DETROIT’S BANKRUPTCY

Wake up, White House, get in the game

The White House's we'll-keep-an-eye-on-that response to the biggest municipal bankruptcy filing in U.S. history is an astounding puzzler and suggests a dangerous lack of urban vision - and no understanding of Detroit's unique issues.

White House spokesperson Amy Brundage said the president was "monitoring" the situation and remained "committed" to a partnership in recovery.

Vice President Joe Biden was even more aloof. "We don't know" how the federal government can help Detroit, he told MSNBC on Friday morning.

Really? No agenda or ideas for helping the nation's auto capital, once its fourth largest city, get back on its feet after a 60-year decline that owes, in large part, to spectacular, federally subsidized abandonment, scattered and inconsistent manufacturing policy and retiree issues that are beginning to sink cities around the country?

Let's provide some much-needed direction for President Barack Obama and Clueless Joe.

Detroit's rebirth is what they ought to be focused on, thinking about how federal dollars can help fuel the city's economic growth, shore up its services and attract the businesses and residents who will ply its future.
Given the other cities struggling with the same problems Detroit has - underfunded pension and other retiree obligations - it would be quixotic to argue for a bailout of any kind.

But Detroit is also different from other cities. Its problems are deeper, born not only of crushing legacy obligations but of staggering population loss (a million people over 60 years), abandonment and tax-base erosion. And the biggest difference would be the city's bankruptcy filing, which is an aggressive measure to restructure its debt burden and set the city up for responsible governance.

Detroit should emerge from Chapter 9 reorganization poised to thrive again, and targeted federal investment - in what will help forge the city's 21st-Century economy - would make sense in a way that bailouts never do.

In the New York Times on Saturday, Steven Rattner, the banker who led the auto turnaround team, argued for federal assistance for Detroit, saying it was a "mistake" that "neither the state nor the federal government has evinced any inclination to provide meaningful financial assistance."

Sources close to emergency manager Kevyn Orr also have told me that he lobbied hard with Obama senior adviser Valerie Jarrett (a longtime friend) for federal help and has been frustrated by the White House's lack of engagement.

In "The Metropolitan Revolution," their book about the importance of innovative economies emerging around the world, the Brookings Institute's Bruce Katz and Jennifer Bradley argue that cities (including Detroit, with its downtown and Midtown revivals) are finding their own way to vitality in the face of a declining role for centralized, federal government.

But why shouldn't Detroit, as classic a case of the horrible consequences of federal and state disinvestment, be the model for a re-examination of what specific federal investment might build?

This city didn't rise along the Detroit River by accident. It sits along a strait that, three centuries ago, was key to the fur trade and is now the most significant international crossing between Chicago and Montreal.

Detroit's 21st-Century wheelhouse will be forged around our unique geographic advantage, plus our tremendous infrastructure for manufacturing and innovation. Think of the possibilities that will open up with a second bridge across the Detroit River, or the continuing development of Metro Airport as a passenger and freight hub.
This is part of the case Orr has been making to the city's creditors: Yes, we're broke and you're going to absorb a big part of our losses. But Detroit is poised to come back strong, and the banks who once lent money against the city's failing assets could be in position to benefit from a much stronger economic investment in Detroit's rebound.

The White House needs to start thinking about what that could mean: If Detroit is now a unique symbol of the greatest fiscal decline of an American city, it's also poised to be unprecedented in its renaissance. And what's done to help Detroit could be unique, too. We don't need a bailout, but an investment in an iconic city with unique problems - and unique promise.

Investment could start at Coleman A. Young Municipal Airport, a potentially key asset as a connector to the world, whose potential has never been realized. It sits essentially fallow, draining millions a year from city coffers.

Why not dedicate federal funds to unlocking its abilities? It's near two key rail lines, but adjacent to the 48205 ZIP code, which in 2011 led the city in shootings and homicides. Building it into an economic driver would lift the entire city and the immediate surroundings.

Education in Detroit could also use a huge boost. If issue No.1 in Detroit's residential exodus is crime, education is close on its heels. What would happen if there were a massive federal investment to help create a system of schools in Detroit that were a magnet for families from all over southeast Michigan?

The public system is crumbling as families flee and state oversight fails to do more than cut budgets to keep up with the decline. Nonprofits like United Way and the Skillman Foundation have begun building increasingly high-quality, highly accountable educational options for city families - but foundations can't do it alone.

Joblessness in Detroit is also a horrible drag. The official unemployment rate is in the 30s, but we all know far more people are actually out of work. Even worse, too many Detroiter won't be qualified to compete for the high-tech and innovative jobs being created in downtown and Midtown.

But there is tons of work to be done around Detroit. About $100 million in federal funds will help with demolition. Could that be augmented to include money to clear and mow vacant lots, or restore some grand housing stock
(sturdy, brick single-family homes) that is beginning to deteriorate even in our best neighborhoods?

If the use for the city's 139 square miles should be rethought and some places might be refashioned to higher or lower density, could federal dollars help pay Detroiter to do the work?

It's not hard to imagine dozens of ways Washington might help fortify a Detroit that emerges from bankruptcy without the financial burdens that crippled it. The state has a role to play, too - not only leveraging its resources but lending its voice to the call for Washington to play a bigger role. Gov. Rick Snyder should be one of the city's biggest advocates inside the Beltway.

But we need the president to get it. We need the White House to get off the sidelines. Detroit is waiting.