

# Social crisis in Detroit—An investigative report

## Part 3: Collapse of an American city

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*This is the conclusion of a three-part series. “Part 1: The spiraling cost of food” was posted June 20; “Part 2: The impact of gas prices” was posted June 21.*

Detroit, Michigan, is in a state of massive social dislocation. Once the manufacturing center of the Midwest and the world’s car producer, the city has seen its population and jobs hemorrhage over the past several decades.

In recent years, impoverishment has spread and deepened as auto industry jobs have been eliminated by the tens of thousands and wages and benefits cut. Between 2000 and 2007, the state of Michigan lost 431,000 jobs, nearly a tenth of its employment. More than a quarter of those jobs were cut in the auto industry, concentrated in the Detroit Metro area. Remaining workers have been subjected to job insecurity and ruthless attack on their wages.

The decimation of auto industry compensation—the standard-setter for pay scale and benefits in many other sectors of industry, as well as the driver of the economy in the region—combined with cuts to public assistance programs have truly devastated working class living standards.

As the cost of living spirals, thousands of families now face a tremendous financial conundrum.

Poverty is pervasive in Detroit. In 2006, according to the federal Census Bureau, median household income in the city was \$29,500. This figure is nearly \$20,000 less than the median household income nationwide. Per capita income for the city was only \$14,700 in 2006.

Such a low income cannot support a mortgage, a family’s basic food and transportation needs, childcare costs and other expenses. As a result, thousands of families turn to emergency government assistance and charity.

Statewide, more than 1.25 million people now receive federal food assistance through the Food Stamp program—a record number and yet still far from the number of people who qualify for aid.

According to Jane Zehnder-Merrell, the director of the Kids Count program for the Michigan League of Human Services, one in eight residents—and one in every five children—in Michigan are eligible. Between 2000 and 2005, participation in the program among families with children “has essentially doubled,” Zehnder-Merrell told the *World Socialist Web Site*. Most of those depending on the program are working families.

“In 2005, 45 percent of children in Detroit were in need of food assistance,” Zehnder-Merrell told the WSW. She added, “This was before the bottom dropped out and all the gas prices started

going up.” The rate of need in 2006 was estimated at 54 percent—a 9 percent increase in a single year. And in the last year, the need for food assistance has undoubtedly continued to grow.

In response to the rapid rise in need, rather than providing additional funds, Zehnder-Merrell said the Michigan state legislature was attempting to “break the food stamp payment in half so that grocery stores can maintain a more level inventory.”

“Grocers in metro Detroit are complaining they get a big influx of people wanting to buy food when the food stamps come out” at the beginning of each month, she explained. Because the payments do not stretch to cover the entire month’s expenses, she said, “gradually it would dwindle until no one was buying food anymore.” Families without the money to cover the rest have little option but to seek out help from strained emergency food banks.

Brother Jerry Smith, head of the Capuchin Soup Kitchen in Detroit, told the WSW that a growing number of people turning to the Catholic charity for help were seeking food to take home to prepare. “In a lot of cases,” Smith said, “these are working people who just can’t make it from month to month. Or some of them are families receiving food stamps, or government assistance and they just can’t make it. So we allow those people to come and receive food once a month.” Overall, in the past year, Smith said, food distribution at the soup kitchen rose 10 percent.

Smith noted that a revealing indicator of hardship was the sharp increase in the charity’s used clothing distribution. “It used to be that our warehouse had tons of clothing waiting to be sorted and distributed,” he said. “Currently, we have very little clothing. We have never been this low. And again we think it is perhaps due to two different things. One, it could be that there are more people seeking that clothing. And the other part, I think, is people are holding on to that clothing longer. They are not donating it to us. They are patching their clothing or wearing it longer than they used to. So we are not getting the types of donations we used to get.”

Jay Willis, a healthcare provider by profession, is an administrator at Agape Fellowship, a non-profit food distribution agency that feeds and clothes 100 to 300 individuals weekly.

“We have been doing this for over seven years now,” he told the WSW. “Within the last two years, we have seen an increase of 75 percent more than what we normally have done. And the group is diverse. We have individuals that have never been displaced. We have individuals that have been middle class and were not accustomed for seeking for the services that we provide.”

“Many families have never been in the situation that they now face. Families with double incomes; families where both the husband and wife lost jobs. It is a disheartening situation.

“What is most alarming is that it is a group of people who have never before been in this situation,” Willis said. “You have people with degrees, who have matriculated through academia to get their education and now are in a situation they have never been in before.”

Social conditions in Detroit sketch a portrait of American capitalism. The location of the headquarters of some of the largest automotive and financial corporations in the world, whose fortunes were built by generations of workers, *CNN Money* magazine recently called the Detroit metropolitan area one of the “best neighborhoods to retire”—for the wealthy, that is.

Simultaneously, it has earned the distinction of *Forbes* magazine as “America’s most miserable city” for having the highest rates of violent crime and poverty and the second highest unemployment rate of any major US city in 2008. At the same time that entire neighborhoods fall into disrepair and abandonment, high-rise casinos and luxury hotels are erected to the applause of the city’s wealthy elite and corrupt political establishment.

Like much of the Midwest, Detroit did not ride the crest of home valuation during the recent housing boom. Nevertheless, the city leads the country in home foreclosures with a rate that is eight times the national average. Indeed, as an analysis by the *Detroit News* found last fall, “a cash-drunk mortgage industry with virtually no government oversight has turned Metro Detroit into a foreclosure factory, where foreclosure notices were served on 260 homes a day in August—the equivalent of wiping out two subdivisions every 24 hours.”

After introductory rates on many loans made during the housing boom began resetting to higher interest rate levels, more than 70,000 homes in the city, “equal to every residence in Southfield and Livonia [Michigan],” entered into some phase of foreclosure, according to the paper. The prevalence of defaults and missed payments is revealing. Even during the housing boom and supposed economic recovery period, a great many families were living on the very edge of financial ruin.

After the wave of foreclosures hit Detroit, whole neighborhoods saw home values plummet. The *Detroit News* pointed out that more than a million homes in the metropolitan area—two in three households—were damaged by nearby foreclosures, losing assets upwards of \$1.6 billion. Homes in Wayne County lost one third of their value between 2004 and late 2007, according to the paper.

The spread of poverty has also compounded the crisis in the education system. Schools throughout Detroit have been closed or severely underfunded and left to fall apart. Teachers are poorly paid, overburdened, and provided inadequate supplies. By one recent estimate based on Department of Education figures, fewer than one in four Detroit public high school students graduate—more than 75 percent of kids drop out.

Many families have no choice but to relocate or send their children to “schools of choice” in far-away districts in the suburbs, further exacerbating the funding problems for inner-city schools and depleting the tax base. Tom Watkins, Michigan’s former state superintendent of schools, told the *Detroit Free Press* June 1 that

the crisis represented an “educational genocide.”

The confluence of foreclosures, ongoing job cuts, and inflation has only hastened the collapse of supporting commerce in the city. Restaurants and businesses have been shuttered and shopping plazas are left abandoned, further exacerbating urban blight and making it more difficult for residents to do the simplest things in the city.

The dearth of retail outlets in Detroit presents acute health problems for poor residents, according to a new study by Mari Gallagher, commissioned by LaSalle Bank. Called “Examining the impact of ‘Food Deserts’ on public health in Detroit,” the study notes that fast food and so-called “fringe food outlets” such as gas stations and liquor stores are ubiquitous throughout the city, yet there is not a single outlet of a major supermarket chain remaining within Detroit’s borders.

Roughly 550,000 Detroit residents live in areas in which they are at least twice as far from a mainstream grocer as from a fringe food location, the study found. Within Detroit, the majority of retailers that accept food stamps are gas stations, liquor stores, convenience stores, dollar marts, and other locations where little to no fresh or healthy food is sold. Instead, most of the retailers where food stamps are accepted specialize in the sale of alcohol, tobacco, lottery tickets, and “a comparatively small selection of prepackaged and canned food products high in salt, fat, and sugar.”

The results are predictable. Among the poorest layer of the population, obesity, high blood pressure and heart disease, diabetes, and other diseases whose prevention is highly contingent upon nutrition verge on epidemic proportions. After a lifetime of punishing industrial labor, left without health benefits, regular access to medical care, or even proximity to emergency clinics, many residents are at risk of dying prematurely.

Other city residents forced to live in grinding poverty have fallen into drug addiction, homelessness, or the burgeoning prison system.

According to the Pew Center on the States, the state’s current prison budget now significantly exceeds spending on education. In fact, the state Department of Corrections absorbs some \$2 billion a year in funds—amounting to a fifth of Michigan’s total budget. A report released June 11 by the Citizens Research Council of Michigan noted that the state held 50,000 prisoners, and nearly one third of state-employed workers were prison employees.

*Concluded*



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