

Schools, Jails and Sports Stadiums: The Bankruptcy of Detroit's "Development" Model

By [Abayomi Azikiwe](#)

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While concentrations of poverty persists and teachers stage wildcat strikes, billionaires continue the theft of public resources

Billionaire Dan Gilbert announced on April 27 that he and other capitalist investors have created a plan to construct a soccer stadium in downtown Detroit.

Gilbert, the owner of Rock Ventures LLC, the Cleveland Cavaliers and other enterprises, who is a major player in the bank-led re-structuring of Detroit, along with Pistons executive Arn Tellem, held a press conference to declare their plans for a \$1-billion project at Wayne County's failed jail site. News reports from 2014 when the construction was stalled said that \$150 million were lost on the proposed new jail due to cost overruns and corruption.

Several people were indicted in the fiasco although former Wayne



County Executive Robert Ficano has not so far faced any charges. The site of the skeletal jail remains a reminder of the resources needed to warehouse thousands of mainly young African Americans who have been racially-profiled into the criminal justice system.

During 2015 Gilbert made his opposition to constructing the jail in the downtown area well known through statements to the media. Instead the banker and venture capitalist envisions a 25,000-seat Major League Soccer stadium and other businesses, including restaurants, hotel rooms, and a commercial office tower.

In a April 27 article published by the Detroit Free Press, it says “The soccer stadium plan calls for relocating the current Wayne County Jail, Frank Murphy Hall of Justice and the Wayne County Juvenile Detention Facility to Mound Road (far away from downtown). Gilbert has been trying to buy the unfinished jail site from the county, recently offering \$50 million. The county, which has already sunk \$150 million into the snake-bitten and stalled project, did not accept the bid.”

Gilbert and other capitalists do not want the jail to be in the downtown area because it interferes with their “utopian” vision of the city which is being designed as a playground for suburbanites and tourists.

Education Crisis Escalates Amid “Development” Plans

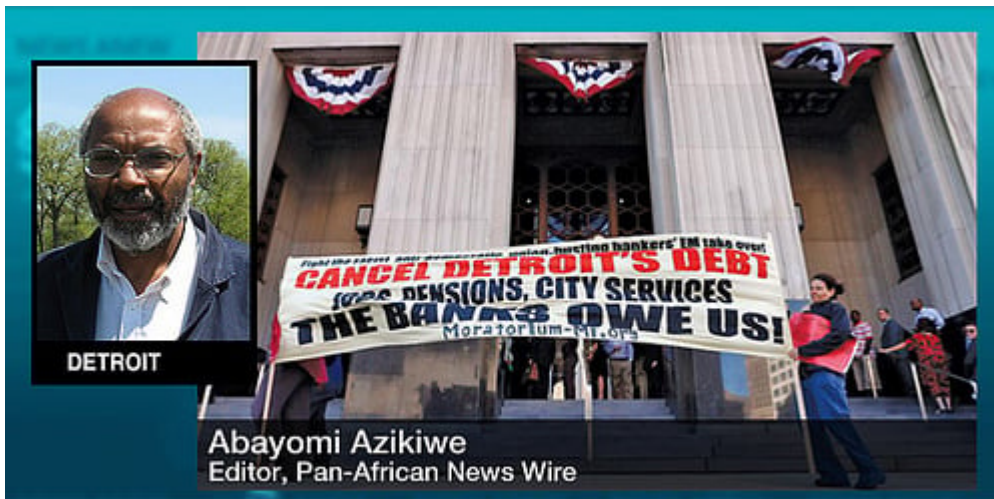
On Monday May 2, thousands of Detroit Federation of Teachers (DFT) members called in sick closing down the school system citywide. These actions represent a continuation of previous “sick outs” where teachers have sought to attract attention to the deplorable conditions existing within the school district which has been under some form of direct and indirect state-control since 1999.



When the State of Michigan seized control of the Detroit Public Schools (DPS) in 1999, the district had a \$93 million surplus with at least another \$1.5 billion in bond funding approved by voters to improve school buildings and other infrastructure. At present reports indicate that the DPS is \$3.5 billion in debt with substantial portions owed to the banks and bondholders while the district has lost 150,000 students since 1999.

The corporate-imposed education crisis is reflected in the lack of school supplies, deteriorating buildings with leaking roofs, mold and mushrooms, etc. Many schools lack proper ventilation where buildings are either too hot or too cold.

Moreover, the decline in DPS enrollment, in part a by-product of the foreclosure and eviction epidemic over the last decade which has driven over 200,000 people out of the city, has resulted in the closure of over 200 school buildings. Many of these abandoned schools have been vandalized and stripped for copper, iron, brick, electrical equipment and other materials becoming stains on neighborhoods and facilitating further underdevelopment and blight within communities across Detroit.



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Highlighting the ongoing catastrophe, thousands of teachers and other education workers surrounded the DPS headquarters in the New Center area beginning at 10:00am on May 2. They chanted slogans of “No pay, No Work!”, “What happened to the money?”, and “No Pay, Shut it down!”

Amid the current crisis within the DPS the state legislature dominated by right-wing Republicans during April passed an emergency funding bill that ostensibly would provide over \$40 million to keep schools open for the remainder of the fiscal year.

Nonetheless, tenured teachers receive pay during the summer months after the regular school year has ended. The announcement of the effective lay-offs of most employees after June 30 has prompted uncertainty and outrage.



Since 2009, teachers have been subjected to lay-offs, pay and benefit cuts. At the same time, millions are paid to contractors and vendors for school curriculums, modules and consultants whose materials have been either unusable or non-deliverable.

Priorities in Detroit are not set by the people who live and work there. With thousands of education workers facing eminent lay-offs and students receiving a sub-standard education, what real “revitalization” is taking place in the city?

Federal housing funds purportedly aimed at maintaining stability in the neighborhoods by assisting residents with paying off mortgages, over-assessed property taxes and inflated water bills, are being utilized to tear down homes and vacant businesses. Even the federal government is investigating the irregularities in the expenditures for demolitions coordinated by the Detroit Land Bank Authority (DLBA).

A Detroit Blight Removal Task Force which identifies homes and other structures for seizure and demolition is chaired by Dan Gilbert, representing a clear conflict of interests. Gilbert is currently being sued by the Department of Justice for the misuse of hundreds of millions of dollars in Federal Housing Administration (FHA) funds through his real estate financing operations.

Will These “Development” Plans Really Work?

It is important to recognize that previous schemes such as the building of baseball and football stadiums in downtown and three casino hotels in the late 1990s did not save the Detroit from decline, emergency management and bankruptcy. Sports venues do not foster long term growth particularly for the workers and impoverished.

Although people in the city were lead to believe that these previous “prestige projects” would provide the necessary tax revenue and job opportunities to foster economic growth, what has actually transpired is quite to the contrary.

In order to rapidly exit the forced bankruptcy of 2013-2014 retired federal Judge Steven Rhodes, now the so-called “transition manager” for DPS, awarded real estate and taxpayer money to various corporate interests. One of these firms, Syncora, which captured millions in tax revenue from the casino hotels, could benefit even more through the Gilbert soccer stadium project.

According to Crain’s Detroit Business, “It may have lost millions in its bankruptcy settlement with Detroit, but Syncora Guarantee Inc.’s bet on greater downtown real estate appears to be paying off. At least one of the properties the bond insurer now has development rights to on the east riverfront and near Greektown would play a key role in Dan Gilbert’s and Tom Gores’ ambitious \$1 billion plan announced last week to bring a Major League Soccer team and a new stadium and mixed-use development downtown.” (May 2)

However, it was the City of Detroit retirees who took the largest hit in the bankruptcy process where \$6.5 billion in pension and healthcare obligations were written off by the federal court.

Members of the newly-formed Detroit Active and Retired Employees Association (DAREA) is continuing to fight through the courts appealing Rhodes decisions to cut state-constitutionally guaranteed pensions along with healthcare benefits agreed upon through contract negotiations over decades.

Concentrations of poverty in Detroit continue to grow and jails are designed as warehouses for the oppressed further reinforcing their dis-empowerment. A study published in April by the Brookings Institution says that metro Detroit has the highest rate of concentrated poverty among the top 25 municipalities in the U.S. by population.

Building jails or stadiums and eviscerating public education is no solution to the crisis. The school-to-prison pipeline remains a reality for millions of African Americans across the United States.

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