

# Detroit's 'planned shrinkage' keeps replacing capitalism

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By [Randy W. Bright](#)

Detroit is a city that has been crumbling and has been deep in financial trouble for many years. According to one author who wrote, "Over the years, hundreds of companies - of all kinds, not just manufacturers - fled to outlying suburbs (where employees had long since moved) or worse, overseas (where employees could not compete)."

In 2010, according to the same author, "the estimated functional illiteracy rate in the city limits hovers near 50 percent. The unsolved-murder rate is about 70 percent, and unemployment is around an astonishing 29 percent."

Detroit tried to build its way out by constructing a number of projects that included stadiums, theaters, and parks, all to no avail. People are still leaving Detroit. As of 2010, 140 square miles composed the city limits of Detroit, with approximately 50 square miles filled with dilapidated and abandoned properties.

Four years ago, the city hired an urban planner with a grant from the Kresge Foundation, began demolishing abandoned properties (with \$233 million from the federal government), and began "encouraging" residents to leave their homes for other areas of the city, all in an effort to shrink the area for which it had to provide vital services.

But Detroit couldn't stop spending. At a time when over 90,000 homes stood vacant or abandoned, in 2011 they authorized \$125 million in bonds for a light-rail project that was also backed with an \$100 million from private and non-profit sources.

Four years later, Detroit filed bankruptcy to deal with its \$18 billion debt, but at least one professor is still singing the praises of "planned shrinkage."

There is no doubt that Detroit is in serious trouble and decline, and there may no longer be any strategy that can save it, even bankruptcy.

Even so, several weeks ago, an opinion article on the Planetizen website caught my attention, written by Edward Poteat, an adjunct professor at Columbia University.

He wrote, (referring to Detroit and a number of other American cities facing financial crises) "These cities are simply unable to sustain their current expense structures. All residents expect their cities to pay for public safety in the form of a robust police force, public health in the form of professional hospitals and clinics, a supply of clean water for all residents, and healthy pensions for former municipal workers."

His article began by describing the fact that Detroit was attempting to shut off water to about ten percent of its residents. If you were curious enough, he did provide a link to another article that

gave the real reason that the city was turning off the spigots, but did not mention the fact that the real reason was because residents had not paid their bills. He also mentioned that the United Nations had condemned the city for being inhumane as he wrote, "Is shutting off water to 46,000 households and arguably some of the poorest residents in Detroit humane?"

His answer to Detroit's problem - "planned shrinkage." He wrote, "Planned shrinkage is a policy that involves lessening the municipal footprint of a city by relocating tenants away from more blighted neighborhoods and concentrating municipal services into more dense yet fewer neighborhoods. The implementation of planned shrinkage can and should be used for any city that faces lower tax revenue due to diminishing population. In essence, residents are encouraged to leave certain blighted communities to live in other, more thriving communities."

He concluded his article, "American capitalism is failing Detroit. Capitalism works well to promote growth but is unable to humanely address cities in decline."

It would seem to me that Detroit is not failing because of capitalism, but that the lack of capitalism has led, in part, to its failure. Yes, Detroit lost a lot of its car industry to other countries, but other cities have lost major industries and survived. Tulsa used to be the "Oil Capitol of the World" as recently as twenty years ago. Nearly every major oil company had headquarters here, yet virtually all of them have moved to Houston. In spite of that, Tulsa not only survived, but has thrived because of capitalism, or should we say, freedom.

The expectation that city governments should provide for the overall health and welfare of its residents is one that will never work. Detroit's failed plans to revitalize its city four years ago with planned shrinkage followed by bankruptcy demonstrates the folly of liberal thinking, and to continue to embrace the same failed plans demonstrates why liberalism never works.



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