

Peter Hammer Transcription

[00:02] *Background voice, video not yet started*

...People to pay for the infrastructure, and then their sales have declined like, geez in the past few years, I think about 25%. But their costs remain. So they sell less, the people who are buying it have to pay more. And then there's the debt, which is, it's a bigger percentage of their budget than operating and maintenance costs. It's like, 47% percent of their budget that goes towards debt, which is 5 billion, 10% of which is to buy their way out of this bad interest rate swap

Hammer: What percentage would you say was that?

Voice: The um, out of 5 billion in debt, they have borrowed 537 million to buy their way out of this bad interest swap deal. And then, just in 2012 they did that so, you know. WOuld've been better if roads were involved... it they would've did the same thing they did with those cobs interest rate swaps and save almost 200 million... *inaudible*... so it's just all of these things that's making it more and more unaffordable for poor people.

Hammer: No, and I admit that its the financing, the refinancing, the cops, the swaps that make my brain hurt, you know. It's not the way economists are trained to think. It's the way that business school people are trained to think and those are two different mentalities.

Voice: Yeah it's the way crooks are trained to think.

Hammer: Haha, like I said, Business School.

Voice: Yes, right. Which, someone just told me today that as part of the stadium deal, they're looking to do an interest rates swaps as part of the bond transaction, so...

Hammer: Gosh, like they didn't learn.

Kate does mic test with Peter.

Yeah, you know its hard, a lot of that stuff is critical... (informal conversation continues with video off)

Video turns on, interview begins

[06:03 Well, it's gonna squeak less, it won't really get picked up on here... to background voice Yeah, I want you to chime in. Um... I juts listened to the conversation that we recorded a few months ago, like, and I kinda got some ideas about what to ask you from that. Um, maybe we could just start... Have you come to recognize specific trends between the water shutoffs, blight removal, blight task force, Detroit Future City, and school closures.]

In some respects, when you're dealing with a complex system, everything starts to become interrelated. And what I normally do with my students and my own thinking is, we try to go through

a new cause analysis. And I've gone through sort of different layers while trying to understand the city. I started, and I think everybody needs to start, from the perspective of structural racism. And that means that almost any problem in Detroit has to be thought through an 80-year history of racial conflict, racial tension. And that tells you why we have one of the most racially and economically segregated regions in the country. And in Michigan, we have what we call very inelastic boundaries, so you can't annex land. So if you strategically move across a boundary you've changed the entire rules of the game. And people always strategically manipulate boundaries. So one quick answer is saying every one of those sets of problems in some way can be traced back to a legacy of structural racism, or at least it needs to be framed in a context of that history.

[08:00] The thing that this connect the dots exercise has forced me to focus on more closely than I had, and other people it's their careers and their whole lives so it's old hat to them but, needing to layer in this notion of fiscal austerity uh, onto the narrative of structural racism. And uh, the narrative of fiscal austerity goes back probably most pronouncedly to the Reagan Years and we have very different changes in policies towards cities. We used to have what we call the urban agenda, which was actually constructive federal policy which was trying to deal with the problems of large inner cities. And then from the Reagan era onward, you have a complete change. You have an abandonment of the Federal Govt. from the state and the cities, which just had cascading sets of consequences for cities. Now I think about cities as organic entities, right, so uh all sorts of stresses exist in an environment and one of the characteristics of a healthy organism is the ability to adapt and change over time to environmental stresses, right. And so every city has been subject to fiscal austerity. Everybody's had the same sets of pressures. Obviously your endowment and your resource base makes it easier to adjust to those things than not, but one way that you link these two sets of causes is the notion of viewing racism as a pathology, right. It is like a cancer, and it affects the entire region of Southeast Michigan. And that cancer has not really permitted the region— it's not a Detroit problem, it's a regional problem— to adapt to these stresses in healthy ways. So what you've had then is this play-out of 80 years of structural racism, 40 years of fiscal austerity, and in Detroit that is mapped out on the ground into city regional conflict and city crises of really post-apocalyptic significance.

[09:56] And from that perspective then, well that's the cause of the quote on quote financial emergency, which is at the heart of the emergency manager program which is the heart of needing to go through bankruptcy, which gives you the sort of failed regionalism, why we don't have public transportation, which gives you the tax base, which leads to the school collapse. Although there's another narrative on the school collapse. You have to layer in in terms of schools of choice and this belief that you have to have competition in order to make things better when the truth is that competition is great for well-structured markets where incentives are aligned and competition produces what you want and competition in a dysfunctional system gives you hyper-dysfunctionality. And so the short answer is everything is interconnected in different ways and that one has to start thinking about how the pieces fit together and how these dots can be connected.

[When we were talking the last time, we were discussing the Blight Taskforce and Detroit Future City and their view of blight as a cancer and not taking, you know the sort of proper nutritional steps for the community when they cut out this blight as though it's a cancer. Um, can we, um look at this blight removal initiative that has come more full-throttle in the past view months as directly aligned with and actually in cahoots with the Detroit water and sewage department's plan under emergency management to shut the water off?]

[11:42] Complicated. I think there are two possible linkages when thinking about Detroit Future City, the blight and the water shutoffs. And there's another way in which they're linked in terms of world views or conceptualization that I think is important that goes back to fiscal austerity. So if I look just directly at it, the Detroit Future City is basically using property markets, right, and failed markets as the template for the 50-year trajectory of where the city is going to go. And the irony, we hear part of this fiscal austerity is associated with a particular often republican ideology, although internationally they'll call it neoliberalism, and you start to see where you get very confused looks on people's faces of trying to think how is a neoliberal policy conservative. But the notion is, at it's core, it's a belief system. And another way I look at problems in Detroit is there's a dynamic interface between belief systems and institutional matrices and institutional structures. So race is a belief system and implicates a belief system. The fiscal austerity and the sort of conservatism or neoliberalism is a belief system, right, and that belief system puts a primacy on markets— the market's work— it's hostile towards government, so we create this tension between market's good, government's bad, and therefore leaves different policy objectives which is shrink the size of government, don't look to the government to provide services, and have this heroic belief in what markets can accomplish. And the irony for anybody sitting in Detroit is we're sitting in the largest set of market failures that have existed in American History. And ironically, the Detroit Future City is pivoting from market failure, the failure of housing markets to define itself without letting that same notion that the markets have failed and are dysfunctional, largely because of this fractured regionalism and racial tension that has divided the region and segregated and prevented markets from working, without ever calling into question the market paradigm.

[13:44] So the policy solution is still let the market solve the problem which is the heart of the Blight Taskforce removal— if I remove blight, markets will take care of the problem. Whereas an economist will tell you well if markets were really working, you wouldn't need blight removal because blight is just a cost and the markets can incorporate the cost and allocate things effectively and indeed blight removal is a government program that disrupts the efficient allocation of the market. So there's again this interesting sort of weird blending between ideology and belief systems and policy. But the ways in which we can draw lines between Detroit Future City and the blight task report is that we've identified a Detroit Future City, entire swaths of the city where we don't envision future residential occupancy. And then one question is well how do you get there? How do you go from a place where you have people living to a place where you don't have people living? One way, and again these are outlined in the report itself, is you have systematic disinvestment in city services in large parts of it which would include water and sewage systems over time, not an immediate time frame.

And so one notion is how do you get people out of places you don't want them to live, and so making life difficult, not having water is one way to make life difficult, is broadly consistent with saying there are parts of the city we don't want people to be living in and we may embrace a whole wide range of policies to further that objective of having people not living in parts of the city that we want.

[So the Detroit Future City's initiative of cutting services, from my understanding, that is only based on services where you're paying taxes. You know, they're cutting services where they have the authority to cut services. Detroit Water and Sewage Department is fully based on rate payers, so their argument is we're just cutting your service if you can't pay your bill. So it seems like it's not explicitly outlined in Detroit Future City, but

there is sort of a way to understand that they're cutting services to the most impoverished areas, thereby allowing the market to sort of take care of that.]

[15:49] You have to stretch out over time, right. Over time there will be substantial changes in the infrastructure of Detroit Water and Sewage, right. So over time the reconfiguration of the underlying infrastructure does map onto a Detroit Future City template. The water shutoffs are happening at a point in time that is largely removed from that. So, just as I want to show interconnectivity, it's very important to also show that there are differences and that there are different logics of controlling different parts of the equation. On the water shutoff itself, which is why I say conceptually it's linked at the story of fiscal austerity, is this very rigid notion of property rights, of entitlements, of what responsibility is, right, of blaming people when they don't do what they're supposed to. And one of the things you're supposed to do is pay your bills and pay your bills on time and if you don't, then there are consequences, and we blame people for that. So what I think is interesting about the water shutoffs and more particularly about the reaction to the water shutoffs and how this has a conceptual relationship at the level of world view to the notion of Detroit Future City and the other things is that it really shows the face of this neoliberal fiscal austerity policy. It makes transparent what is often invisible, which is the set of values and beliefs that are motivating the world view and the set of institutional matrices. And I think that same world view is the same world view discovering those other documents and that linkage and those dots need to be connected in an appropriate way.

[I see what you're saying, so it's a similar world view, a similar world system, that the market will take care of itself and it's not being executed in a holistic way. There are programs in place with the closing of the schools, there are, you know, neighborhood building activities happening in conjunction with the blight and there's not active affordability programs in the water shutoffs and all three of those, the way that they're going about it is linking all of these programs as much as they're all affecting one another.]

[17:54] I think I'd use slightly different language and again I'd say layering over structural racism is necessary. Markets work when people have money to pay. Markets don't work when people don't have the dollar to participate in the process. [video shutoff] So coming back to what's different about Detroit being the epicenter of market failure is also poverty [video back on]. So if you do a poverty mapping of the region, and they've done that— there's wonderful reports put out by the Kerwin Institute and the Michigan Roundtable that does an opportunity mapping, and an opportunity mapping takes a metric of employment and housing and schooling and health-care and the other things that produce a quality of life and you can map that. You put a spatial face on that and you put different colors on high opportunity and low opportunity. If you do that mapping just in terms of opportunity, the boundaries of the city of Detroit and the boundaries of Pontiac become identifiable in a frightening way, almost like you're looking at a map from outer space of the earth when you see those shapes. And then if you do an overlay of race onto of opportunity, you see an almost one-to-one correspondence between where African Americans are living and the absence of opportunity. And so this sort of neoliberal notion of just pull yourself up by your bootstraps, be responsible doesn't work in a setting where there are no bootstraps, where there is no opportunity, where people don't have the resources to pay their water bill and their rent and their child care and their food allowance, in which paying one explicitly means you're not paying another. And so when you're in a city where over 40% of the people are either at or below the poverty line, this whole rhetoric, this whole logic doesn't work, right, is dysfunctional.

[19:41] And to be enforcing that sort of ideological commitment that says if you don't pay your bills, you're not entitled to the service, is really to be guaranteeing that you will be shutting water off to huge swaths of the population because there isn't the safety net, there isn't the set of resources and there haven't been the programs that could arguably be put into place that would supplement that. And so if you're not looking at those dimensions, you don't have a rational, human, defensible, civil rights set of policies.

[background voice: you know, there's a more sinister analysis that some people have which is that it's just not wrong economic philosophy, that the intent is to continue driving people out of the city, driving down the value of the property, whether it's through shutting schools or through shutting off peoples water so that the abandonment continues to make it even less, the cost less, and that the big money is just waiting to come in and scoop it up for almost nothing. Because, the irony is because water is here and water is just becoming more and more valuable that they're setting it up to come and and, for almost nothing, get control of something that's valuable already and in the future is going to become incredibly valuable.]

Yeah, I'm sympathetic to those critiques, but I have a slightly different set of views. I start with, sort of premising things on complexity and if you're starting with a complex system which really what you're living is a world of unintended consequences and mistakes.

[21:50] And so that frame is hard to reconcile with conspiracy theories because even if I wanted to have a conspiracy theory, I would be just as dysfunctional if I wanted to have a rational policy plan to fix it. What I go back to, that notion of world views, and the injustice often happens when I am tied to a world view when the evidence has suggested that it's doing harm and injustice. So I would frame it in saying that there's a very strong commitment to these core sets of values, that the markets will always work even if we're living in an epicenter of failed markets, that people need to be responsible for their conduct even when they're not given the opportunity and resources and an environment to exercise appropriate choices. And so it's this mismatch interestingly, and race goes into that. So I was just gonna say that you gotta have this blending of the sort of of neoliberalism, of fiscal austerity with the 80-year system of racial tension and beliefs and blame that goes with it. And so what happens is that we have incredible empirical injustice, injustice that anybody who has their eyes open could see, and yet we don't have change in policy. It's like having a train wreck that you could see happening and the people are so committed to running their train on time that they're just gonna drive into a wreck. That said, on each one of these policies, you can start to go through, and you should go through, and see who's winning, who's losing. So even on a short term, intermediate term and long term, you can say, given the existing institutional matrix, given this set of policies, who are likely to be the winners and the losers. And if I go back to the Blight Taskforce Report, and somebody just needs to stand up and say the emperor has no clothes, there is no defensible policy analysis, economic analysis, behind the blight task force. And the logic is not that this market is suddenly going to rebound and that there's all these people that are going to sweep in for the real estate. Water and real estate might be different.

[23:46] The most likely scenario is that this failed market will not turn around and that the blight task force is looking for a remedy for a failing market without doing the analysis economically to find out why the market failed, root cause analysis, and they ridge multi sets of interventions would be necessary. Any time you have a complicated problem and a single solution, it's a big red flag that you're not thinking right about the problem. But then you say, who wins and who

loses. There's a billion dollars on the table. That billion dollars will be going to get the biggest bulldozers you can have, who owns those bulldozers? Typically contractors in suburban areas, right. So you're already pouring a billion dollars in and the residual benefits of that billion dollars is not going to stay within the footprint of the city where you could have all sorts of positive feedback mechanisms and sort of spillover benefits; it's gonna go out to the suburbs. More importantly, any time you have an economic problem, you typically do what is known as a labor capital ratio analysis, and if capital is expensive you use less capital, more labor. If labor is cheap, you use more labor and less capital. Detroit has all sorts of inexpensive labor. So if you actually had a billion dollars to do blight removal deconstruction and you upped the labor component and you shrunk the capital component, you could combine blight removal with job training, with citizen re-entry, with paying people that would then be spending money in their neighborhoods and having the kind of spillover and double effects, and that's not even on the table because that doesn't fit the model of how we're supposed to be doing these type of investments. This could be the biggest jobs bill that could ever come to Detroit in a political world where we're never gonna have a job spill. So you say well how many jobs is the high capital approach gonna be doing and the, and it says in their own task force report, 430 jobs. We're gonna get 430 jobs for spending a billion dollars.

[25:46] Then let's say it actually does what it's supposed to do, that I remove all of the houses, that I create property that then will be bought, you say probabilistically, go through the thought experiment; who will be buying that land, who will not. I will guarantee that the ratio of new people coming to Detroit and buying the property versus people who are living in Detroit and buying the property are going to be heavily biased towards the people who are just going to be coming into the city and purchasing now the newly cleared land. Which means that billion dollar subsidy is, and it is a subsidy, ironically for people who don't believe the government can or should be doing anything, is disproportionately going to be going to a new people coming to the city and getting the benefits of that at the same time that I have all these other hydraulic pressures which are really forcing the most poor people out, certainly out of those regions of the city and most likely out of the footprint of the city in general. So if I go through again, just prediction, not conspiracy, but how is the hydraulic working in terms of what the machinery and the policy and the belief systems are giving, I have one set of things that are forcing existing Detroit residents out of the city and making it impossible to live in their houses. At the same time I'm clearing the underbrush to permit all sorts of new people potentially coming into the city and if you're asking the basic question of who's winning and who's losing, you can start telling very descriptive stories and you don't have to believe that two people sat down and tried to conspire to do that in the first place.

[background voice: which is the way I respond to people is well, I don't know if that's happening or not, but in a way, it doesn't matter because the consequences are still the same.]

Yeah. There is, and this goes back to the racial law which is alive in Detroit, incredibly alive in Detroit and when I'm talking about Detroit I'm talking about the region. A former student of mine was having a conversation with one of the larger regional real estate developers. And the comment that he heard in that conversation was the real estate developer saying what we really needed was a massive policy to incentivize the outmigration of Detroit residents.

[27:51] So, I don't think he could conspire to make that happen, but I think that belief system, right, going back to the role that race functions as a belief system is incredibly powerful in

Southeast Michigan, would like to see the outmigration of African American citizens from the region and not just the city. And that's why we don't have a public transportation system, that's why we don't have a regional revenue sharing, that's why we've created this 80-year Katrina which has produced the injustice that we have empirically in front of us and yet those people fail to see that as injustice because it's filtered through white privilege and white supremacy that doesn't open themselves to see what other people are like.

[background voice: And then, [video off] as what we're seeing happening is on the East-side you have farms [video on] you know, a billionaire getting for almost nothing, huge tracts of land that they can just sit on until something happens. Or the red wings development where you had someone that was buying up land for decades and sitting on it and letting it deteriorate until they get it for literally nothing and then are going to be subsidized to build it up and so there's this concentration, the really really wealthy are scooping it up for literally nothing in some cases and are reaping huge benefits, Either being able to sit on it, planting trees on it or to get subsidized development like the red-wings arena.]

Yeah, and they do that or at least the city does that because this is their way to get development. And it goes back to that rule that belief systems are impervious to change, and actually one of the characteristics of a belief system is that it's robust to empirical contradiction.

[29:52] What we really need in Detroit are new theories of economic development. And I was even having a conversation today, that Jeffrey Saks is working with a group that is trying to get a national movement to re-conceptualize what redevelopment means in America, right, not internationally. But drawing liberally from international experience. The best thinking internationally is that structural adjustment, which is the core of these programs that have been given fiscal austerity in the United States cities for the last forty years have failed, are failing, empirically do not work. And what you've had is 20-30-40 years of discourse internationally critiquing those and coming up with alternative theories of development. And ironically, we're living here in the United States being subject to policies that would cause rebellions and riots in the streets of most other countries in the world. So, but the question is how do you get there? One thing that happens when a belief system is under strain is it actually intensifies. Right, so you go these areas of having racial belief systems under strain and you have even increased white supremacy and white racism. The same is true economically. Empirically, one of the worst things you can do to develop a city is to build a stadium. And you can prove that over time historically. And yet the analogy that I draw to my own students is what happened in the South Pacific Islands in WWII when you had the creation of these cargo cults. So the navy went into all of these islands, created air strips, set up air bases and brought in planes that had all sorts of wonderful things, cargo, goods, foods, merchandise the people living there had never seen or been exposed to before. And then what happens at the end of the war, all of those planes go away, all of those shops are closed up, and how do the indigenous communities respond? By building bamboo replicas of airplanes and worshipping the bamboo replicas of airplanes on the hope that that would bring the cargo back.

[31:50] And if you want an excellent, real-world example of those cargo cults in the United States, it's the worship of stadiums on the hope that the stadiums will produce the cargo, or the economic development that the city needs.

[Seems like another parallel would be the worship of philanthropies.]

And once you buy into the notion of what the cargo cult is and how we try to go through rituals and sort of reifies of the rituals to get what we want, we see that that perpetuates that sort of conduct that's inherent in a belief system. If we go back internationally and say, what's an alternative? You know, how do we get something different, and I keep saying, you put people at the center of development. You imagine economic development as an exercise of investing in people. And there's a couple of very good examples of that, of two large heuristics internationally. Economic growth is increased when you decrease income inequalities. So if you want a broad strategy for getting sustainable, economic growth, you should be reducing income inequality, not exacerbating income inequality. The most successful economies are those that are both politically and economically inclusive. So democracy and engagement, not emergency management, is an answer to a long-term development strategy. Economic inclusion, creating opportunities for these people who are in areas that have no jobs. So how can you expect the unemployment rate to go if you aren't investing in jobs in the areas where people can get there or transportation that gets them back and forth from the jobs? You put people at the center of development. There's a whole other approach that talks about capacity building, and human capacity building. So my development strategy would be, how many head-start programs do I get? How do I improve the quality of public education? How do I provide healthcare for people? How do I enable people to reach their full potential, right? On the knowledge and belief that, I'm not a bowler, but there's two ways you can bowl: you can go for the pin, or you can bowl for the arrow. The capacity building is saying go for the arrows, invest in the people, and know instrumentally by investing and building the people, you're gonna get the economic development.

[33:56] Bowling for the pins is trying to say I want that strike, I want that economic development. And we have here internationally sixty years and domestically forty years of butterballs where we keep trying to go for the strike going for the pins and all of these programs are actually not producing the results that people want and that at some time the empirics have to kick in. So what that ultimately means if you're modeling this as an exchange between policy and institutional matrix and belief system is you need to have a new set of beliefs that are motivating the politics, motivating the economics that are far more inclusive, that attack sort of racial structures and white privilege at their core, and that start a cascading process in which people can be collectively imagining a better future which they want to be living in.

[Can we sort of take that thread and then with what you just said in mind discuss the phenomenon of a wrecking company conducting water shutoffs and then also being contracted to tear buildings down?]

Yeah, so, this notion of how you get things done, who you invest in — the blight task force is a property-oriented approach, not a people-oriented approach, and again to fund it and this again showing connecting the dots— one thing they did is take 50 million dollars that was targeted for keeping people in their homes for foreclosure relief to knock down buildings. We don't have a billion dollars to knock down buildings, so how are we gonna get it? After we eliminate the debt in the bankruptcy, we're gonna engage in what I love euphemistically, "exit-financing". So we're gonna borrow a half a billion more dollars, and a lion share of that exit financing is going not to keep people in their homes, to provide them water, to invest in human capacities, but to knock buildings down.

[35:55] And we're gonna get, as I said before, the largest external contractors to come in from the outside to actually do the work and get the benefits and the money from it. Tracing through,

and the irony that we're taking about privatizing the water system, which again is part of the bankruptcy process so part of that sort of neoliberal fiscal austerity belief that markets can do better than government and we actually hired independent contractors to go and shut the water off. And some of the inside people that I've spoken to have told me that they don't even know how to do it right, they don't have the experience. So they're actually damaging the whole instrumentality of turning water on and off because you're hiring inexperienced people to go out and turn it off. And so this notion of needing to have a reset button, needing to have a deep breath, needing to sort of think of where we are and where we want to be, the water shutoff provides that political and that kind of spiritual moment when we have a chance to reflect upon what our values are, what our beliefs are, what our priorities are. And the hope is that people can pivot from the water shutoffs, turn that same passion and energy into the bankruptcy hearings which are starting shortly, look at this plan of adjustment which really is a spinoff of the structural adjustment programs that have been pushed by the world bank for 60 years with failure, and saying that's not the future I want. It's not the values that I want, and go back to building blocks of saying this is my belief system, this is my values, that belief system and values has to map onto an appropriate set of institutional policies and programs, and that would look radically different than anything you're gonna find within the plan of adjustment for the Detroit bankruptcy.

[37:43 background voice: In terms of the water department specifically. I mean one of the things is is their evaluating bids to prioritize the management of it [video off]. The other thing is, there are these behind closed doors negotiations going on with the counties to have essentially have them take control of the water department, [video on] ownership of it. And you're a proponent of regionalization, and in a way that is, I mean the department's already regionalized because they serve the whole region, but this is giving the region control, or ownership, of it. What do you think about that aspect of what's going on specifically with the water department?

Kate: Can I add to that also? Just and also, with this sort of belief system of race that you talked about...]

Yeah, I mean the, one of my mantras is what I call the three R's. You gotta look at any problem in Detroit to the three R's and the three R's in Detroit are Race, Regionalism and Reconciliation, is the guidelines. And reconciliation starts to look at that notion of belief systems and changes in belief systems. For somebody who is a diehard believer that the future, economic future of this city, this region, is health regionalization, it is appropriate to go back and say what does that then mean for the Detroit water and sewage department. Again, ironies in history. So I talked about that opportunity mapping and you have both a wave of suburbanization which has its own American interesting belief system logic to it and the notion of white flight and racial conflict which sort of blend together and create this brawl that we have here ironically was made possible because Detroit was subsidizing its own ultimate demise through providing water to the suburbanites that would turn against them, that would fracture the region, that would starve the tax base, that would drive into fiscal decline. So the question is, where do you pivot with the water system today?

[39:53] And while I'm a firm believer in regionalism, it has to be a fair and just regionalism, and part of that fairness and justice has to be going back and remedying the problems of the past. I would love to think we could have a system of regionalism of revenue sharing. Which is what happens in Minneapolis and other places which is sort of the logical, real-time way to get there.

Politically, that is a non-starter in Southeast Michigan maybe for my lifetime, hopefully not. If you creatively use the asset of the water and sewage department in an appropriate, aggressive way, you could actually facilitate an implicit form of regional revenue sharing by charging fair prices for what the water is. So if I were to put out there on the table an alternative to privatization, or the form of regionalization was actually yield, and this is where swooping in and grabbing the last asset or the jewel of the city actually does resonate with me in an economic, historical, and policy sense. I would draw the line and say the regionalization of this asset has to put first and foremost the best interest of Detroiters in mind. And that would mean you would go and you would break a number of the existing contracts, renegotiate them in a sense of fairness, both economic fairness but fairness in a more just future region, and leverage that process in a way that would produce greater reconciliation and bring the region closer together. And so I think there's a silver lining of a thread of opportunity if the bankruptcy judge, if the people of Detroit were to be aware of what's really at stake and interestingly enough you could take the asset that was facilitating sort of the noose around Detroit's neck and the creation of this irrational regional segregation and use that as a bridge to actually bring the region closer together by establishing greater interconnectivity and greater racial equity.

[41:51 background voice: is there any reason for you to believe that the people are sitting behind closed doors negotiating or having any conversation along those lines...]

This is where transparency actually matters, because if you have the conversations behind closed doors, all you have to know is whose sitting there. And I'm an economist as well as a lawyer. So you say tell me whose sitting there, tell me what their self interest is and I can draw a strategic space in which the bargain will be struck. The strategic interest, the self-interest of the people sitting around that table have sadly little relationship with this broader vision of racial and regional equity that I'm talking about. So the probability that I would place on a closed door conversation with the existing stakeholders and the existing process coming up with a creative solution that would do regional justice would be infinitesimally small, which I see is a tragedy.

[Could we maybe go a little more specific if you even have these numbers about shut offs...background voice: sorry, I have to go (proceeds to plan next meeting with Kate, goodbyes are shared). I mean, I think we can wrap up pretty soon I just think maybe if we could talk about specific neighborhoods that are getting hardest hit or if we can talk about specific data that suggests that school closures are not actually the most fiscally sound example for DPS...]

[43:54] Yeah, uh, I don't have the data. I've been involved with people who have been trying to do mapping exercises and that's still in process. So where the shutoffs are, and its not just the shutoffs. The important data actually will merge over time, so a lot of people may be able to scrape together enough money either from tapping in sort of more formal sources of credit or borrowing and/or deciding not to pay three other bills to pay the water bill to get it turned on. The real question given in endemic poverty is how long that will stay on. So I think the most interesting data is gonna merge 6 months from now. You will see a huge amount of water shutoffs, you will see a fair amount of water coming back on, although I just don't believe until I see the credits and the data from the water system what any of the numbers are saying. I mean, they haven't published any of that information. Until I see that information in raw data form, I have no reason to believe that those numbers are true, that 68-80 percent of people are getting their water turned back on. But prove it to me and show me wrong, I'm ok with that. My strongest prediction, because it all comes down to looking at income and poverty, is that there will be a 1 to 1

relation or close to it to the most distressed neighborhoods that are mapped in Detroit Future City because those are where the highest endemic aspects of poverty are. And so over time what will emerge will be a very strong pattern of places where water is turned off or turned on but not kept on because they can't keep paying the bills will be very closely correlated to the most distressed neighborhoods in Detroit Future City which are the exact neighborhoods that are being slated for demolition and removal over a 20-30-40 year time frame and one of the greatest ironies that is completely unappreciated by people is if you look at the maps at what's gonna fill that space when all of the people have been removed, it's gonna be filled with blue infrastructure which is a euphemism for water retention ponds. So the very neighborhoods that are having their water shut off, where people are predictably going to be leaving over time, are slated to be filled with water when they're gone.

[45:57 It just makes you crazy... and then as far as any specific statements you can make on the fiscal irresponsibility of Detroit Public Schools Closing schools in mass... I know it's related to all the choices..]

The school closure system has been going on for 5-7-10 years. The first thing that's completely irrational is that school closures were done completely independent with any effort to plan the city. Schools are anchor institutions, so if you're thinking about how am I going to save a neighborhood, well you'd better have a school there. And you'd better have a school that's geographically based, not charter, in terms of a virtual population that emerges and then leaves at the end of the day. And then you need what actually is being put into place by DPS in the past 12 months, a very aggressive community system that's trying to link the school to the community. So the first tragedy is that we went through all of these school closures with actually no thinking at all about what are the economic and neighborhood ramifications. And I've heard tale after tale where the closing of the school and the further destruction of a neighborhood go hand in hand. Because the school was the life bud of the neighborhood and when the school disappeared, the neighborhood disappeared. The other tragedy is that the Detroit Future City document doesn't even include school siting, so not even now after having learned this sort of tragic lesson are we having this notion of where schools fit into the discussion, and one of the reasons we don't have that is we've lost control over school siting. Not even DPS controls school siting anymore. It's controlled as much by Saginaw State University or Central Michigan University and the authorizers of these charters as it is any other decision maker.

[47:47] And so one of the things that really needs to take places is regaining control over the school siting, thinking about school siting in the context of neighborhood development and neighborhood health, and as you put people back in the center of development you put the neighborhood back in and you put the schools at the center of that neighborhood. And any decision making that was done without that paradigm is first unjustifiable and second has produced all sort of large and small tragedies in its wake.

[What can, this will be the last question, what can people in their communities do to push back against the irresponsible, unrealistic, racially-charged, greed-motivated, you could call it a million things, policies that have been put forth under bankruptcy, under emergency management and just under this belief system that we possess in Southeastern Michigan?]

Again we say that we normally have our American ideology, and I'd answer that: go out and vote. But what do we know in Detroit? Your vote doesn't count 'cause you have an emergency

manager appointed by a governor. Another tragedy related, you know, I have a huge extended family that comes from refugee immigrants. And this whole notion of the American dream, that you can come here and that you can do anything you want, when I go out and speak to school children in Detroit, I can't say that; I'd be lying. You can't go out and do anything in Detroit because you're living in one of the most impoverished and opportunity-starved deserts in the country. So our normal sort of trite, off the shelf answers of get engaged in democracy and pull yourself up by your boot straps and go out and change the world, sadly are ringing hollow in a city that's increasingly abandoned, has fewer opportunities. So I don't have trite answers about how people could respond.

[49:51] The notion is, people have to care and people do care in Detroit. There are a tremendous number of people who care and are motivated in the water shutoffs and have shown how deeply people care about each other. We have to tap into that notion of redefining what Dr. King called the beloved community and make the beloved community a reality. And then we have to reach out to like-minded people across 8 mile and across the region who also believe in putting people at the center of development, making the American dream a living reality for the people who are living in Detroit. But that's a generational struggle. I wish there was an easy lever to pull. I wish there were two magic bullets [video shuts off and on] but don't be silent. Understand what's going on, make your voice heard, protest the decisions that are being made at the bankruptcy court, and have an impact on your future. It's a matter of survival and self defense; it's a matter of taking control of your own life and trying to build the American dream.

[Thank you so much] ... *video off, closing statements*