastructures. Detroit is not dead, Detroit will never die, Detroit will survive but its collapse was so strong that the city will probably need more time. "What happened to Detroit matters for other places too" (Doucet, 2013). The collaboration and alternative solutions of the city's artistic, academic, activist and political communities, are powerful lessons for the rest of the world. Detroit has the local assets to make different decisions. But the city needs financial and technical support. Indeed the extreme racial divisions and the very high poverty rates are realities that need a radical shift in terms of thinking and practices. With its cultural and natural resources Detroit has the potential to, one day, become the new economic capital of the Great Lakes region. Throughout the existing literature, authors offer descriptions but no concrete proposals. A renewal needs time, and for now a new vision is needed by the people of Detroit for the people of Detroit (Henry Lefebvre). Is Detroit not the perfect location for entrepreneurs to develop new innovative and sustainable projects at low cost?

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