

*Among the many papers and speeches I delivered about Detroit's economy, this one was presented at the annual conference of the Organization of American Historians in April, 1981.*



## Crisis in History—Motor City: The Future of Detroit

The present crisis for the City of Detroit is part and parcel of the crisis in the automobile industry and in the whole Great Lakes industrial region. These are not your ordinary everyday crises. They are symptoms of major change. The context of that change is national and global.

The automobile industry has reached a point of maturity where experts predict that the 30 or so companies now in the world will soon become only 12 or 8 or even 5. It is safe to assume that General Motors will be one of the 5, and Detroit is GM's headquarters, but it means that the City will be more reliant on one automobile company whereas before it has had many.

Because of rising fuel costs and increased reliance on imported oil, U.S. auto companies have had to spend about \$80 billion in the past five years retooling to make smaller and lighter cars. This has meant major changes in the materials used: less heavy steel and more steel alloys, plastics, aluminum, fiberglass, and possibly magnesium. Since Detroit is the third largest producing area in the U.S. and has not been a center for the production of these other materials, the change is another blow to the city's economy.

Smaller lighter cars require fewer workers. Automation and other production changes will entail even more drastic reductions of the unskilled labor force. In the U.S. as a whole in 1980, the auto industry laid off 300,000 workers, 32 per cent of its work force. With attrition among car dealers, gas stations, and auto repair shops, up to 650,000 additional people lost their jobs.<sup>1</sup> "During the summer of 1980, over 40,000 workers were on indefinite layoff in the steel industry" because of declines in auto production. The tire industry has laid off 20,000 to 30,000 workers.<sup>2</sup> When automation is fully installed in American industry, much sharper declines in blue-collar employment will occur. In three or four years when the present surge of auto retooling reaches conclusion, there will be another crisis—this time in the machine tool industry. Needless to say, the City of Detroit and the state of Michigan have borne much of the brunt of these changes. We are one of the blue-collar capitals of the world at a time when the days of the blue-collar worker are nearly over. Workers of the future will have to be skilled technicians or else work at lower-paid service jobs. Not only

do our workers need massive retraining programs, but the whole city must reorient to the changed demands of the new age.

Our misfortune can also be our salvation, since we are in the heart of the industrial belt sorely in need of a great creative surge in the development of new manufacturing technology and processes. The U.S., as a whole, has great stake in reindustrialization of the Great Lakes region. National employment levels, gross national product, and American ability to compete effectively with foreign industries depend on modernization of plants, equipment, and production methods in this region. Throw-away culture that has devastated older industrial cities cannot be sustained when it is applied to a region as populous as this one, where so much capital and infrastructure are already invested. In an age of scarce and expensive capital, we cannot afford the luxury of abandonment. We must conserve and rehabilitate. Detroit is the logical center from which that retooling effort can come.

As we all know, there was a stage in the industrial revolution when the primary emphasis was on iron and steel. Detroit has been the star of a second stage in which the primary emphasis has been on consumer durables. In the emergent stage of the electronics/communications revolution, it is clear that Detroit is not Boston's Route 128 or California's Silicon Valley. Nor is it Houston or Cape Canaveral or the high-tech research centers blossoming near Washington, D.C. However, the manufacturing of the new era will be run by computers, and Detroit has the skills and industrial centrality to become a place where the technology is developed better to interface computers with manufacturing processes. We are the natural locale for the robotics industry if we can move swiftly enough to capitalize on our advantages.

We have heard a great deal lately about the threat of Japanese auto imports. Perhaps more fundamental are the changes that have taken place in the last few decades in the trade relationships between advanced industrial countries and the developing world. These relationships are more competitive and less complementary than they once were. When India makes textiles, Korea makes steel, Mexico and Brazil make automobiles, and Taiwan makes electronics, our balance of trade depends on our staying ahead in the technology race. New technology quickly becomes old technology. Aside from our grain and coal and other raw materials, what other countries want to buy are new products with innovative content. For Detroit, this means that we must develop a greater capacity for research and development or we will fall behind.

Even so, we will have to contend with major changes in the pathways and economics of world freight transportation. For example, every day higher percentages of the steel we use are imported. But the cost of ocean shipping to the Great Lakes ports is higher than to warm-water ports because winter ice prevents a year-round shipping season. Super-sized ships cannot go through the

locks of the St. Lawrence Seaway, and prefer anyway to go to ports where the turn-around time is faster. The trigger price mechanism on steel was a further discouragement because it triggered sooner on steel bound for Great Lakes ports because of the higher shipping costs. In recent years ocean shippers have worked out package deals with railroads and trucks serving year-round ports to give shippers one-price portal-to-portal service. Inland free trade zones in such places as Kansas City and McAllen, Texas have augmented the economies and efficiencies of service through a few ocean-side ports. There is, therefore, less reason for new heavy industry to locate in the Great Lakes region.

Recent shifts from oil back to coal have not changed this picture, because of the increased importance of Western coal and because Appalachian coal can be shipped so cheaply by barge down the Ohio/Mississippi, or can go out of Virginia ports to new Atlantic and Gulf coal ports. Iron ore in the future will come less from Lake Superior and Labrador and more from overseas sources. Western European steel production has moved away from inland locations near domestic coal pits to seaport sites where imported ores and coal can converge. We are moving in that same direction. But, I repeat again, the Great Lakes region has so much vested infrastructure, and abundant water, and reasonable proximity to primary energy sources that the changed transport situation does not suggest abandonment as the wisest measure, but rather simply underscores the need for modernization.

One of our greatest assets here is our proximity to Canada. The auto and steel industries intertwine across the international border. The Canadian rail system provides an excellent and relatively inexpensive land-bridge from here to either ocean. There is an oil pipeline from Canada to Michigan that could be reactivated. Detroit is a prime target for Canadian investors, and their investments in this city have increased in recent years.

We have heard much of late about the rise of the sunbelt at the expense of the frostbelt. The rumors are true. The population center of the U.S. has moved in the past decade from Illinois to somewhere near St. Louis. The regions of the United States are moving toward convergence in population, education, and income. I take this as a sign of national economic/political maturity. As long as New York City acted as an *entrepôt* for the whole country vis-à-vis Europe and especially England, with men like J. P. Morgan brokering the connections because of their links to British capital, we were in a condition that is best described as neo-colonial. The shift of emphasis from Southern cotton to Western grain did not change that fundamental fact; nor did the prominence of the Chicago-New York transport/finance axis. Detroit benefited because it lay on the path of that axis. When the St. Lawrence Seaway was opened, we benefited because we are so close to Europe.

At present, U.S. foreign trade is growing fastest between this country and parts of the world other than Europe. Pacific Ocean and Gulf Coast U.S. ports are thriving. Trade with Mexico is more important. At the same time, decades of U.S. military and other federal spending in the South and West have spun off new high-growth industry there. People flock to new southern and western meccas. Miami is a capital, in some senses, for all of Latin America. Dallas-Fort Worth is a major international airport. Count all the international banking now done in Atlanta. The old Chicago-New York axis is being challenged by a new Dallas/Houston-Atlanta-Washington, D.C. axis.

These geographic shifts, paralleled by similar changes in political strength, do affect cities like Detroit, but the situation is more complicated than you might think.

Detroit is still part of the Chicago-New York financial axis, but in many ways we are an international headquarters city whose multinational companies look out from Detroit directly to all parts of the globe. We do not use New York City as an intermediary. Both Ford and General Motors have pulled back their international division workers from New York into Detroit. Chrysler's ties with Mitsubishi, American Motors' ties with Peugeot, the presence of a VW plant here, the direct investment of German companies in a leading auto supplier and in a chemical company here, Arab investment interest, and so forth, all make Detroit (or at least the Detroit region) an international city doing business in a multinational manner.

This is one reason why we are not in a clearcut conflict relationship vis-à-vis the South and West. Companies headquartered here have branches all over the United States. We are now really a headquarters city more than a manufacturing city. Capital exported from Detroit area companies either in the form of taxes or investments has underwritten much of the boom in other parts of the country.

Also, in some senses, Detroit proper is a southern city. Our population is 63 percent black, and many of our black leaders have close ties with Southern cities. Until recently, we had a very large Appalachian white population. The editors of the *Free Press* are from the South. Many Detroiters vacation in Florida or California. Many—myself included—travel regularly to sunbelt areas. We even have a fairly vocal Hispanic population, as well as a very large Arab population. It was not accidental that our mayor campaigned so hard for Jimmy Carter. Nor was it accidental that the Republican Party, whose candidates were from California and Texas, chose to have its 1980 convention here.

I think a few more words should be added about Detroit's present situation as a distressed city. We are in a fiscal crisis because of the tax impacts of the auto industry's situation, but it is a manageable fiscal crisis. Moreover, an urban fiscal crisis is occurring in many parts of the advanced industrial world

because of major structural changes to which fiscal institutions have not yet adequately adapted.

We are in something of a political crisis as a Democratic city—home of the UAW and of a majority black electorate. The UAW has been hard-hit by recent economic changes, and must rethink its role in the face of a boom in middle-class unionism, the growth of teacher unions and the American Federation of State, County and Municipal Employees. Blacks are re-examining their political position in the U.S. in the face of a seeming national voter repudiation of post-New Deal liberalism [with the election of Ronald Reagan as President]. But do not underestimate the vitality and vigor of this city, nor the flexibility, political skill, and determination of its leaders. We are at a pause in the national dialogue, at a comma, not a period.

We are also in something of a social crisis because our population contains so many poor and dependent people, and because the national mood at the moment is not one of concern for such people. It is a crisis that must be resolved in the name of justice and humanity, and in the name of national strength and pride. We are also in something of a crisis of urban lifestyle and form because the whole modern age shares that crisis, which stems—I believe—from the fact that we have come to the end of a whole historical era and need new values, new institutional forms, new spatial arrangements, and new aesthetic forms to serve new situations. What is the historic era that is ending?

Actually, not one but several, simultaneously. We have ended a stage in the industrial revolution. I would argue that we are also reaching an end to the whole period of humanism based on preoccupation with certain kinds of power that began with the Renaissance. In the electronics age, a new humanism will be necessary, as part of a new cybernetics reflecting new stages of interdependence.

I would like to be even bolder and say that—give or take a century or so more—we are coming to the end of an era that began with the formulation of the great world religions that have spawned Marxism as one of their secular offshoots. (Detroit, as the home of Father Coughlin, Reinhold Niebuhr, and Malcolm X, and as a labor union town, has been the scene of many a debate on the latter-day significance of those great religions.) The advent and spread of those religions came under certain conditions in the world's social, economic and urban development that are in the process of being radically altered.

As long as I am in this deep, I will go even deeper and throw out the hypothesis that the world is coming to the end of an era that began with the development of agriculture and the formation of the world's first urban settlements. I think that the end of that era will result from the rapid spread of urbanization in the world. World population will soon be fifty per cent urban. Cities are no longer islands in a great agricultural sea, as they have been for

millennia. In countries like ours, even though the physical landscape may still seem rural, the reach of urban culture is everywhere. In human and cultural terms, rural areas are islands in a huge urban sea. In such circumstances, Americans cannot afford the luxury of anti-urbanism. The city is everybody. All of us are its citizens, and all of us are responsible for its quality, and for the solution of its difficulties. If there is any enemy, it is ourselves.