

# Ford's shakedown of Detroit over new tech campus

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Sitting on a cash hoard of some \$17 billion, Ford Motor Company is asking the city of Detroit for more than \$100 million in tax abatements as part of a \$250 million aid package it is seeking for the redevelopment of the long-abandoned Michigan Central Station and related projects.

Ford says it wants to use the old abandoned train station, a symbol of Detroit's social distress, as the centerpiece for a "tech campus" to support the development of self-driving and electric vehicles. The company plans to spend nearly \$740 million on the project and it is asking the public to fund fully one-third of the cost. Ford claims the investment will eventually bring 5,000 jobs to the city.

Ford's demand for massive public subsidies takes place under conditions in which Detroit remains the poorest big city in the United States, with 35 percent of all residents and 48 percent of children living in poverty. The Motor City, which once boasted the highest living standards in the US, has been ravaged by de-industrialization, with Ford and other automakers abandoning the city and its environs, eliminating hundreds of thousands of jobs and leaving a trail of social devastation.

Although Ford was not part of the 2009 restructuring of the auto industry under President Barack Obama, it benefited from the massive concessions imposed with the help of the United Auto Workers (UAW) that slashed the pay for new hires by 50 percent, further contributing to the impoverishment of workers in the area.

In a further display of arrogance Ford officials have told the city of Detroit that it has until October 16 to approve the deal. Work at the train station won't begin until the tax breaks are approved.

In the midst of Ford's shakedown of Detroit, it came

to light that 16 of 24 Detroit public schools tested had elevated levels of lead and copper in their drinking water, leading to the shutoff of water in all 106 school buildings.

Cuts to public education in Detroit have left the school system in shambles. Hundreds of schools have been closed and stand vacant. Many of the remaining buildings are hardly fit for occupancy. A large portion of the district has been turned over to for profit charter schools.

The conditions of the school system mirror those of vast sections of the city. Whole neighborhoods have been abandoned, littered with vacant houses with sidewalks and streets unrepaired. Tens of thousands of households lack access to running water due to the city's relentless campaign of water shutoffs to enforce payments of exorbitant water rates.

Despite this, the media and the city's Democratic Party establishment have been churning out endless promotions of Detroit's "comeback." This is entirely based on limited upscale development in downtown areas, funded with huge tax breaks to wealthy investors and developers.

Recent handouts of corporate welfare include \$618 million in tax breaks to billionaire Quicken Loans founder and CEO Dan Gilbert for a new skyscraper in downtown Detroit. The payout from public funds will cover fully one-third the cost of the \$2.1 billion project.

Much of the money for Gilbert was part of a \$1 billion package of tax breaks dubbed the "Gilbert Bills" passed by the Michigan legislature last year. The bills contain the unique provision that taxpayers will essentially pay their money directly to Gilbert and other wealthy developers instead of the state treasury. The passage of the bills was preceded by lavish campaign contributions from Quicken Loans to Michigan

legislators.

In an earlier corporate handout, the family of late billionaire Mike Ilitch got \$325 million from the state of Michigan for the construction of a new hockey stadium in Detroit, Little Caesars Arena. The subsidy to the Ilitches came in the midst of the Detroit bankruptcy at a time when state officials were insisting on drastic cuts to pensions and city services claiming there was “no money.”

These figures are dwarfed by the \$4 billion promised by the state of Michigan to Amazon in a failed attempt to lure the company to build its second headquarters in Detroit. The deal would have essentially excused Amazon from paying corporate income taxes and local property and utility taxes for up to 30 years.

The handout to Ford has the backing of Detroit’s Democratic Mayor Mike Duggan and Michigan’s Republican Governor Rick Snyder and appears to be a done deal. Detroit officials plan to submit the incentives plan to the City Clerk by September 19 and on September 25 the City Council will refer it to the Planning and Economic Development Committee. On October 11 there will be a public hearing and the Council will vote on October 16.

These tax breaks take place under conditions in which social services in Detroit and the state of Michigan as a whole have been starved for public funds. A recent report from the Michigan League for Public Policy revealed that \$900 million was taken from Michigan’s School Aid Fund and used instead for tax cuts for business and wealthy individuals.

The Flint water crisis and the lead poisoning of 100,000 residents of the city revealed the horrific decay of infrastructure, which has been starved for funds. While enacting tax cuts for business, Michigan officials choked at the idea of using public money to repair Flint’s water system.

The Michigan Central Station opened in 1913 and was the tallest train station in the world. It closed in 1988 when Amtrak, the federal passenger railroad service, ended operations at the location. Over the years it deteriorated into an eyesore. For the past 20 years it had been owned by billionaire Marty Moroun, who left the historic property vacant and prey to vandalism.

Ford unveiled its plan for the research campus in Detroit with much fanfare, including a public event at the Michigan Central Station featuring remarks by Ford

Chairman Bill Ford. In self-congratulatory remarks Ford claimed the project would serve as an “anchor” for Detroit’s “comeback.”

The plan for an autonomous vehicle center in Detroit comes as Ford has announced an \$11 billion restructuring plan aimed at slashing costs and increasing profitability in line with demands by Wall Street. Ford has been perceived as lagging behind General Motors in the development of self-driving and electric vehicles.

Despite the massive tax handouts there is no guarantee that the jobs promised by Ford will ever materialize as pressure mounts for drastic cost cutting. The genuine revitalization of Detroit can only emerge as part of a socialist reorganization of society, including placing the auto companies under the democratic ownership and control of the working class based on production for human need, not profit.



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