

Municipal Distress, Spatial-Structural Racism, & the Failings of Emergency Management

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EM and Spatial-Structural Racism

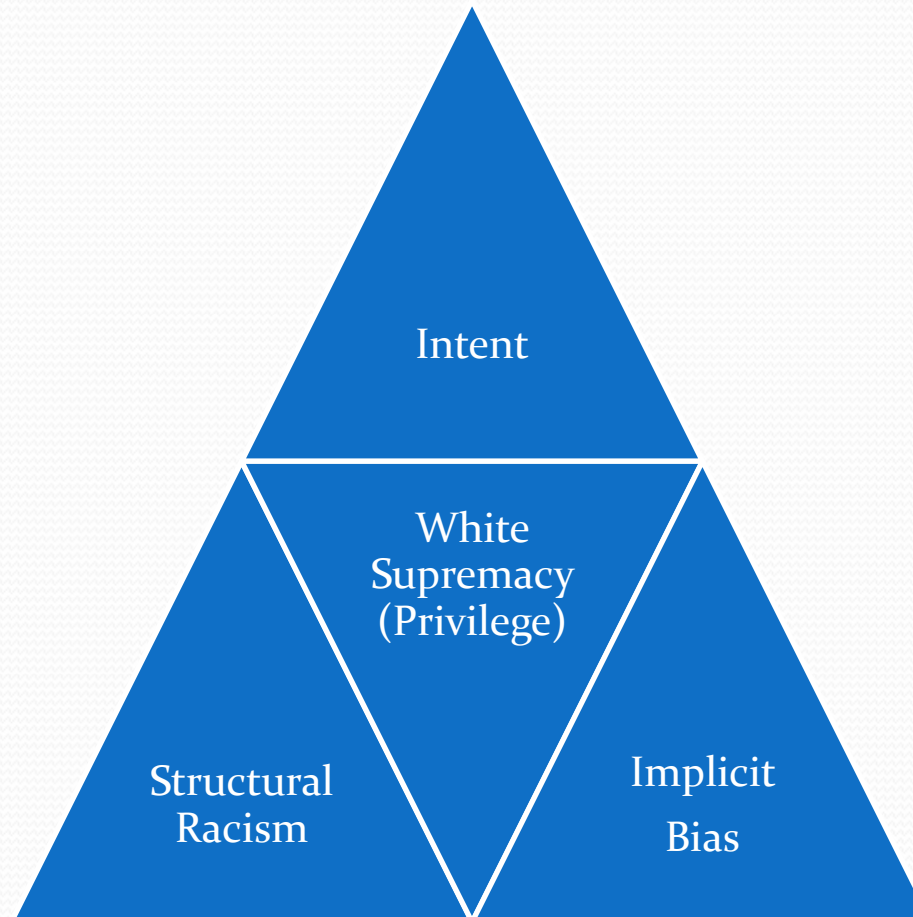
- Spatial-Structural Racism is the root cause of municipal distress in Michigan mediated by
 - Collapse of property markets and property tax revenue
 - Regional division, deindustrialization, the collapse of manufacturing base and income tax revenue
- Emergency Management was a fatally misguided response to spatial-structural racism
- Emergency Management creates economically deprived, second class “minimal cities”



Diagnosing Detroit's Ills

- Largest economic and political market failure in American history (not business as usual)
- Root cause analysis:
 - 100 years structural racism + 40 years of fiscal austerity
- Understanding race, space and place
 - Spacialization of race
 - Racialization of space
- Three R's
 - Race, Regionalism & Reconciliation

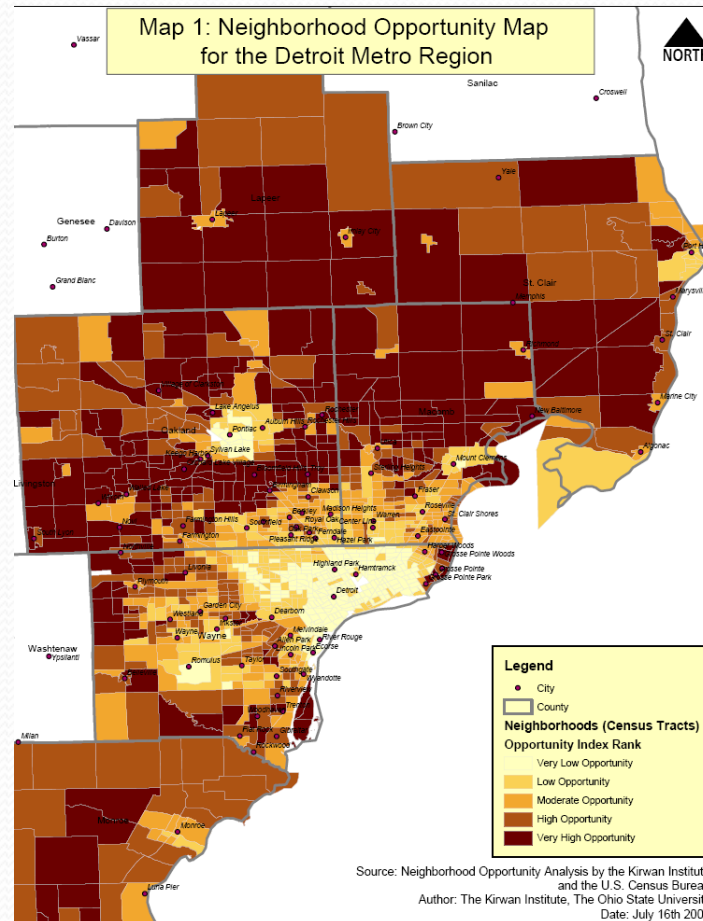
Structuralized Racialization (verb)



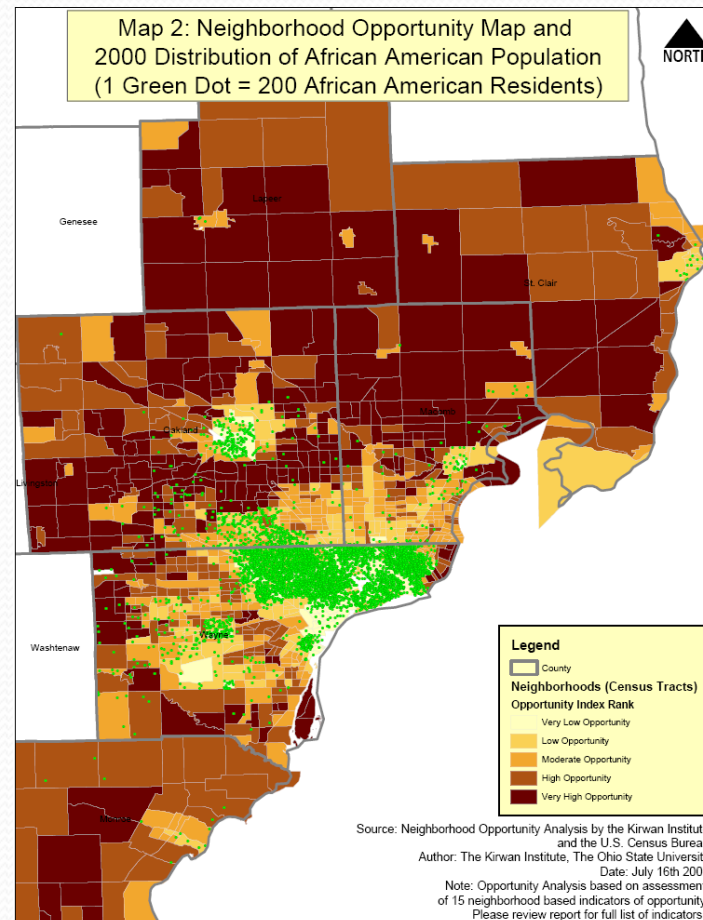
Spatial Racism: Segregation of Race and Wealth in Detroit

- Michigan Roundtable-Kirwan Institute Opportunity Mapping
- Defining Opportunity
 - Housing
 - Employment
 - Schooling
 - Health
 - Transportation
 - Food security
 - Living environment

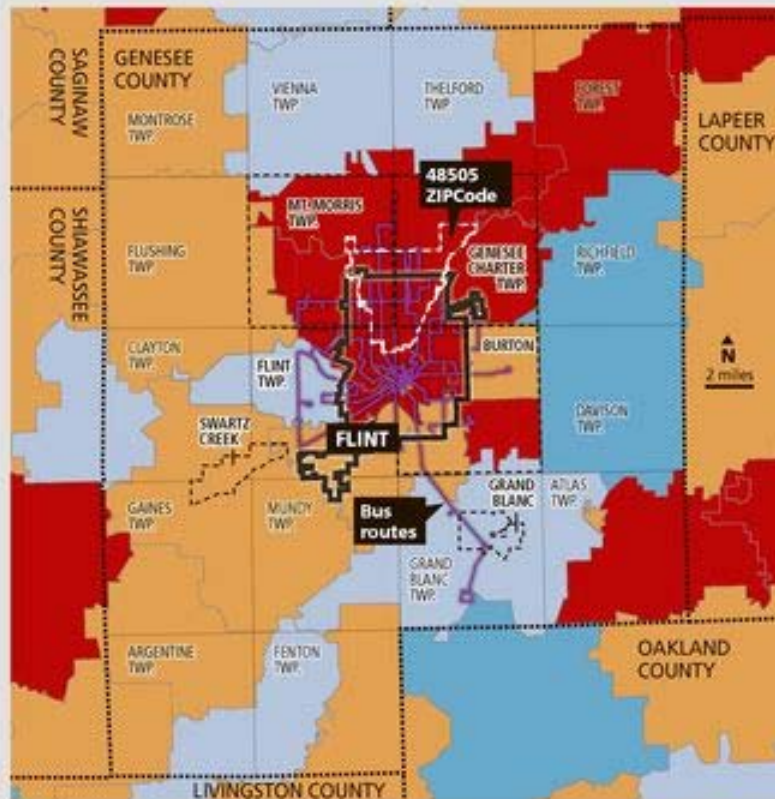
Mapping Opportunity in Detroit



Spatial racism in Southeast Michigan



Flint Job loss 1998-2013 (Henderson and Tanner 2016)



FLINT'S JOB CRISIS

The 48505 ZIP Code, which covers northern Flint as well as parts of Mt. Morris Township and Genesee Township, lost 72% of its employment, or 4,700 jobs, between 1998 and 2013. It experienced the largest drop in jobs of the ZIP Codes that cover Flint.

Percent job change by ZIP Code, 1998-2013

- 90% to -25%
- 24.9% to 0
- +0.1% to 25%
- +25.1% to 106%

NOTE: Detailed job data are not available for two Flint ZIP Codes 48551 and 48553.



SOURCES: U.S. Census Bureau ZIP Code Business Patterns, Google Maps
KRISTI TANNER and
MARTHA THERRY/DETROIT FREE PRESS

What are implications of spatial racism for municipal revenue?

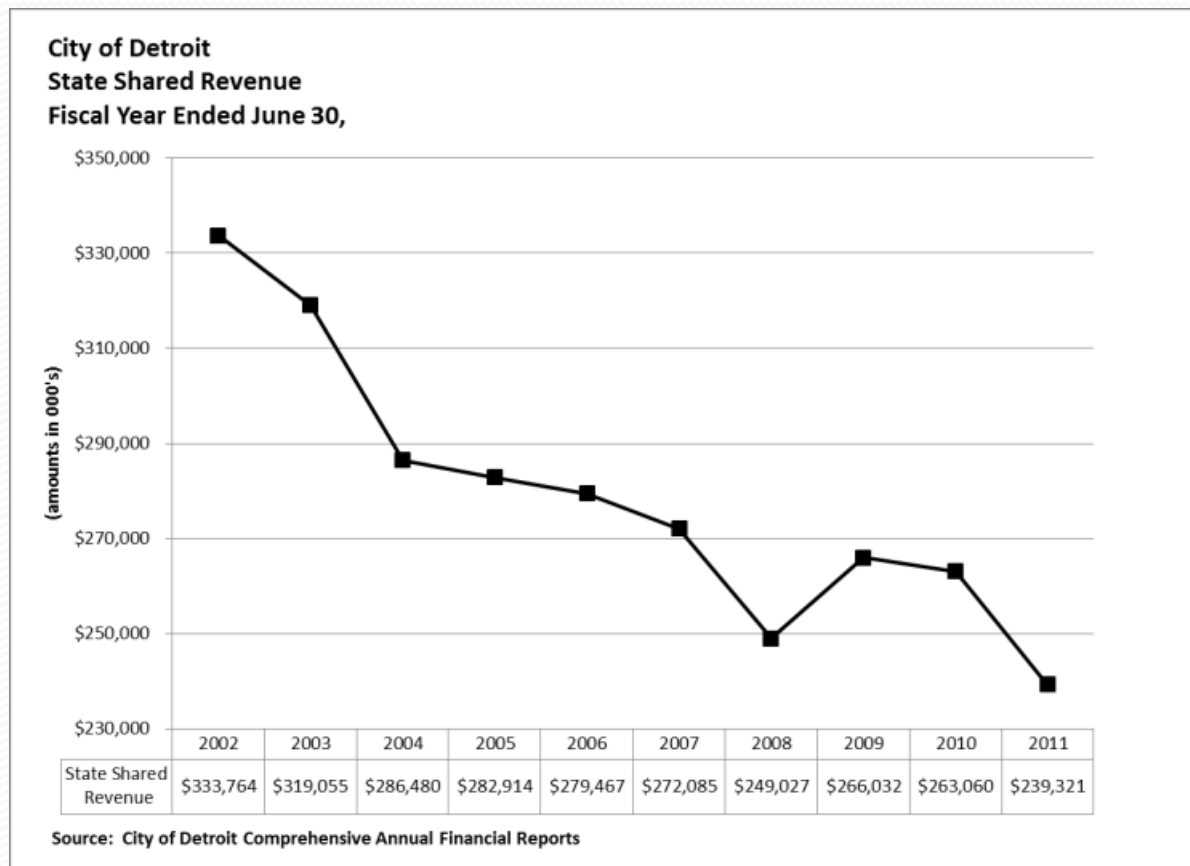
- What are structural effects of spatial racism on . . .
 - Property markets and property tax revenue?
 - Manufacturing tax base?
 - Income tax revenue?
- What are state obligations in terms of state revenue sharing?
- How are budget deficits with rising revenues different from budget deficits with falling revenues?

Falling Detroit income tax revenue

Income tax revenue has declined ~40% since 2000



How does the State respond?



How does emergency management address spatial racism?

- State imposed, anti-democratic regime
- EM Mandate: Fiscal Austerity
 - Shrink size of government
 - Privatize public assets
 - Cancel labor contracts and reduce workforce
 - Take the city into bankruptcy
- Flint Task Force
 - Narrow, balanced budget, accounting frame
 - No social policy expertise
 - Huge social policy risks

Emergency Management is a racially blind and fiscally flawed response

- Rather than addressing root causes of spatial-structural racism and root causes of municipal distress, the State imposed Emergency Management
 - Emergency Management disproportionately targets African American communities
 - Emergency Management imposes strict policies of fiscal austerity
 - Emergency Management established the preconditions of problems like the Flint Water Crisis
- Peter J. Hammer, The Flint Water Crisis, KWA and Strategic-Structural Racism (http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2812171)

THE REAL SOURCES OF DWSD'S STRUCTURAL DEFICIT

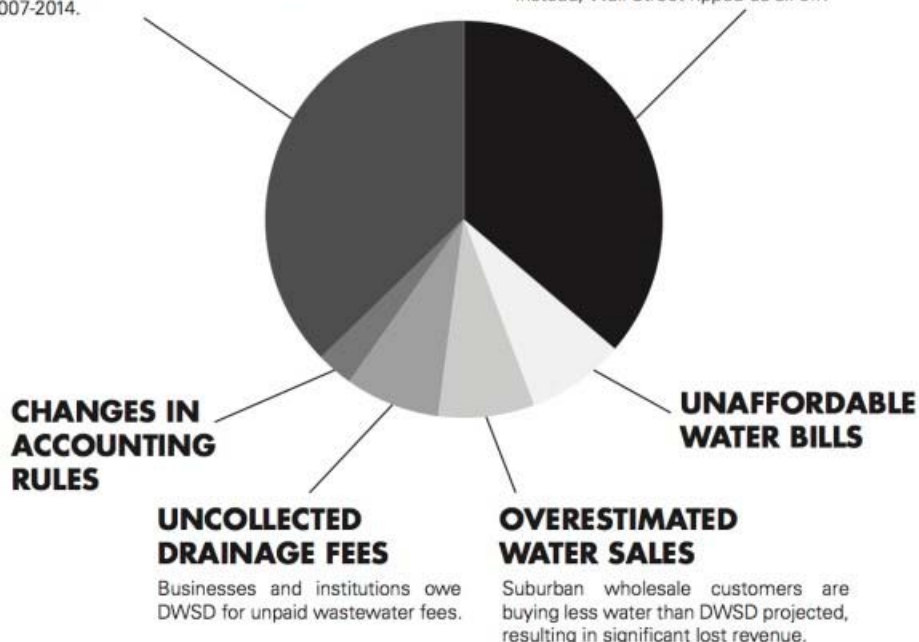
More than \$1.1 billion of their deficit is "swap losses," asset write-offs, and changes in accounting rules. The remaining \$365 million is overestimated water sales revenues, uncollected wastewater fees, and finally, unaffordable water bills for people living in poverty. ("DWSD Equity Analysis" by The Foster Group, LLC dated May 1, 2015) Poor People who can't afford to pay rising costs for water and sewer services are **NOT** the cause of DWSD's problem!

OLD INFRASTRUCTURE AND OLD DEBT

DWSD owes \$576.9 million in debt and losses from infrastructure projects cancelled between 2007-2014.

BAD INTEREST RATE SWAPS

DWSD paid \$561.1 million to get out of interest rate "swaps", or lost bets that interest rates on their debt would rise. When the rates went down instead, Wall Street ripped us all off!



DWSD violates human rights by shutting off water to the most vulnerable people, who can't afford to pay their rising rates.

**And this is really only a small part of the system's overall financial problem!
The Original 2005 Water Affordability Plan would keep water and revenue flowing.**

STOP THE SHUTOFFS! WATER AFFORDABILITY NOW!

Detroiters Resisting Emergency Management www.d-rem.org Water Rights Hotline 844-42WATER (844-429-2837)



Narratives, beliefs & blame

- Narrative and blame on interest rate swaps?
 - 561 million dollars
- Narrative and blame on cancelled infrastructure projects?
 - 577 million dollars
- Narrative and blame on unpaid commercial-industrial accounts?
- Narrative and blame on unpaid residential accounts?
 - “culture of poverty” => blame => punish



Water Shutoff Crisis

- Detroiters pay disproportionately high water and sewer rates
- Detroit has some of the **highest poverty rates** in the country
- Water shutoffs
 - 2014 – 3000/week => 30,000 households
 - 2015 – 800/week => 24,000 households



Focus on Spatial-Structural Racism

- Spatial-Structural Racism is real
- Emergency Management was a fatally misguided response to spatial-structural racism
- We need new values and new policies that get to the root causes of racial inequality
- The time to act is now

Thank you

