

The “Detroit Homecoming”: City planning by and for the billionaires

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22 September 2014

Top executives and investors gathered this week for the “Detroit Homecoming,” an invitation-only event that included some 160 former Detroit residents, mostly hailing from the upper echelons of various sectors of the US corporate and political establishment.

The event was described by its organizers as an opportunity for wealthy ex-Detroiters to “reconnect, reinvest and reinvent with their hometown.” The organizers hoped that the forum would facilitate the efforts of these executives and business magnates to “shape the future of the city,” according to business magazine *Crain’s Detroit*, which was involved in preparing the event.

The event comes as bankruptcy court proceedings under judge Steven Rhodes are entering their final stage, following a deal between the city and one of the major private bond insurers. Corporations and wealthy investors are salivating over the prospect of making millions through the restructuring of the city, including the continued sell-off of city assets.

As a token of appreciation to its super-rich “expats,” deeds to parcels of land from a lot on West Euclid Street were given to attendees as party favors.

Speakers at the three-day event included Detroit Mayor Mike Duggan; Michigan Governor Rick Snyder; Roger Penske, the owner of the Penske Corporation; Chris Ilitch, president and CEO of Ilitch Holdings; Eli Broad of the Broad Foundation; Quintin Primo III of Capri Capital Partners and General Motors CEO Mary Barra. Bloomberg President and CEO Daniel Doctoroff gave a talk titled “Lessons from NYC on what makes a successful city.”

The centerpiece of the event was an interview with billionaire Warren Buffett, who consistently ranks among the world’s top five richest individuals. The interview was conducted by Dan Gilbert, himself one of Detroit’s wealthiest men, who has been buying up property and

large sections of downtown.

The interview, which was characterized by a tone of light-heartedness and joviality throughout, spoke volumes about the state of class relations in the US.

Asked by Gilbert whether he favored a government bailout for General Motors during the company’s 2009 bankruptcy, Buffett, whose investment firm holds stock in GM, responded that the company was “so important for America” that failure by the government to intervene would have been catastrophic.

Buffett expressed implicit support for the slashing of pensions and health benefits carried out by the auto companies, with the collaboration of the Obama administration and the United Auto Workers, as part of their bankruptcy and “restructuring.”

“They [General Motors] got rid of some things that shouldn’t have been done in the past and made themselves competitive for the future,” Buffett said.

Buffett then praised the open-ended bailout of the financial houses implemented by the Bush and Obama administrations. Comparing the 2008 meltdown to the Japanese attack on Pearl Harbor, Buffett said, “Once September 2008 hit, I was not a Bush supporter, but Bush did the right thing.”

“He issued the ten most important words in the history of economics when he said, on the White House lawn, that if money doesn’t loosen up, this sucker is going to go down. That was a great academic statement,” Buffett said.

Having affirmed his support for the bailout of the big banks, Buffett was then asked by Gilbert whether Detroit should have received a bailout. Buffett replied that he did not think a bailout was necessary, and he affirmed his strong support for the bankruptcy process, which he repeatedly characterized as “wiping the slate clean.”

“As long as the bankruptcy is handled fairly quickly, bankruptcy is fine. That is how you clean the slate.”

Asked by Gilbert whether the current generation faces

“unprecedented challenges” in light of the economic crisis, Buffett brushed aside the suggestion that the US is facing a serious social crisis.

“Since I was born, the real GDP per capita has increased six times. That is what this system produces. Our system unleashes human potential like nothing ever has. It’s going to blossom,” Buffet said. “There’s no surer bet than that America’s economic progress will continue at a good clip. It may not include everybody... But the overall pie will continue to grow,” Buffett said.

“Life is a lot of fun,” Buffett said, adding, “though I went through a period in my early teens where I was maladjusted.”

Buffett’s interview starkly illustrates the chasm separating the outlook of the capitalist elite from the social wreckage produced by their predatory financial activities. Buffett, Gilbert and their fellow billionaires live in what amounts to an alternate universe, where they are completely insulated from the mass suffering and economic deprivation that their system is inflicting on billions of people around the world.

The Detroit Homecoming event also highlighted the influence wielded by private foundations over the future development of Detroit and other major US cities. In an address to the Detroit Homecoming event, Kresge Foundation President Rip Rapson told attendees that the city’s main priorities should be promoting the “entrepreneurial economy,” land use, and the promotion of new types of public transportation financed with private money.

“There’s probably no place in America more hostile to public transportation than Detroit. Philanthropy and the private sector have changed that,” Rapson said.

“We’ve accomplished what no other city in America has ... an alternate rail planned and primarily financed by the private and philanthropic sectors,” Rapson told attendees.

Rapson lauded the supposed achievements of the New Economy Initiative, which has mobilized funds from private foundations (the Kresge Foundation has supplied \$100 million) to foster the city’s “entrepreneurial ecosystem.”

A recent article published in *Bloomberg*, “Detroit Brings Bankruptcy Plan to Court With Billionaires,” pointed to the role of these organizations, which increasingly function as a private government, shaping urban development in Detroit and nationwide without even a pretense of democratic process or public accountability.

“There is a growing concern about who is controlling the decision-making here,” Dale Thomson of the University of Michigan’s Institute for Local Government told *Bloomberg*, referring to the direct role of private foundations in determining the allocation of city resources.

“Governments used to lead and now they can’t. They are bogged down, in large part, by the pensions and debt they can’t handle.” said Joel Kotkin, director of Chapman University’s Center for Demographics and Policy.

“We’re in a very dangerous situation, where you have very small groups of people not arguing about policy, but implementing policy,” Kotkin told *Bloomberg*.

Emergency Manager Kevyn Orr’s spokesman, Bill Nowling, echoed these comments, saying, “You are seeing this across the country. There is much greater cooperation between the public and private sectors when it comes to planning.”

Statistics from the Foundation Center show that private “philanthropic” foundations invested large amounts in US cities through “community development” projects from 2003-2012, including \$1.57 billion in New York City, \$582 million in San Francisco, \$430 million in Chicago, \$286 million for Philadelphia, \$262 million for Los Angeles and \$173 million for Indianapolis.

Foundation funds for Detroit, largely drawn from the Kresge Foundation, the Ford Foundation and the John S. & James L. Knight Foundation totaled \$422 million, a sum that excludes the hundreds of millions pledged by the foundations for the grand bargain.

The main blueprint for economic development in post-bankruptcy Detroit is the private foundation-funded Detroit Future City project, according to *Bloomberg*.



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