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THE CENTRAL INDUSTRIAL PARK PROJECT:  
AN EMPIRICAL INVESTIGATION INTO POWER RELATIONSHIPS

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May 1983

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## Introduction

For the past two decades, major industrial centers have been declining steadily. Increasingly, once thriving and growing cities face a growing fiscal crisis. Cities like Cleveland, New York, Boston, Baltimore and Detroit have had to come to terms with a shrinking revenue base, in part a result of the flight of manufacturing, and a rising level of social expenditures as a result of unemployment rates 2 and 3 times the national average. These cities have begun a program of reindustrialization which hopefully will raise employment levels, increase the tax base, and upgrade their economic well being. Rising revenues would provide the necessary funds to maintain the social services and municipal functions vital to the life of the cities. This has, however, resulted in increased conflict between groups within cities (community, labor, industry, local government) over the forms and extent of the economic benefits and social costs of this reindustrialization. Researchers and students of community politics have grappled with the problem of adequately understanding the conflict between social groups with different goals, and of developing a model of power and the decision making process within the community.

Treatises on power and politics have traditionally adopted one of two views: a) society in general, and politics specifically, is an amalgam of consensual arrangements which result in shifting alliances so that no particular group will ever dominate to the detriment of others for any extended period of time and b) society is controlled by an elite stratum which acts to preserve a particular set of social relations ensuring the continued primacy of that stratum. These two traditions, generally labeled pluralist and stratification theories respectively, attempt to outline in broad strokes answers to the central questions facing any understanding of community politics: what do we mean by power and how is it distributed in society?

Common to both these traditions, however, is the assumption that the realm over which community power relations are ultimately played out is the distribution and consumption of collective or public goods. Production relations are taken as given and these approaches only attempt to unravel social process. A third approach to community politics is rooted in the idea that the social organization of production itself defines and limits the range of possible outcomes. This approach, radical power analysis, enters the discussion with the same set of questions to answer. However, it is significantly different from the first two in its underlying assumptions concerning individuals and the structure of society.

Before we can undertake an analysis of community power, we must discuss what is meant by power and ask a series of questions concerning the nature of community politics. First, how are conflicts resolved in a political arena? If the unit of analysis is small enough, say the board of directors of a major corporation, then we can assume that some form of majority opinion with equal weights to all board members (or any other weighting scheme) will determine the outcome. As we move up the spectrum of political arenas, we find that individuals or groups begin to emerge which present a particular position or represent a specific constituency. Resolution of conflict, we assume, occurs according to some calculus of voicing and persuading in favor of one or another outcome until a sufficient level of consensus is reached, however sufficient has come to be defined within the particular arena. Furthermore, we initially make the assumption that there will be no conflict if there is no difference of opinion between members of or representatives in our political arena. Can we be sure, however, that a) all views are expressed within the "legitimate" political arena and b) all views represent positions consistent with the goals, stated or otherwise, of the parties in the arena? To hold or have power, then, comes to mean someone (or a group) has the ability to affect the outcome in such a

way as to be most consistent with their original position.

This leads to the second question, what do we mean by power? We speak of someone or something having power, or being powerful. We understand what is meant when one group or another is powerless. Following the logic of the preceding discussion it would be reasonable to argue that a person or a group has power when they affect the outcome of conflict in their favor with some regularity; and a measure of that power becomes the reliability or frequency with which this comes about. Parsons offers as a definition of power the ability to "mobilize commitments or obligations for effective collective action (cited in Lukes, 1974:28)" to promote the view that power expresses the relationship of actors to the distribution of collective goods in society. In his analysis of collective action, Tilly defines the power of an individual or group as "the extent to which the outcomes of the population's interaction with other populations favor its interests over those of the others; acquisition of power is an increase in the favorability of such outcomes, loss of power a decline in their favorability (1978:55)." More than a relationship to the distribution of collective benefits, power relations reflect the ability of one group to benefit at the expense of another.

Power, then, must be understood as the ability to affect an outcome which is in the interests of the group whose resources are being mobilized. Power can be inferred as well as exhibited; one can both exercise power and have power (Polsby, 1968) or speak of power to and power over (Therborn, 1978). Implicitly and explicitly, an understanding of power requires that interests be clearly defined, or at least easily determined. The last question to be addressed, then, is how are we to define and measure interests? Without some measure we cannot be sure that any particular group is in fact acting to promote its interests, or if an outcome represents the ascendance of one set of interests over another.

To summarize, any analysis of community politics must grapple with three important problems. The first, the arena of political conflict, raises the question of enfranchisement and the identification of issues, i.e., who gets to decide about which questions. Clearly if we allow that some questions never get raised, then we never see a "power" related outcome of conflict. The second questions the context within which we define the exercise of power. Power can be either a static, post hoc, phenomenon which is only apparent as an outcome of conflict (a group must have had more power if the outcome is in its favor) or a dynamic process by which one group continuously and increasingly controls the ability to secure future outcomes in their interests. Finally, the last points to the importance of identifying interests in some meaningful and concrete manner relative to power if we are to make sense of any measure of power. More specifically, can people or groups have interests of which they are unaware for any reason, or are interests to be seen as the manifest root of political behavior to be revealed by actions in the political arena?

The rest of this paper will attempt to outline the approaches to community politics initially outlined above with reference to these three areas, and to match the distribution of benefits and costs in a redevelopment project in the City of Detroit, to ascertain which approach to the study of community politics can best explain the outcomes of political conflict. This analysis will proceed in four stages: a theoretical framework for the analysis; a review of the Detroit project and its placement within the theoretical framework; a chronological examination of the decision making process as reported in the press; an analysis to evaluate the distribution of benefits and costs. The conclusion presents a brief discussion of the appropriateness of the theoretical perspectives, some qualifications and implications, and an agenda for the further study of community politics.

## Theoretical Perspectives

Steven Lukes provides a convenient framework for the study of power relations which will be used throughout the paper. Parceling the three major trends in the analysis of power into what he calls "liberal", "reformist" and "radical", Lukes proceeds to discuss each of these views in regard to how each identifies instances of power. Power, he concludes, is a zero sum (or relational concept) by which "A exercises power over B when A affects B in a manner contrary to B's interests (1975:34)." Pluralist (liberal) views of power, best exemplified by Dahl and Polsby, define (or identify) power only in cases of overt conflict while stratification or anti-pluralist (reform) views, as represented by Bachrach and Baratz, may also include instances in which discontent is suppressed from entering the political arena. Rejecting what he calls one and two dimensional views of power, Lukes goes on to elaborate on his "radical" (three dimensional) view. For Lukes, power is also exercised in those instances in which "real" or objective interests are denied, even if the participants fail to recognize those interests. Consequently, power need not reflect overt or suppressed conflict. Furthermore, Lukes maintains that views of power are a function of the different social values of the investigators of power. Each underlying definition (or view) of power will result in different empirical evidence collected and conclusions reached concerning the nature and impact of power relationships in the community.

What follows is a brief outline of each of the three dimensions (pluralist, reformist and radical) with specific attention to their treatment of arena of conflict, interest and power. This section presents a summary of how each "view" of power tries to answer the questions: what do we mean by interests and whose interests will

prevail (i.e., who has power)? It ends by addressing the problem of the measurement of power, and offers a basis for power analysis.

### The Liberal View

The pluralist analysis of community politics and power is rooted in the assumption that people will act on their interests and participate in political process to see that these interests are promoted. Central to this position is the notion that each individual can and does act to promote these interests, and society is little more than an particular aggregation of interests arrayed in shifting alliances. Pluralism is informed by neoclassical liberalism's concerns for the individual's freedom within the body politic. This millian, utilitarian view holds that society is the limiting factor of self interest, and that actions are self evident indicators of interests. The concept of interest itself is restricted to a subjective understanding of one's social and political environment (Polsby, 1980). No action to affect an outcome is by definition an indicator of a lack of interest in that particular outcome. Therefore, if one does not vote in an election, one cannot really care about the outcome of the election; if one does not speak out for or against a program or proposed project within the community then it can be argued that no interest is served or harmed by the proposed course of action within the community.

This view of interest has two immediate theoretical consequences. First, the analysis of power will necessarily be a static analysis focusing on outcomes. A shift in outcome must indicate a shift in the dominant alliances which comprised the community's leadership. Similarly, maintenance of the status quo indicates a system which clearly represents the dominant will (interest) of the majority of people. This cannot be otherwise or else another outcome will emerge. Second, interest and by extension power, can only be identified under a conflict situation. Without conflict



there cannot be the exercise of power by one group or individual over another. Conflict resolution is the process by which contending interests reconcile and reallocate differences so that the consensus emerging represents the interests with the greatest power. Power is simply defined as the ability of A to get B to act in a manner s/he or they would not otherwise if it were not for the presence of A in the conflict.

In a criticism of what Nelson Polsby calls the stratification approach to community politics, he argues that it leads to the "formulation of vague, ambiguous, unrealistic and unprovable assertions about community power (1980:112)." Rejecting the categorical notion that some group necessarily dominates the political, and thereby social and economic life of the community, Polsby details a pluralist model of conflicting and transitory interests coming together to address one set of issues or another. These alliances shift, and subsequent outcomes vary, as individuals act in concert on behalf of identifiable interests. How else, he asks, do we make any sense of local governments setting ordinances which negatively affect bankers or local businessmen if these same men are part of some power elite who rule over the rest of the community? Clearly, he replies, there must not be any consistent center of power but rather only alliances of immediate convenience formed around the various problems at hand.

As a result, pluralist analysts ask Who has it? as the central question in an inquiry of power in a community. Their conclusion is that power is dispersed throughout society, and that leaders representing and articulating mass interests form shifting coalitions and alliances which stabilize community leadership and guarantee that outcomes reflect the will of the majority at any given moment. Pluralist analysis attempts to discover patterns within some already defined political arena without questioning how groups come to be included in the arena, or if there are

groups excluded from the political process. Furthermore, issues are narrowly defined as limited to those raised within the arena. Since participation indicates specific interests (and conversely nonparticipation noninterest), decisions made on issues reflect the interests of everyone in society effected by those issues. The majority is able to affect compliance by the minority, i.e., it can exercise power. Any outcome, by definition, becomes a good for the majority of the affected population within the community.

### The Reformist View

For stratification theorists, society is dominated by an elite stratum whose aim is to perpetuate the relative advantage of that stratum within society. The individual's subjective notion of interest is confined to the general interests of their particular class or stratum. Conflict within a society takes two forms: intergroup conflict which resolves the question of how much the ruling stratum benefits from their rule; and intragroup conflict which determines the question of which coalition within the ruling elite maintain effective control over the state. Governments serve the interests of this ruling elite rather than the collective interests of the majority.

Individual action from a reformist perspective is determined by subjective perceptions of interest. The individual can articulate "wants", a quasi objective notion of interest (Bachrach and Baratz, 1962). Wants enable the individual to project future interests and to recognize some set of interests which serve the end of maintaining stratum rule. These quasi objective wants, however, reflect a subjective notion of interests, albeit at some future moment. They are not deferred objective interests. The individual still is seen as an atomistic component within society constrained only by a semi-conscious recognition of class interest. Actions are self oriented, but the focus has shifted to a weberian analysis of the role of an individual

within the elite structures or organizations and the importance of these organizations for political outcomes. Weber, as Giddens points out, used "the 'political' as a framework for understanding the 'economic' (1973:47)." Economic impacts of political decisions are by necessity mediated by the class interests of the political actors, but those interests are subjective.

Stratification theory, however, still limits its ability to analyze community power and decision making by hedging on the concept of objective interests. The analysis of power is a comparative static investigation into the changes from one situation to the next. The question of power has shifted from Who has it? to Who keeps it? In addition, power and interests are still identified primarily through conflict situations. Shifting coalitions within the elite stratum reflect conflict among legitimate contenders. An additional concern for stratification theorists is the identification of benefits (Deutsch, 1968; Bachrach and Baratz, 1970). Power within the community is held by status quo defenders to perpetuate their advantage over the community at large.

The creation of nonissues becomes just as important as the resolution of issues. Pluralists argue that resolution of issue confrontations are indicators of community power. For stratificationists, however, control over the agenda reveals as much if not more about the nature of power relations within the community. What does not get discussed is as important as what does. If A exercises power over B by effecting compliance with an issue, then A also has power over B by effecting agreement over restrictions on issue definition (i.e., control over the agenda). Nondecisions concerning nonissues are equally as important as decisions concerning issues.

To summarize, then, pluralist analysis of power relations within a community focuses on the political relationships which then determine the economic and social life of the community (and by extension the society at large). They predict that

electoral competition and administrative fragmentation will result in shifting coalitions and unpatterned biases. But, as Gamson points out, "(p)luralist theory is (only) a portrait of the inside of the political arena (1975:141)." For both pluralist and stratification theorists, power is defined as the ability to realize a particular outcome even if the other party (or parties) resist. Power must by necessity be distributed according to some notion of a consensus of interests. To be otherwise for pluralists would require the abandonment of the idea that alliances can be forged and reformed according to shifts in collective interests. Stratification theorists, on the other hand, cling to one form or another of a system of power mandated by the identified interests of an upper strata or class. The key to economic relations is political control, and power will not be transferred unless that stratum loses its position vis-a-vis society at large.

### The Radical View

Radical power analysis, Lukes' (1974) third dimension of power, states that A has power in relation to B if A can limit the participation of B within the political arena. For example, owners of the means of production never confer with workers around decisions concerning the organization of production or the nature of investment. To state that a situation in which workers and owners do not conflict over outcomes means there is no power relationship between them is to miss the very nature of that power. Connolly offers a definition of interest whereby a given policy can be viewed as in A's interest if A would choose that policy for him or herself over some alternative policy were A to experience the effect of both policies (1972:472). For example, a marxist analysis of a given community first of all focuses on its mode(s) of production, its system(s) of relations and the forces of production, to ascertain the meaning of power (Therborn, 1978).

To argue solely for Connolly's definition of interest raises the possibility that alternative policies are not within the range of conceivable alternatives to a worker. Piven and Cloward (1979) point out that before protest movements can materialize, those persons or groups mounting the protest must first come to realize that the objects of their protest are attainable or within the grasp of possible outcomes. To say this another way, that workers usually do not engage in conflict over workplace or investment decisions cannot be construed to imply that workers have no interests concerning the consequences of these decisions. Power, therefore, can be present in either conflictual or consensual situations and it can be exercised over both participants and nonparticipants in the political process.

Rather than being limited to the subjective understanding of interest as manifest by action, this perspective of power relations rejects the atomistic presentation of individuals in society and incorporates the view that the individual is integrated into society according to his or her relation to the means of production. Actions, therefore, could either reflect objective class interests or not depending on the level of class consciousness -- what Marx distinguishes when he writes about a class for itself as opposed to a class in itself. Lukes' three dimensional view, following a marxist analysis of interest (cf., Balbus, 1971; Connolly, 1972), explicitly includes the notion of objective interests, and hence of false consciousness. People have interests which are collectively shaped, even if they are unaware of them. The analysis of power, then, is a dynamic analysis focusing on historically changing conditions reflecting changes in outcomes as a social process, and with social consequences.

A radical analysis of power in community relations differs from the pluralist and stratification analysis in its focus on production rather than consumption as the locus of political action. Both earlier views argue that the end of political activity is the achievement of policy preferences and political favors for the sake of consumption

advantages. Attribution of behavior or motivation on the part of individuals and/or organizations centers around power and greed. That decisions are made to the benefit of some over the rest is not denied, but that these decisions are based upon the rational and overt policies of some is under examination. These decisions are a result of circumstances arising out of relations to the means of production at various and specific historical junctures (Gordon, 1977), and local governments are acting, with or without a clear design, to facilitate capital accumulation (Harvey, 1978).

Power in community politics becomes transformed from a mechanical search for Who has it? or Who keeps it? into a heuristic device for the understanding of social relations. The central question asked is How is it defined? to see what we can learn about super and subordinate positions in society. Power is not something necessarily manifest in conflict situations to be parcelled out or competed for but a construction for the purpose of understanding political outcomes within specific social contexts. Power is not distributed across society nor held by shifting alliances but is the result of a zero sum game in which one group gains it at the expense of another. Like the stratification theorists, radical analysts of community politics begin with the premise of a dominant class interest. In contrast, however, they do not require that interests be perceived by a particular class, or that actions and outcomes reflect conscious agendas.

### Framework for Analysis

The identification of power holders has been shown above to depend on two important preconditions. First, different approaches to community politics specify different arenas of political action. Identifying conflict and power relationships will depend upon the set of issues which define the situation to be evaluated. The other precondition centers around the definition of interests. Power has no meaning,

contend pluralists, if the object of that power has not had an interest which has been set aside as a result of some interaction. An analyst of community power who limits the identification of interests to the subjective expression of participants in political situations may come to different conclusions regarding the exercise of power than the analyst who defines both a set of objective and subjective interests. A quick review and summary of each of the three views' notion of arena of political action and definition of interests, and subsequent criteria for determining power follows below.

ARENA: Liberal analysis focuses solely on the "legitimate" arenas of political discourse, i.e. the locally elected representatives of the community, however large we may choose to define the community. It is assumed that each member of the community is adequately enfranchised, and that representatives of the community must always be concerned with subsequent re-election. Consequently, pluralist theory maintains, the actions of any representative must regularly conform to the interests of the constituency represented -- interests defined simply as the subjective definition of likes and dislikes on the part of the constituents. Therefore, a question before the local council becomes an "issue", that is creates some discord between different constituents, only if interests of two parties (or groups) are clearly identified. Representatives will evaluate the importance of the question to their constituents and enter the argument for or against the particular issue. Reformists add that often enfranchisement is not universal or that dissenting positions are dispersed in such a fashion that their unified voice is never heard. The political arena still remains the "legitimate" political forum of the community, but now some of the representatives of various (again subjective) interests in the community are conspicuously absent. Nonissues arise when something of general importance to the members of the community (or great importance to some) is not articulated in these legitimate arenas of political action for whatever reason. Conflict resolution still reflects power in the

liberal sense. But the reformist maintains that even without overt conflict, power may have been exercised. Here the conflict is displaced if we can find evidence of an articulated interest in the community at large (most often in the press) which essentially ignored. Finally, the radical approach to an analysis of community power shifts the concern from the distribution and consumption of goods and services to the relations of production of those goods and services within the community. Consequently, the political arena becomes all that effects the community at large and the critical question to be asked is how one group (owners of the means of production) manages to maintain control over the outcome of political decisions. As the definition of political arena changes from the most limiting to the most generalized, more situations qualify as "issues" in an analysis of power.

**INTERESTS:** Liberal power analysis proceeds from the simple assumption that interests are defined by the subjective statements and actions of the individuals. By definition, a conflict of interest must be articulated if it is to exist and power can only be evaluated as a result of conflict. This enables pluralist theorists to defend their model of political participation since all "interested" agents (individuals or groups) will be involved in all issues concerning them. Group behavior is little more than the sum of the actions of the individuals comprising the group, with some adjustments for the process of aggregation. Accepting the basic underlying principles of subjectivity, reformists add only that participants in the political arena do not necessarily act on their immediate subjective interests since they can articulate wants (i.e., project future interests). Interests still need to be articulated, even if they are deferred to some later period. The critical difference between radical analysts and others is that a radical analysis considers both subjective and objective interests in its determination of power relations. Subjective interests are used in the same way as other analyses of power -- statements by individuals or groups must be considered



on face value as some statement of interest. Allowing for objective interests, however, raises the possibility of false consciousness (i.e., acting on subjective statements of interest may work against the "true" or objective interests of the individual or group). By objective interests I mean that which enhances the range of possible outcomes in the present or at some future point in time for the individual or group in question. Under some situations subjective and objective interests can be identical; however this is not usually the case. Subjective interests are rooted in a response to immediate circumstances whereas objective interests usually require a more careful understanding of the evolution and direction of a given social situation. The point is that subjective interests are not necessarily the product of false consciousness. Power analysis shifts from a static analysis of the outcomes of political moments to a dynamic analysis of the process of ensuring an widening range of probable outcomes. The measurement of power, then, takes on the problem of ascertaining whether or not objective interests have been promoted even if the subjective interests of the political participants seem to have been advanced over others.

#### Measurement of Power

The liberal theory of community politics is a post hoc analysis of power relationships. Power is most simply defined as the ability to sway a majority of support (convince the majority of representatives) in favor of one side of the issue over another. The obvious conclusion to be reached is that for any side to "win" (i.e., generate an outcome not in the interest of at least part of the community), most of the community must either not care (be unaffected) or else see the "winning" outcome in its own interest as well. Power takes on very static qualities purely dependent upon the form of the outcome. To measure power, and possibly predict

the outcome of an upcoming "issue", we need only look at the stated interests of the constituencies involved to see where the majority of representatives will place themselves on this issue. Within the reformist context of analysis, power is measured by the ability both to achieve a desired objective in coalition and to limit the range of "issues" raised so that the "form" of consensus in principle remains. Once again power is a static phenomenon reflecting the nature of a particular outcome measured against the stated positions of the participants. Prediction similarly takes on little meaning since this line of analysis would expect that unrepresented social groups will have little influence on the shape of the outcomes for a particular issue. What reformist analysis adds, however, is the ability to identify what sorts of (subjectively defined) interests are not included in the political arena and recognize that conflict may exist even under the guise of harmony.

But how are we to measure power? Coleman (1973) offers an interesting calculus with which to determine the likely outcomes of conflict situations between some number of actors (or groups) over a defined set of issues. Setting up two matrices which reflect the distribution of interest and control (or influence) across all issues for each actor, Coleman defines a set of operations which yield predictions on the outcomes. This analysis is problematic for two reasons. The first concerns the assignment of interests in Coleman's scheme. This expects that interests can be measured by some comparable metric for all persons at all levels, requires that interests once assigned do not vary in the course of the analysis, and assumes that all interests are determinable and distributable across each issue for all actors (a zero is a valid interest entry). Both the liberal and reformist views fit this method of analysis very well. Coleman's assignment of interest is derived from the aggregation of individual's subjective, utility maximizing behavior. The only difference between the two views is the range of issues included in the analysis. It

is more difficult to develop a weighting scheme which would incorporate both subjective and objective interests to reflect the radical view of power relationships.

Allowing for the possibility that the first set of objections can be adequately addressed, the second assumption made is still more problematic. Coleman requires that each of the actor's control (influence) over each of the issues be defined and distributed across all issues, thereby making a priori claims concerning the ability to affect outcomes. To do this gives up the chase before it begins. Once control by each actor has been determined, then Coleman's technique does little more than calculate some least cost, greatest return matrix for each actor (or group). To determine the likely outcome will simply be a matter of measuring the negotiated combinations possible to estimate the likely alliances which will emerge and the issues which will be supported. Since both liberal and reformist analysis is predicated on a static view of power (as evidenced by the outcome), this objection will not be significant. A radical analysis, however, would require a different calculus to determine the control matrix. While this is not impossible, it still would not allow for a dynamic view of power in which power is defined as a process of maximizing objective interest.

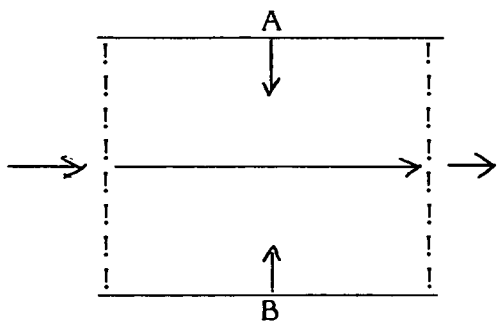
A more satisfying approach to this problem is offered by Dunleavy (1976) when he develops what he calls an issue centered approach to the study of power. After pointing out that the major problem in any analysis of power, (in spite of the theoretical differences between approaches) is methodological, Dunleavy offers an interesting model based on the change in the relationship between two parties (either individuals or groups) from input to output as an issue affecting them both runs its course. He states that A has power over B if the trajectory of the issue results in A increasing its power vis-a-vis B. What makes this analysis especially inviting is that Dunleavy is concerned with a number of facets of power and the relationship of

the actors throughout the process. Diagrammatically, Dunleavy uses the principles of the Edgeworth Box diagram where the vertical axis measures degree of power and the horizontal the path of the issue (it differs from the Edgeworth Box in that while the vertical axis reverses for each party, the horizontal axis does not).

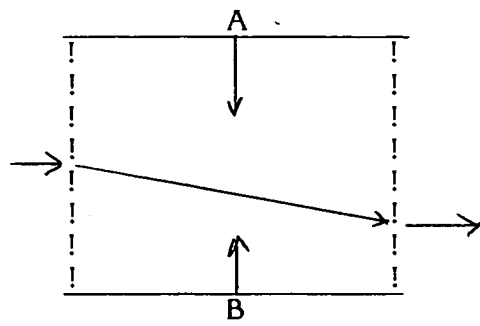
Insert Figure 1 about here

If the path is horizontal, then power is not exercised -- however, only if the input side is exactly in the middle can we say that the two parties have equal power (Figures 1a and 1b). In addition, Dunleavy develops the notion of "gates" inside the box to represent restricted possibilities for one or the other of the parties. These gates may be institutional or otherwise, not a function of either party and yet nonetheless effect the possible outcomes (e.g., institutional biases which regularly favor one group over another). If the gate is situated close to the input line then the unfavorably affected party might never undertake to make the question at hand an issue. In this manner, Dunleavy accounts for nonissues as a function of restricted outcomes (Figures 1c and 1d). Finally, Dunleavy attempts to grapple with the question of dynamic process by evaluating the effect of successive issue confrontations between two parties. Each issue outcome becomes a factor in the next round's input which necessarily means that the distribution of power measured by the outcome affects the distribution at the next input (and thereby the likelihood of increasingly favorable outcomes for the more powerful).

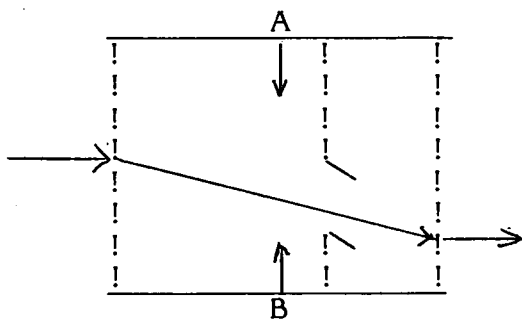
The outcome of any power relationship within the context of any issue will have four effects, according to Dunleavy: (i) directly on the relationship between the actors for the input position on the next issue (especially for issues which are consecutive and/or sequential); (ii) on the power resources available to each of the actors to affect the outcome of future issues; (iii) on related issues which effect



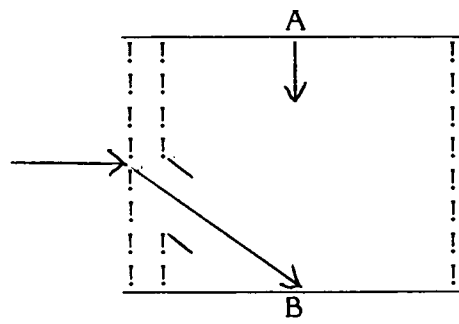
a) Equal and balanced input and power



b) Equal input but A exerts power on outcome



c) Issue neutral gate limits possible outcomes in A's favor



d) Issue centered gate creates nonissue for B

Figure 1. Diagrammatic Representation of Dunleavy's Issue Centered Approach to Power Analysis.

what Dunleavy refers to as "mobilizational bias" in favor of one outcome or another (or one actor or another); (iv) interissue linkages for exogenous issues which nonetheless are central to subsequent events (1976:433). Using this schema, Dunleavy provides for the inclusion of both endogenous and exogenous factors affecting outcomes, and links outcomes of any issue confrontation with prior outcomes of confrontations between the same or interconnected actors in the political arena (Figure 2). Political process becomes a series of events each more or less effecting the shape of the outcomes. Power, then, can be evaluated according to the ability of any particular actor to shape the course of events in order to maximize their range of favorable outcomes over time.

Insert Figure 2 about here

Furthermore, by introducing exogenous factors within the model, either through gates, the mobilization of biases or interissue linkages and feedback, Dunleavy allows for the examination of the arena in a more critical light. Liberal and reform models of political interaction look in and out of the arena to detect actors and outcomes. The arena is merely the shape of the box around which the actors perform their political tricks. Implicit in Dunleavy's analysis is the possibility that the arena can be more than a "neutral" terrain over which to engage in political struggle. The arena itself can limit the outcome if it can be shown that the arena is a construct of any "side" in the political struggle. Gates and feedback mechanisms may structurally constrain the path an issue takes over its life while both actors engage in some facade of collective best effort for the interest of the majority (majority and minority presupposes everyone can take one or another side on an issue). Any analysis of power, therefore, must also examine institutional and ideological roles taken on by local government (as the arena of community power conflicts) to see if

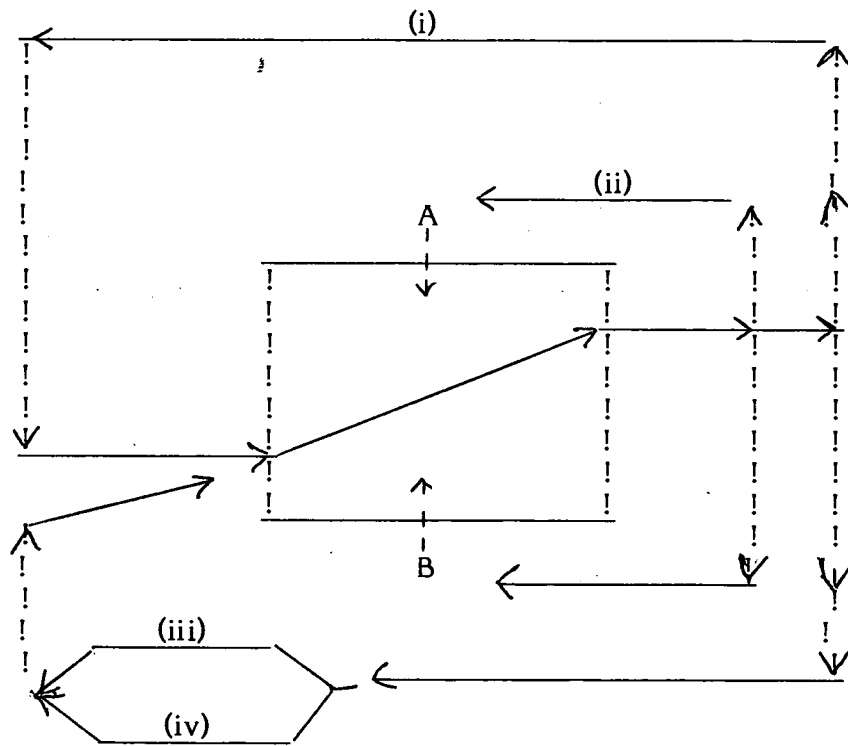


Figure 2. Linkages and feedback mechanism in Dunleavy's approach to power analysis

local government creates roadblocks and hurdles for some and not others over the course of an issue (or sequence of issues).

There are some problems with Dunleavy's model which should at least be raised at this point. First, little attention is given to the question of selection of issues. Even in the discussion of the dynamic aspect of the model, Dunleavy fails to evaluate the importance of the selection of the realm of political discourse, only the impact of his model on successive issues as they are raised. Crenson (1971) develops an interesting "issueness" scale in which he arrays the actors in the political arena by the number that recognize a variety of issues. One can try to use this scale over the entire range of possible issues and actors (in and out of the political arena) and then apply Dunleavy's feedback scheme to ascertain the effect of multiple issues on an analysis of power. The second problem is the dyadic nature of the model which limits the ability to predict power relationships in a more complex world. We are forced to utilize the most aggregated form of the conflict relationship (the two most generalized sides of an issues, e.g., propertied versus nonpropertied interests). This results in the loss of important influences upon direct actors so that we can no longer ask if some other party ultimately directs the course of events even though two parties (factions, groups) are at odds in the community. With these problems in mind, however, Dunleavy's approach offers the greatest flexibility and sensitivity to questions of dynamic processes and sequential effects of power relationships.

For the rest of this analysis, power will be defined as the ability to affect outcomes (cf., White, 1972 on "significant" affecting) in one's favor and will be measured by the logic of the three separate approaches (liberal, reformist, and radical) mentioned throughout. The task of the last part of the paper is to compare these definitions of arena, interest and power for the problem at hand for the purpose of determining which, if any, general approach best explains the final



outcome.

### The Problem

In the early part of 1980, General Motors Corporation approached the City of Detroit about the possibility of finding a site for a 3 million square foot plant which would be used to replace its aging Cadillac and Fisher Body Plants in the Detroit area. At stake was a proposed "6150 jobs which would have otherwise been lost to the Detroit area . . . (and) a potential \$15,000,000 in new property tax revenues (Detroit, 1980e:II-4)." In addition, Detroit faced the prospect that the loss of the old and new General Motors facilities would accelerate an already ongoing process of deterioration of its manufacturing infrastructure. The support services created around automobile manufacturing (e.g., automotice design, sales functions, machine tool manufacture and metal bending operations, trucking and rail services) were a vital part of the revenue base of Detroit. The loss of the General Motors plants meant more than just the loss of 6,000 jobs, it signaled a possible end to the hope that Detroit could ever recover as a viable center of manufacturing and employment.

To that end, the Detroit Community Economic Development Department (CEDD) undertook a search for an appropriate site which would satisfy General Motor's needs and which would insure the construction of the new plant in Detroit. This process quickly raised the question of what price Detroit, or more specifically a community within Detroit, must pay for the plant. Given time constraints imposed by General Motors, the city selected a site in and around the neighborhood called Poletown and proposed using its eminent domain powers to prepare over 460 acres for the new plant. To secure the site, Detroit had to move 3438 residents, 1362 households, 143 institutions or businesses (including 16 churches, a hospital and 2 schools) and demolish 1176 buildings (Detroit News, 10/16/80:A1). In its application to the Federal

Highway Administration of the Department of Transportation (1981), the city identifies 669 single family homes, 343 two family structures, 9 three or four family structures, 114 commercial buildings and 41 other buildings slated for demolition. But how did this decision come about, and whose interests, however they may be defined, were central to the outcome?

The Poletown Neighborhood Council, formed to protect the interests of the Poletown community, sued the city on the grounds that it violated their rights by taking property from them to give to General Motors. In response, the city argued that the greater good of the city at large must take precedence over particular interests of any given community. The choice of Poletown represents the option with the lowest cost to Detroit given the potential benefits of the GM Plant on that site. If stratification theorists are correct, then the interests of the Poletown community mattered little against the overall desires of the General Motors Corporation as part of a ruling elite in Detroit (cf., Ewen, 1978). The actions of General Motors would limit the possible range of actions so as to serve their own needs and perpetuate their domination over Detroit City politics. On the other hand, pluralists can and do argue that the given outcome represents the concerns of the dominant coalition of interests, and by definition serves most of the people in the best way. Had this not been true, they argue, another outcome would surely dominate the proceedings. Finally, a radical analysis would raise the question of whether the process surrounding the plant location issue was a product of the locus of concerns centered around production considerations and not due to the conscious machinations of political alliances or elite interests.

When indirectly asked to judge the merit of the pluralist claims, the State Supreme Court concurred with the notion that the public interest at large was met by the taking of Poletown, in spite of the fact that General Motors also benefited.

. . . This case raises a question of paramount importance to the future welfare of this state and its residents: Can a municipality use the power of eminent domain granted to it . . . to condemn property for transfer to a private corporation to build a plant to promote industry and commerce, thereby adding jobs and taxes to the economic base of the municipality and state? . . . In the instant case the benefit to be received by the municipality invoking the power of eminent domain is a clear and significant one and is sufficient to satisfy this court that such a project was an intended object . . . even though a private party will also, ultimately, receive a benefit as an incident thereto. . . . We hold this project is warranted on the basis that its significance for the people of Detroit and the state has been demonstrated (The Supreme Court of the State of Michigan, 1981).

But the case was not without its dissenting opinions. In the mind of Justice Fitzgerald, public interest cannot automatically be a byproduct of public policy, especially if the policy is directed to benefit private parties. There is little doubt that the state can and should act on behalf of the economic well-being of individuals (keeping in mind that corporations attain a legal "life" with rights therein). What Justice Fitzgerald finds problematic is the use of public policy directed at one group of private interests for the benefit of another private interest. His concerns echo stratification theorist views that the public interest is secondary to those of the elite ruling stratum. The state, he maintains, should not be the tool of private interests for their specific gain. Governmental agencies have used eminent domain to transfer property from one private interest to another for the public benefit, as in the acquisition of land for the building of rail lines.

. . . However, in the present case the transfer of the property to General Motors after condemnation cannot be considered incidental to the taking. It is only through the acquisition and use of the property by General Motors that the "public purpose" of promoting employment can be achieved. Thus, it is the economic benefits of the project that are incidental to the private use of the property. . . . While our decisions have sometimes used the phrase "public purpose" . . . the result of our decisions has been to limit the eminent domain power to situations in which direct governmental use is to be made of the land or in which the private recipient will use it to serve the public . . . (and) it is worth noting (the cases cited) are distinguished in that in each it was the

governmental unit that selected the site in question for commercial or industrial development. By contrast, the project before us was initiated by General Motors Corporation's solicitation of the city for its aid in locating a factory site. . . . The decision that the prospect of increased employment, tax revenue, and general economic stimulation makes taking of private property for transfer to another private party sufficiently "public" to authorize the use of the power of eminent domain means that there is virtually no limit to the use of condemnation to aid private businesses (Fitzgerald, 1981).

Public interest, loosely defined, becomes a catch all phrase for the interests of the dominant groups in society, if stratification theorists are correct. It is incumbent upon any student of community power to examine what particular interests are benefited, and how we define "public". Acting in the "public interest" may be little more than license for a dominant group to pursue its own interest. The same objection is raised by Justice Ryan in his dissenting opinion to the ruling by the Court.

. . . This is more than an example of bad law -- it is, in the last analysis, good-faith but unwarranted judicial imprimatur upon governmental action taken under the policy of the end justifying the means. . . . To meet (overseas) competition, domestic manufacturers are finding it necessary to construct new manufacturing facilities in order to build redesigned, lighter and more economical cars. That means new factories and new factory locations. . . . For those reasons and others, General Motors concluded that it would . . . build a new plant. Needless to say, the fundamental consideration governing the location of the new facility was the corporation's enlightened self-interest as a private, profit-making enterprise. . . . The evidence then is that what General Motors wanted, General Motors got. The corporation conceived the project, determined the cost, allocated the financial burdens, selected the site, established the mode of financing, imposed specific deadlines for clearance of the property and taking title, and even demanded 12 years of tax concessions. . . . (T)hree common elements appear . . . that go far toward explicating and justifying the use of eminent domain for private corporations: 1) **public** necessity of the extreme sort, 2) continuing accountability to the **public**, and 3) selection of land according to facts of independent **public** significance. . . . The condemnation of land . . . (in this instance) is not consistent with any of the three significant elements present . . . (which) justify, in a principled manner, the use of eminent domain for private corporations. . . . Eminent domain is an attribute of sovereignty. When individual citizens are forced to suffer great social dislocation to permit private corporations to construct plants where they deem it most profitable, one is left to wonder who the sovereign is (Ryan, 1981).

These arguments, pro and con, apparently share a common understanding of what is meant as public and private. All parties to the dispute seem to be defined within all these proceedings, and all are implicitly or explicitly conscious actors in the drama. Finally, the problem at hand contains a number of specific issues which arise at regular intervals and the resolution of which determined the direction and nature of the subsequent outcome. Power is defined as the ability of one set of interests (in this case GM and/or the City of Detroit) to prevail over all others. What remains is to outline the actors in the drama and the issues facing them, and then to compare the distribution of benefits and costs according to one or another rule of equitable practice.

#### Issues, Actors and Interest

From the vantage point of a pluralist view of society, we need look no further than the inside of the Detroit City Council to find all the actor and the issues. As the Supreme Court decision stated, the overall question was, and continues to be, what is in the best interest of Detroit as a whole? To that end, the City Council (elected representatives of various parts of the city) in cooperation with the mayor (elected by the city as a whole) should and will come to a decision. That decision, the story goes, represents the greatest good for the most people. Reformists argue that often, and usually, actors and their interests fail to be represented on these councils, and issues of importance to them fail to be placed on the political agenda. Consequently, the outcome will not represent the best interests of the majority but rather the best interests of those who get to make the decisions for the community at large. A list of issues and actors presented by a reformist will therefore be larger than a list prepared by a pluralist. Finally, a radical analyst may change the

entire orientation of the investigation charging that the issues and actors, however defined, are limited by the relations of and to the means of production in the community. While reformists argue that some issues are excluded from the political arena, radicals argue that others are beyond that arena.

We can easily identify the issues requiring City Council action by reviewing the preceeding as reported in the local press (see Appendix A). Once the plans to close the Fisher and Cadillac plants were announced, and GM's desire to replace them with a new facility was made known, the only questions facing the City Council were: where this proposed plant was to be situated; what form, under what terms and from what sources was the project going to be financed; what special tax abatements were to be made available to GM (allowed by Michigan Public Act 198). The first involved ruling that the overall project was a necessity for the City of Detroit enabling special legislation (Michigan Public Act 87) permitting the acquisition of private land by the City's Community and Economic Development Department (CEDD) for public purposes. In addition, the city had to review and select a particular site for the plant and have that decision approved by City Council. The second issue concerned the use of Urban Development Action Grants (UDAGs) from the Department of Housing and Urban Development (HUD) and grants from the Economic Development Administration (EDA) within the Department of Commerce for site preparation costs. These monies, already granted and earmarked for specific communities, and were to be redirected for the proposed project. In addition, future UDAGs and EDA grants were to be mortgaged as loan repayment guarantees. City Council had to evaluate and approve both of these diversions. The City Council also had to approve applications to HUD for loans and to the State for grants to help defray the cost of the project, and to approve the plans for the preparation of the site selected. The last issue involved the granting of a tax abatement to GM for new plant construction.

Under Michigan law (Michigan Public Act 198), a municipality can grant these abatements in order to encourage new manufacturing facilities in their area, and can veto or block the granting of abatements if a plant leaves for another community in the State. Abatements require separate action by the Council and amount to a sizable sum so it is separated from the other financial considerations of the Council.

In addition to the three issues outlined, a reformist analysis would include two more issues. First, they argue that the City Council's actions were limited to the approval, acquisition and preparation of the site for the construction of a GM plant, yet the Council never involved itself (aside from concerns voiced at various times) with the question of when, what kind and under what conditions was the plant actually to be built. From the benefit of hindsight we see that the plant still is not operational. All of the Council's actions focused solely on preparing and turning over a suitable site for a plant to GM, and did not include actual construction timetables or even a concrete commitment to build a plant. An analysis from a reformist perspective views the course of events as one manipulated by GM to maximize the terms under which they could, if they chose to, build a plant in the Detroit area.

Next they expand the issue list to include the decision to close two operational plants (and not even operating at peak capacity) and to replace them with a newer, more productive plant. GM states clearly (as will be shown later) that current rules and tax laws make it economically unreasonable to renovate and maintain the existing plants. Building a new plant is much cheaper for GM and so they made what was for them an optimal decision. It is precisely this decision which limits all the other actions which follow. Detroit and the City Council must act constrained by the knowledge that two plants will close. A new one is to be built only if the city can offer "favorable" terms. The city tries to do what is best for Detroit as a whole after the options are limited to a range of outcomes which are best for GM as a



corporate entity (i.e., production decisions constrain consumption decisions). To summarize, the issues in this problem are: I) plant closings and new plant construction; II) site selection and approval; III) funding arrangements and site preparation; IV) tax abatements; V) plant construction.

A radical analysis accepts the range of issues defined above, as long as the first issue is interpreted to include the role the City Council and the Detroit City government have regarding the provision of an environment suitable for reproduction of productive relationships. Any analysis of power which remains fixed on an issue by issue process loses sight of the dynamic which effects the form as well as the fact of the issue. Reformists are concerned that issues affecting vast portions of unrepresented populations in the community will be ignored by tacit agreement (via the exercise of "power") among the decision makers. Radicals are concerned that a quest for nonissues may end in simply filling the box with marbles and not asking why the box is so small. As Dunleavy pointed out, each issue outcome will have a bearing on the relationship between actors for the next issue when one uses a feedback approach to analyzing power from an issue centered perspective. Radicals define power as not something one has, necessarily, but the way in which one can affect the unfolding of events to promote options and constrain outcomes. It is therefore not enough to expand the issue list from three to five, reflecting important concerns of the city as a whole. Rather, what is important in an analysis of the Central Industrial Park project is to evaluate the sequence of events (of the issues as they arise) in relation to its bearing on the interests of the actors.

The overriding concerns for the problem at hand are: what options are in the best interests of the City of Detroit, how are these determined and how are these implemented? Since the problem for Detroit is the location and cost to the city of a new GM plant, we need to list all parties which can be identified having an interest

in the outcome of that decision. Aside from the city as a whole, we can say that each neighborhood within the city is concerned with a set of potential direct and indirect costs to bear. For example, what funds may now be unavailable for community development if the city diverts monies to the project, what will be the affect on the community chosen as the site of the project, how is the overall fiscal health of the city affected by the project so that the level of services in general may be jeopardized for the time being? Similarly, each community has to weigh the costs against potential benefits. Will there be more jobs for the city as a whole, will these jobs specifically help members of the community, will overall taxes be lower because this plant is somewhere in the city, will the project stop the economic erosion of the city and turn it around? Clearly not all communities and neighborhoods need be very concerned about more than the broader questions affecting the city as a whole. Size constraints and other considerations, such as availability of transport facilities, ultimately restrict the number of possible communities under serious consideration. The city ultimately selected nine potential sites (see Appendix B). Grouping all other communities not directly affected by the location of the plant into one actor, we therefore expect, a priori, to have at least ten different actors represented in the discussion about where to place the plant and at what cost to whom. Only the nine potential sites would actually be concerned with the widest range of costs while all look at all the benefits. Since the communities elected the members of the City Council and the Mayor, and since any special interest like organized labor or business groups carry no special weight in the electoral process, liberal theorists argue that all interests for all concerned will be reflected in the outcome.

A liberal account of the process, therefore, identifies the City Council as the arena of political conflict, its members representatives of all the interested parties,

and interest defined as some measure of net overall benefit to the city as a whole. Each group will have a different calculus for determining its parochial claims of benefits and costs, but the City Council will ultimately weigh each against the others to arrive at some overall benefit and cost analysis. Implicit in the liberal analysis is that the City Council, representing these various constituencies, has the opportunity to discuss various options, pros and cons, regarding site selection. As is shown below, that assumption is farthest from the truth. Having identified actors and interests, we can evaluate each of the three issues above to assess the nature of the outcomes.

The reformist analysis continues one step further -- the city's business elite have a special interest in the outcome. On one hand they are concerned with maintaining a favorable climate for business. On the other they want to make sure no action taken by the city will adversely effect their potential for profitability. To the list above they would add both GM and all other businesses as two more actors interested in the outcome. In addition to business interests, organized labor must surely be concerned by any decision regarding production and employment levels in the Detroit area. Therefore, this approach looks beyond the confines of the City Council to the mechanisms of City government in general (including the City Council) as the political arena in which to find the effect of the influence of these additional actors (e.g., the Detroit Economic Growth Corporation "floating" money to the city for preliminary studies, Detroit News, 16 Oct 1980:B1). Their analysis of community power would evaluate this expanded list of actors in relation to the four issues identified above.

Secondly, the option of whether to build a new plant or renovate the two older Clark and Fisher plants remains squarely in GM's control. A reformist analysis would point out that the range of options, that is the agenda for action facing the City Council, has been restricted by the action of GM. Any discussion of possible action

by the city remains confined to a reactive response to GM's behavior. The city has tacitly been coerced to ignore the obvious alternatives which might dictate production and employment levels to GM as condition for the approval of the project (this might include exit costs following the examples of some cities trying to halt the flight of manufacturing).

The radical analysis of power approaches the problem differently; a broader view of interest and the centrality of production relationships between the various actors are central to the analysis. Since interest can be both subjective (what is the best thing for each actor at the moment) and objective (what is the best thing for each actor so that the possibility of future options are maximized), an analysis of power is not limited to who gets what now, but who has molded the process to repeatedly produce favorable outcomes. The subjective interests of the community must be examined in relation to the objective interests of the workers who live there. It is pointed out above that a radical view asks how the private decisions of GM selects and limits the ensuing issues faced by both the City Council and city government. Redefining the political arena to examine the underlying production relations, a radical analysis of power evaluates the outcomes of each issue in relation to the objective interests served by those outcomes.

Perhaps more importantly, by limiting the analysis to an issue by issue account, these other approaches limit the range of actors in that analysis. A focus on the issue, within a defined arena, misses the possibility that the arena itself is an actor in the events. Both of the first two approaches do not view the City Council or city government as more than the representative of the subjective interests of various sectors of society. But a radical analysis proceeds under the assumption that the form of the arena, the state itself, plays an integral part in the reproduction of production relations. This paper will not attempt to discuss theories of the state

from a radical perspective (for examples of this discussion, see Castells, 1977; Gordon, 1977; Harvey, 1978a; O'Connor, 1973; Poulantzas, 1978; Therborn, 1978, 1980; Tilly, 1978), nor will it engage in questions of state behavior and the crisis in the legitimation of capitalist production relations (e.g., Castells, 1980; Przeworski and Wallerstein, 1982; Piven and Cloward, 1979; Martin, 1983; Wolfe, 1977). But the role played by both the City Council in approving various actions and the departments of city government in providing selected information (e.g., Councilman Cockrel's complaints regarding the relationship between the Council and the CEDD throughout, *Detroit News*, 28 May 1981:BDW2) must be examined. It is difficult to articulate a position of interest, subjective or otherwise, for the official state bodies without detailing theories of the state. Instrumental, structural and functional theories of the state all present accounts of public officials as agents acting consciously or unconsciously on behalf of one group or another. The scope of this analysis only requires that the City Council and the city government, exemplified by the CEDD, be considered more than just an arena, and that an analysis of power take into account the dynamic interaction between various constituencies (e.g., labor and capital) within the context of this less than neutral political forum.

### **A Chronological Account of the Process**

Having outlined the various positions and expectations from a theoretical perspective, it is necessary to examine the events as they unfold to see which model of power is most consistent with the decision to raze Poletown in preparation for a GM assembly plant. A pluralist explanation of community politics looks to the City Council as the locus of all decisions affecting the City of Detroit. By examining the chronology of events, pluralists would expect that each question of concern to the people of the city would be discussed in the City Council. Any subsequent action would necessarily reflect the greatest good for the greatest number of people. Issues emerge as they become important, and their resolution represents a consensus position of interests on the Council. If a question of power is raised, it is merely in the context of the ability of the majority to enforce its decisions on the minority position (or positions). Similarly, a reformist analysis would point out a) how particular interests failed to be represented on the Council, b) which issues were turned into nonissues by the Council (or more particularly some faction on or off the Council), and c) what actor or group of actors constrained the decisions of the City Council. Power is reflected by the fact that decisions and outcomes conform to the needs and interests of GM as the representative of the dominant class. The radical analysis views each outcome as the basis for positions of dominance on the next issue, and power as a cumulative process whereby the possible resolution to a given issue was constrained by the resolution of the previous issue. Power reflects the ability of GM to utilize the administrative apparatus of the city to maintain the broadest possible range of future action. Through a reconstruction of the events as they are reported in the local press, each of these scenarios can be challenged or

substantiated.

Any analysis dependent upon newspaper reporting is vulnerable to problems of incomplete information, perceptual interpretation of the reporters writing the articles and biases of the paper itself regarding the kind of material its editors deem newsworthy or the point of view they would like to promote. The analysis here is little more than an attempt to understand the CIP decision making process as it unfolds in the press, and to paint the problem with an historical brush using colors unavailable in benefit cost calculations. First, an outline of the actors mentioned, and the issues raised, is presented to define the boundaries of the analysis. Then, a critical review of the timing of actions by the City Council on the main issues in relation to behavior by the actors concerned as reported by the press presents an analysis of the dynamics of power relations. Using Dunleavy's issue centered approach to power, it is possible to define the actors and issues, and chart the outcome of the events to understand which groups have what kind of power. What follows is a review of 128 newspaper articles which appeared in the Detroit News over approximately one year covering the period from time the plant closing and site search is first announced (24 June 1980) to the point that GM makes its statement delaying promises made during the course of events (3 Nov 1981).

#### Actors and Issues

The newspaper coverage addresses each of the five issues identified earlier in a sequential fashion reflecting changing concerns as one question is resolved and another comes to the fore. What is striking in the review of the process is that often many of the issues are treated by some of the actors as if they have already been resolved even though the City Council had yet to officially decide on the outcome (recall that issues were defined as those actions to which the City Council had to give final

approval — or should have — regarding the CIP), or for which some legitimate appeal was still pending. One example of this is the demolition of the majority of the site while the community was still trying to question both the outcome and the process of the selection. A court order was required to halt the demolition until the issue was resolved. Another striking observation arising from a press review is the limited number of actors mentioned in the press in relation to all the possible concerned groups. Other communities in the city identified as possible sites by the CEDD make no appearance at all, while the United Auto Workers, representing the interests of auto workers specifically and labor in general, are reported only twice in the press. Finally, it is clear from reading the paper that the offices of City government are more than just functionaries committed to carrying out the policies of the City Council as they decide on the collective best interests for the city. Almost half of all references in the paper in regard to any of the issues involve either a representative of Mayor Young (or the mayor himself), or the CEDD and its director, Emmet Moten. If the City Council and city government are to be viewed as an arena of political conflict, then clearly the arena (at least the city government part) itself had a clear position vis-a-vis the form of the final outcome. In most respects, either the CEDD or other City officials acted as an interested party, although it was never clear what the interest was. On face value, that interest was the economic well being of the people of Detroit.

Table 1 presents a list of actors identified by the press coverage and the number of times they appear around one of the five issues. The editorial and commentaries of the newspaper were also presented to try to uncover any obvious bias in reporting. Most of these comments centered on the necessity for the city to maintain, ensure or otherwise guarantee whatever was necessary to keep the plant (and by extension, the jobs) in the city. Not surprisingly, almost all the items



mentioning the Poletown Neighborhood Council occur around the question of site selection. The one exception, some of the residents argue later on that if GM is to receive a tax abatement to encourage them to build, the people in Poletown should receive similar guarantees -- either in the form of a reduction, or at least a promise that their property taxes will not go up as they are forced into more expensive homes. Also not surprising is the preponderance of citations referring to GM around the issue of the plant closure. After all, the decision to close the Clark and Fisher plants was made unilaterally and the paper was reporting the company's ruminations about remaining in the Detroit area provided an adequate site was forthcoming.

Insert Table 1 about here

More surprising is that the UAW was only reported in the paper on two occasions. The first appears on the day the plant closing and the prospective new plant was reported. A UAW spokesperson stated that it would be good for auto workers if GM built its plant in Detroit. The proposed plant "could be one of the best, but with automation, one of the worst things (24 June 1980:A1)" to happen to workers. The next time anyone from the UAW appears in the news is to encourage the City Council to approve the tax abatement stating that GM will leave Detroit and the effect on auto related jobs will be devastating. Most of the comments or references by either an element of City government, the City Council or CEDD are limited to the middle range of issues. This is also not surprising since the first and last issues, as defined, are beyond the scope of City Council action. Tables 2 and 3 presents the distribution of each actor's comments by issue, and the distribution of the issues raised or otherwise mentioned by actor.

Insert Tables 2 and 3 about here

TABLE 1. The Number of Actors Cited\* in Relation to Issues

<u>ACTOR</u>	<u>ISSUES</u>					<u>Total</u>
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>	
City Council	1	3	7	8	-	19
City Officials	4	18	14	7	5	48
Moten & CEDD	5	17	32	15	4	73
PNC & Supporters	-	57	-	1	-	58
UAW	1	-	-	1	-	2
General Motors	28	7	6	9	3	53
Editorials, etc.	4	2	1	1	-	8
<b>TOTAL</b>	<b>43</b>	<b>104</b>	<b>60</b>	<b>42</b>	<b>12</b>	<b>261</b>

\*Detroit News from April 16, 1980 to November 3, 1981 (total of 128 articles)

TABLE 2. The Percentage Distribution of Actors by Issue

<u>ACTOR</u>	<u>ISSUES</u>					<u>Total</u>
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>	
City Council	2.3	2.9	11.7	19.0	-	7.3
City Officials	9.3	17.3	23.3	16.7	41.7	18.3
Moten & CEDD	11.6	16.3	53.3	35.7	33.3	28.0
PNC & Supporters	-	54.3	-	2.4	-	22.2
UAW	2.3	-	-	2.4	-	0.8
General Motors	65.1	6.7	10.0	21.4	25.0	20.3
Editorials, etc.	9.3	1.9	1.7	2.4	-	3.1
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

NB: Totals may not add up due to rounding

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TABLE 3. The Percentage Distribution of Issues by Actor

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<u>ACTOR</u>	<u>ISSUES</u>					<u>Total</u>
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>	
City Council	5.3	15.9	36.9	42.1	-	100.0
City Officials	8.3	37.5	29.2	14.6	10.4	100.0
Moten & CEDD	6.9	23.3	43.8	20.5	5.5	100.0
PNC & Supporters	-	98.3	-	1.7	-	100.0
UAW	50.0	-	-	50.0	-	100.0
General Motors	52.9	13.2	11.3	17.0	5.7	100.0
Editorials, etc.	50.0	25.0	12.5	12.5	-	100.0
TOTAL	16.5	39.8	23.0	16.1	4.6	100.0

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NB: Totals may not add up due to rounding

### Process

A listing of events, actors' participation or number of times an issue is raised suffers from the same sort of aggregation problem encountered earlier. Simple distributions do not generate an understanding of the process which unfolded in creating the CIP. For example, almost all the action by Poletown residents occurred after their community was selected as the site. Their concerns centered around a rear guard action trying to undo what they had little say in doing. Appendix A presents a chronology of the process as it was reported in a local paper. The dates selected are convenient points in time grouping a number of events over longer or shorter periods reflecting substantive progress towards the completion of the project. A better feel for the process can be achieved using this chronological account to trace the course of events related to each of the issues.

The first issue appears only as a report of something already decided. GM had unilaterally planned to replace its older facilities, but maintained that it was interested, even committed, to remaining in the Detroit area. Aside from the obvious benefit of continuity of production if GM used workers from current production facilities, the company pointed out that Detroit was its sentimental home, and felt it needed to maintain a presence in the birthplace of the Cadillac (the car produced in the plants being phased down and proposed for the new plant). Nonetheless, GM would wait until Oct 1st to review the progress the city made in its search for a suitable site for a new plant before committing itself further. In this way, GM defined the parameters of the problem and the options available to the city — no site, no plant and presumably no jobs. Following Dunleavy, we see that the resolution of the first issue, production decisions made affecting the city as a whole, was controlled solely by the internal accounting practices of GM. From a liberal prospective, this was out of the realm of "public" decision making. The only issue

needing to be addressed was the next one, selecting a site based on the least overall cost to the city, and which also satisfied GM's needs, so that the city could keep the GM plant. Reformists argue that the initial decision, however, represented the critical point of departure for what was to follow. The agenda for further action was set by GM. Clearly, to use Dunleavy's image of a gate, the result of the first issue strategically placed a constraints on the second, limiting the range of future outcomes.

On June 25th, the day after the initial pronouncement, a number of potential sites are mentioned in the paper, but Poletown is already identified as the leading site. How, if the City Council is to decide, with input from various City agencies, can a community already emerge as the probable site only one day after the "public" is made aware of GM's plans? By the 1st of July Poletown is identified as the site selected by the CEDD. On the 16th of that month a group of 14 major local businesses, including most banks and the major automobile manufactures, loan the city over \$3 million to proceed with "feasibility studies" on site conversion. Within a few days the CEDD requests that the City Council approve the diverting of monies granted for other purposes (CDBGs) towards initial outlays connected with the acquisition and preparation of the site. Finally, at the beginning of August, the CEDD receives the approval from City Council for an application to HUD for loans to cover costs of the project over the Council's own concerns that a) financing for the entire project is not yet clearly identified and therefore risks the monies already allocated, b) the Council only received Moten's assurances regarding the content of the application at the time of the approval and c) the city had not yet even received a commitment that GM intended to build a plant in the event a site is prepared (foreshadowing the concerns which emerge as issue V).

Within two months after the announcement, the city committed large sums of

money originally earmarked for other community projects, applied for more funds in the form of grants and loans from various agencies (all with the Council's reluctant approval) and considered a number of alternatives other than providing a prepared site (including assuming the cost of plant construction and leasing the plant back to GM), all because the city had to make suitable progress by the beginning of October when GM would make its assessment and decide on its next course of action. Throughout, the question of site selection has been lost even though the City Council had yet to even discuss the issue of criteria for a site and appropriate measures for approval once a site was found. GM and the city agencies involved acted as if the decision was a forgone conclusion, that the overall benefit to Detroit was a forgone conclusion, and the the city had no other alternative than to function within constraints imposed by GM.

Furthermore, while the Council was still not acting on the second issue, the city was already committing money toward the project. The third issue was also rapidly becoming a moot point since many of the loans granted required as a precondition that the city commit future HUD and EDA grants for their repayment. On the eve of GM's review, Moten concedes to the City Council that the original cost estimates have risen over 60% to nearly \$200 million, and the city would eventual have to bear a "real" cost of over \$300 million. Keeping in mind that the question of the selection of the site is rapidly becoming another nonissue, the City Council now found itself in a position which required increasing approval for the allocation of money towards a project which a) still has not received a commitment from GM regarding the plant to be constructed on the site, b) still has not had its costs clearly mapped out and c) the Council still had not actually approved in any form.

On the 7th of October, GM is reported to want tax abatement guarantees before it is willing to undertake any project, and on the 11th the city's CEDD and

GM sign an agreement calling for the terms and price under which GM will buy the site. Notably absent in the agreement is any commitment actually to build a plant and put people to work. The agreement states that any sale is contingent upon the city having clear title to all the property necessary for GM's site, that the buildings on the property were razed, all necessary improvements to the site were already made and finally that the city would grant GM a 12 year, 50% tax abatement for the new plant. Now four issues are in the works, none of them under the Council's control: GM and the CEDD are acting as if the site selection has already met with approval; the City Council is increasingly being required to approve loan or grant applications for securing the necessary money for in increasingly expensive project; the city implicitly approved the granting of a tax abatement as a precondition of property transfer before the issue ever comes up before the Council; GM consistently ignores any discussion related to a commitment to build a plant after they take over the property from the city.

It becomes increasingly problematic to apply any sort of conventional model of power analysis to this process. Clearly, the major actors are becoming GM and the city's agencies and officials (excluding the City Council). Even the Council itself is beginning to appreciate the degree to which it is being ignored or bypassed, claiming they are being forced into a position in which they are treated like a rubber stamp (11 Oct 1980:A1). How are we to analyze power relations under a pluralist or reformist framework when GM is not an actor in the process for the first and the "state" is not an actor for either? As the process unfolds, conventional views of power relationship and decision making have a harder time reconciling the actual events to the predicted outcomes.

By the end of October, the City Council has approved diverting \$60.5 million in current HUD grants for the project and has committed \$51.5 million in future UDAG



monies to repay additional loans. The latter was done inspite of the opposition of its own staff which recommended that the CEDD first be asked to account for any affect on those communities losing grant monies. Furthermore, the city had still not been able to secure all the funds necessary to ensure the project's completion. Finally, the Council's staff recommended that any proposals for a tax break should be linked to guaranteed levels of employment -- at least 6,000 jobs created and maintained for the life of the tax abatement. At the same time, GM predicted future automation may mean the new plant's work force will be significantly trimmed (21 Oct 1980:BD4) and Mayor Young conceded to the City Council that a new plant will not create new permanent jobs, claims of "thousands of jobs" are not accurate, and an original payback estimate of 15 years presented to the City Council did not take a tax abatement into consideration (22 Oct 1980:A1). Nonetheless, the City Council effectively affirms the forgone by approving the site, stating that there is a clear and immediate need for the city. This allowed the CEDD to proceed according to Michigan Public Act 87 permitting the "quick" taking of land under eminent domain powers, a process which normally would take years. The urgency is justified in part by a May 1, 1981 deadline GM had imposed for transfer of title in order for it to be able to build its plant according to schedule.

The rest of the time from the beginning of November, 1980 to the end of March, 1981 is filled with the Poletown Neighborhood Council suit to halt the process. Little is done on the residents' behalf as the courts move quickly to rule on the question. Just before the Supreme Court ruling upholding the lower court decision that the public need outweighed the rights of the community, Mayor Young states that the CIP is more important to the city than the Renaissance Center, GM again makes veiled threats about the importance of the May 1st title transfer deadline, and City officials point out that the city will possess much "useless"

property (all but 190 of 1700 lots on the site) if the Court stops the CIP project (11 Mar 1981:A1). The intervening period is filled with charges and counter charges between Young, Moten and the Poletown Neighborhood Council and its supporters (most notably Nadar) about unreasonable obstruction and the needs of the city. Clearly, however, the first three issues had been decided by the end of October, with the role played by the City Council little more than an after-the-fact approving body whose actions were required by statute.

The last main issue before the Council was the granting of a tax abatement. GM let it be known that they would be asking for an abatement which would effectively keep the tax on the new plant equal to their current liability on the Clark and Fisher plants. Then, in the interest of the city's financial crisis, GM agreed to accept "only" the more conventional (by this time) 50%, 12 year reduction (17 Mar 1981:A1). Furthermore, the company pointed out that there are still many communities which would welcome the plant with open arms and that if a tax abatement were not granted they would have to reconsider and reevaluate their plans to see if a plant in that location was still economically viable. Moten argued before the City Council that GM was technically entitled to the abatement according to the land transfer agreement which stated that an abatement was a precondition to transfer. Unless the Council wanted to keep possession of the site, they would have to grant the tax break. The Council's staff again recommended against an abatement, or at the least requested any abatement be tied to employment levels. Finally, Young assured all concerned that the absence of any written commitment to build would in no way adversely affect the eventual outcome. In fact, GM was doing the city a favor in building the plant in Detroit (16 April 1980:B1).

The Council granted the abatement, with the only constraint on GM that they be required to create no fewer than 3,000 jobs within 4 years. After that events

move quickly. On May 1st, the prepared site is sold to GM for the agreed upon amount. Just prior to the sale, the city announced that the CIP had been designated as a "tax increment financing district" in which all tax revenues are removed from the general fund and earmarked for specific purposes. In this case they are all to go to repayment of over \$200 million the city spent on the project. Consequently there would be no direct revenue to the City of Detroit for between 15 and 20 years (30 April 1981:B1). After having talked all along about its \$40 billion world wide capital expenditure program (with at least \$10 billion to be spent in the State of Michigan), GM announces that the changing economic climate requires it review all its spending plans (17 May 1981:H1), although research and investment in robotics and automation will continue. In response to criticism that the whole project proceeded without GM's binding commitment to build a plant, Young stated that "if we waited for all the silly guarantees, nothing would get built (31 May 1981:B8)." Yet, in spite of Young's assurances, the papers report on November 3rd that GM will delay completion of its plant for at least a year, hoping to get it on line for the 1985 production cars.

The entire process was constrained by two GM deadlines -- an October 1st review of progress and a May 1st possession of the site. In the final analysis, no clear commitment to build made all the urgency a risky proposition. By steadfastly maintaining control over the two critical issues, the decision to close and the decision to build, GM set the stage for all that transpired between them.

### Summary

Little sense can be made from the course events when trying to fit it into the framework of a pluralist account of decision making. The City Council rarely acted as more than a post hoc approval body for actions carried out long before. Pluralists may argue that in the case of Detroit, the city government and the Mayor acts on

behalf of all the people. And yet, how can we explain what only amounts to a stubborn determination to trust that the outcome will be in the city's interests when there is no careful analysis of the impact of the various alternatives. The fact that the Mayor was seriously considering building the plant as well indicates that little thought was given to the final cost to the city, especially in light of the Mayor's own pronouncements that the whole project was not likely to create new jobs. Clearly it is in the city's interests to maintain both the jobs and the tax base the GM plant represents. But there are other ways of warming the house other than setting it ablaze.

The reformist notion of constrained agenda formation clearly fits what transpired in Detroit. The city was limited by its acceptance of GM's implicit position that only the company can say what it will do with its existing plants and where it will build future plants. All the actions which followed reacted to the need to provide a site, and the cost and form of the process became subjected to those needs. But the reformist account fails to explain the role taken by City government, and the CEDD specifically, in advocating a course of action. The city does not have a traditional interest position to promote or maintain. How can the CEDD, and Moten in particular, continue to act in spite of opposition to the CIP, often forcing through a position or course of events, without also having something concrete to gain? The reformist analysis does not take into account the form of the process. There is simply a description of what occurs, not an explanation of why it came to pass in its particular form.

In both of these two approaches, either the arena is unclear or the actors cannot be explained. Dunleavy's measure of power has limited meaning since it would be hard to understand what further ends of the city government are served by controlling the range of future outcomes. Even reelection cannot be a prominent

motivation for this course of action, for if it can be shown that the net effect on the city is negative, then elected officials leave themselves vulnerable to a successful political challenge and appointees to replacement. To make sense of an issue centered approach to the analysis of power, then we need to look more carefully at the role the various actors played in the drama.

A radical analysis provides a better platform from which to understand the outcomes described in this account. GM's main concern was to maintain its production options, while the city acted in any way it felt was possible to protect its base. The subjective interests of the people of Detroit centered on the idea that the city could not "afford" to lose the GM plant. While this was in fact true, it also could not afford to embark on the path chosen by the Mayor and the CEDD. Part of the problem, as always, is information. But the key is in the relationship between the city government and GM. If the City Council represented particular interests throughout the city, clearly GM and the CEDD were engaged in negotiations which excluded the Council long before the June 24th announcement. How else could the city have assembled the information regarding, first, the available sites and second, the desirability of Poletown specifically?

If the search is for the source of "power", then we have to look to the relationships within society. Clearly the only party throughout these events which maintained, and even widened, its range of options was GM. But what does it mean that GM has power? Is it in the form of the President or the Chairman of the Board of the Company, or is it the embodiment of a set of relationships within a society predicated on the importance of property relationships first and foremost? GM has power because it controls the resources, and the task of City government is to provide a balance between the needs of production and the problems of the producers. If the objective interests of the people in the city are to have jobs and

live reasonable and comfortable lives, the objective interests for GM is to perpetuate the form of the productive relationships. To that end, GM furthered its objective interests, largely with the help of City government, while the various sectors of the city saw their interests further eroded.

The chronological reconstruction has shown that a pluralist account of community politics fails to motivate an understanding of the events surrounding the Central Industrial Park project. Their locus of political decision making, the City Council, is in reality little more than a rubber stamp for actions initiated and decided upon elsewhere in the city's administrative structure. The reformist view comes closer to providing an understanding of the events around Poletown. But this understanding appears more as a post hoc description than a careful analysis of power. If the reformist view helps to clarify the form and content of power relationships in community politics, it still fails to provide an analysis of power as a process. This reconstruction points to the need for an analysis of community power based on a dynamic process of maximizing objective interests through the relationship between the local government and the owners of the means of production; issues cannot be analyzed one at a time, but need to be seen in the context of a series of outcomes. The radical perspective provides the best framework from which the problem of community politics can begin to be addressed.

## **An Inquiry Into Benefits and Costs**

Critical for and underlying the pluralist model of community politics is the assumption that the project generated benefits for the community as a whole, and to realize these benefits specific costs related to the project had to be distributed. Reformist analysis does not require as strong an assumption, but would expect positive net benefits for the city as a whole if there is to be any action by the interested parties. It is sufficient that the parties themselves have an expectation of benefits, but the actual accrual of benefits does not affect the model of issue resolution presented by reform theorists. The radical analysis only expects that benefits will ultimately flow to those in control of the means of production. Any benefit calculation is a direct result of a position improved upon over time by the power holder. The outcomes of a series of issues improves the possibilities for achieving those benefits. This section will evaluate the validity of the benefit and cost claims made in evaluating the worth and advisability of the Central Industrial Park project.

### Method of Analysis

To ascertain the merit of the proposed project, the CEDD used a crude form of benefit-cost analysis to compare the cost of the project with the expected revenue flow once the plant is built (Detroit, 1980e) and then made the assessment that the project was worthwhile for the City of Detroit. Benefit-cost analysis of social investment projects usually are applied when there is public financing of some capital project which is to remain in the public domain. Those projects generate revenue for the locality undertaking the project, and these revenues are used to measure the

relative merit of the project. Most often, there are a number of alternatives available with limited resources and the analysis helps in the process of selecting the best project. Examples of this are roadway expansion, water and sewage treatment projects, port facility development, etc. whereby the project generates tariffs, fees, tolls or other charges as a direct benefit. In addition, the project will account for increased tax revenues both directly from the income tax due to a net employment increase in the community and indirectly from increased sales taxes, business taxes, use of for-fee services (mass transit), etc. The costs and benefits of the proposed project are summed over the life of the project and a calculation is made. If the project has a finite life (e.g., a water treatment plant with a known effective utilization life), then the project is measured for its net social benefit compared with other projects competing for limited public capital expenditure funds. If the project has an indeterminate life, then a series of possible criteria can be used ranging from arbitrarily cutting off the projected revenue flow at some point in time to calculating net average rates of return on the project (or similarly internal rates of return on the investment possibilities) and then comparing the alternative projects (see Appendix C).

Costs can either be capital outlays or operating expenses. The former refers to the actual expenditure on plant and equipment, the latter on the continued cost of operation. For convenience, these are often combined over the period of evaluation. Usually costs tend to be high in current periods and decline rapidly overtime. Similarly, benefits refer to both direct benefits collected by and indirect benefits attributed to the project. These tend to be low at the early stages of the project and rise over time. To make a meaningful comparison at a given point in time, both the benefit and cost streams are discounted at some "social discount rate" to arrive at a present value calculations. This method, for example, can be used in the



determination of rate structures of public projects as various proposed rates generate different revenue streams (making appropriate assumptions about market prices and demand elasticities) to see what minimum rate is necessary to guarantee a non-negative net present value of the project. Likewise, one can calculate internal rates of return by setting the total benefit and cost streams equal to each other and determining what the discount rate would have to be.

Any benefit-cost calculation variant makes some implicit and explicit assumptions about the problem. The most obvious is that all relevant benefit and costs are both understood and obtainable (cf., Fischhoff, 1977; Haveman and Weisbrod, 1975). Clearly the omission of significant costs or benefits will ultimately distort the assessment. Secondly, if all the benefits and costs are simply summed to determine the total net benefits, then these are implicitly given equal weight in the calculation (weights for different components sum to one, so equal weight means 0.5 for each component type, cf., Hettich, 1976). For example, if the construction of a highway branch through a low income neighborhood results in costs to the neighborhood which are less than the benefits to the executives living in wealthier suburbs whose lives are made easier by the shorter route, and the project repays itself through tolls collected and other direct and indirect effects, then simply adding the costs and benefits would result in approving the project. If, on the other hand, we decided that each cost or benefit to a low income community was to have greater weight in the calculation (i.e., 0.25 for upper income costs or benefits and 0.75 for lower income costs and benefits), different result may be generated.

This leads to the last major assumption. Social cost-benefit analysis is predicated on the ability of the analyst to calculate the net social benefit (assuming there is one) and then compute the consumer surplus associated with that benefit. In the example above, how much of a toll would the executive be willing to pay before

he feels there is no gain to him from the proposed highway? This would represent the social surplus derived from the project. In social cost-benefit analysis the assumption is made that this surplus will and can be used to offset the costs. Again, in the example above, if all (or a sufficient amount) of the tolls collected were reinvested in the lower income neighborhood in the form of increased services, better facilities or even direct transfer payments, then conceivably the net effect may be that both communities benefit. But in reality, there are political, administrative and temporal problems associated with this transfer -- benefits don't come in the same period as the costs, bureaucracies can't be set up to handle the necessary transfers and redistribution may require a different referendum from the public at large. Without some weighting scheme to account for these differences, cost-benefit analysis may generate misinformation as often as information regarding the desirability of one or another of the projects in question (Graaff, 1975).

In contrast to the discussion above, the Central Industrial Park project is not a "public" project directly providing collective consumption goods (e.g., water purification) with the investment of public funds, but rather it is designed to promote the private use of a facility with the assumption that there are directly measurable "public" benefits to accrue as a result. One obvious difference, then, is that the public sector has little if any control of the project once the investment has been made (in this case once the property is transferred to GM). Benefits are at best estimates of expected returns contingent on many more factors than, for example, accurate calculations of demand elasticities for public service rate structures.

The first problem cited above, careful and meaningful calculation of benefits and costs, becomes more difficult since the benefit stream is not directly under "public" control. Secondly, weighting schemes must be more explicitly stated. But again, a private provider will be under less direct control by the "public" sector so

that desired redistributive goals may not translate as actual policy (e.g., a public commitment to hire minorities or economically disadvantaged may be disregarded or diluted according to overall corporate employment needs). Finally, there is virtually no control over any "consumer surplus" if it all accrues to the private firm, or at the least is under that firm's explicit control. For example, one objective reflecting distributional concerns can be that new cars manufactured in the plant be targeted to low income consumers -- i.e., build cheap sub-compact cars -- as is often done in developing countries where the new plant is a joint public-private venture. In the current situation, GM may begin with this as a stated policy, but can change its output line to a more profitable model without "public" approval and with changing social consequences. Any consumer surplus originally redistributed may be lost, and a calculation dependent upon this redistribution will no longer be valid.

Each of the three sets of theories outline the parameters for decision making vis-a-vis the distribution of costs and benefits to various identifiable interests within the political arena. It is not unreasonable to expect that one set of theories may operate as the basis for policy statements regarding the intended distribution of costs and benefits, but that another shed light on the actual distribution obtained. The results of this comparison will provide the basis for a evaluating the predicted distribution of benefits and costs derived from each of the theories to determine which offers a better understanding of the actual mechanism involved.

### Variables and Measurement

Social accounting takes the form of social benefit-cost calculations which measure the net income streams of particular programs or projects against the initial outlay for that project in the form of direct and indirect expenses, or forgone revenues from other possible uses of available monies. In this situation, there are no

readily available alternatives to the project with which to make a comparison. The only alternatives presented are the possible sites for the project, or whether the project should be implemented at all. What follows is a list of the various considerations which may or may not enter into the calculation depending on the objectives of the analyst. The range of factors to consider is constrained by the fact that the project has no control over the end use. Many traditional considerations (e.g., the form and impact of the output) do not enter into the benefit-cost calculation. As a result, only those factors which have a direct bearing on the project, and benefits which are used to justify the costs, enter into the discussion. Each of the factors will be considered in net form (i.e., costs and benefits will be added together) so that negative benefits are nothing more than the costs of the factor outweighing the benefits.

#### A. Direct Benefits

- **Employment:** The proposed project will potentially generate new jobs and maintain jobs existing at the plants to be phased out. These must be measured against the current level of employment existing in the community. For the purposes of direct benefits attributable to the project, the net increase in revenues to the city due to the additional employment will be calculated (this takes the form of income tax paid on earned income). In addition, there will be some short term increase in employment due to plant construction. Presumably these should be positive for the project as a whole.

- **Taxes:** This will consist of all tax revenues other than income taxes which the city will receive and lose as a result of the project. These are primarily property taxes accruing from the new plant and tax revenues lost from existing structures paying taxes. In addition, the share of State taxes returned to the city will rise as the State receives more tax revenues from the project. Presumably this

figure should be positive for the project overall.

- **Project Site:** The cost of acquisition and preparation of the site will be offset by monies generated by the sale of the site to GM. This will be negative for the project.

- **Relocation:** Each of the existing occupants and businesses in the site will have to be relocated. The relocation costs will be offset by any grants available for that purpose. This figure will be negative for the project.

- **Financing:** The project will require private and governmental loans on the part of Detroit which will involve interest repayment over the term of the loan. This may be offset by grants for the interest payments. It is unclear what sign these benefits will have.

#### B. Indirect Benefits

- **Employment:** The increase in short and long term employment will have income effects on local merchants. In addition, increased manufacturing activities will generate intermediate good demand which will generate secondary employment in sectors supplying the project. This will result in increased income tax and sales tax revenues for the city based on some multiplier effect dependent upon the proportion of income spent in the local economy. This figure will be adjusted for lost income expenditure lost due to lost employment.

- **Taxes:** The increase in income will result in improvement and greater utilization of local housing stock, increasing the value of property and thereby the property tax rolls. This figure will be positive.

#### C. Intangible Benefits:

- **Communities:** There is little that can be done to measure the cost to the city of the loss of an important cultural center of the city's Polish community. Furthermore, it is hard to evaluate the costs or benefits accruing to other

communities which receive the relocated businesses and families.

- Taxes: It is hard, if not altogether impossible in this analysis, to measure the impact of businesses which may have been successful prior to the move but cannot withstand the loss of continuity a move causes. It is assumed that more businesses will fail, or not reopen, after the move. This represents a net loss to the city's revenue base.

- Diverted Grants: Many of the city's direct costs of the project will be paid for by diverting existing (and mortgaging future) grants from HUD and EDA designed to promote community development. It is almost impossible to assess the loss to the city of potential improvements and revitalization which these grants may have effected at some future date. It is an implicit assumption that revenues from the CIP will provide needed funds for community projects.

- Business Community: It is hard to assess the impact the project would have if it did not occur. Clearly many secondary, supplier firms may fail due to the continued erosion of the manufacturing base of the local economy.

### Calculations

The analysis was based first and foremost on the assumption that if the city failed to act, GM would still build (or intend to build) its plant elsewhere causing a likely loss to Detroit of jobs at a time when it is already suffering from high unemployment rates. Information concerning the general level of employment, the cost of living, and other economic measures for the Detroit area is provided in Appendix D. To calculate the effect of a) the departure of GM from the city, b) the loss of jobs in place on the proposed site and c) the impact of various options, a number of assumptions had to be made or accepted. The basis for the estimation of the economic effect of the various levels of employment was the Environmental

Impact Statement (EIS) prepared by Detroit's CEDD. Figures cited on the resident/non-resident distribution of various categories of workers, the tax rate for residents (2%) and non-residents (.5%), the tax base for both the project and existing structures in Poletown and the levels of employment in various categories of GM's options are used.

First, I considered the net effect on employment if GM moved elsewhere. The city would lose many of the jobs at the Clark and Fisher plants as they moved to the new plant (probably not the same people, thus adding to the unemployment rolls), but would retain those people working in the Poletown area. Furthermore, it would not be too unreasonable to expect a high likelihood of the backfill operation where GM utilizes the vacated areas of its Clark and Fisher (C/F) plants returning some portion of the lost jobs, albeit at lower wages (see Appendix E for a list of alternative outcomes). Table 4 summarizes the various employment situations for the project. The worst case would result in a net loss of 3800 jobs with a probable loss of only 1900 jobs. On the other hand, even if the project proceeds there would still be a net loss of 1700 jobs if GM does not backfill its C/F facilities. Under the three more favorable situations, the project would net 200, 550 and 2550 new jobs respectively. These net figures were subsequently used to project both direct and indirect benefits accruing to the Central Industrial Park project (CIP) proposed by the city. In all cases in which the project proceeds, the city will reap some short run benefits from the site preparation and plant construction. These projections are based on the assumption the construction employment will come from the Detroit area. Table 5 provides a summary of the economic gains identified with each of the various employment conditions separable in the overall project.

Insert Tables 4 and 5 about here

Table 4. Employment Figures for Some Alternative Situations

<u>Site</u>	<u>Situation</u>			
	<u>Pre-1980*</u>	<u>No Action</u>	<u>GM Plant: A</u>	<u>GM Plant: B</u>
Clark/Fisher Plant	7,500	3,700	3,700	3,700
Poletown	1,700	1,700	0	0
Clark/Fisher Backfill	-	1,900	1,900	1,900
GM Plant Main Shift	-	-	3,800	3,800
GM Plant Second Shift	-	-	-	2,350
TOTAL	9,200	7,300	9,400	11,750

\* Figures for the Clark/Fisher plants from the Detroit News, 6/24/80:A1; for the employment level prior to the CIP the from Detroit Free Press, 7/18/82:Magazine/19; for the Clark/Fisher backfill with new functions and the two GM shift figures from the City of Detroit, Environmental Impact Statement, 1980:V-71.



**Table 5. Direct Revenue Benefits from Employment and Property by Source**

Employment Source	YEAR				
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985*</u>
<b>Clark/Fisher:</b>					
1. -Base employment	1100.6	1210.6	1331.7	1464.9	1611.3
2. -Marginal	1130.6	1243.3	1025.7	752.2	827.4
3. Poletown	561.0	617.1	678.8	746.7	821.4
4. Construction	861.1	1098.2	430.9	-	-
<b>New GM Plant:</b>					
5. -Base employment	-	-	459.6	991.1	1090.2
6. -Second Shift	-	-	303.7	607.5	668.2
<b>Property Source</b>					
7. Clarke/Fisher Plant	4291.7	4291.7	3218.8	2145.9	2145.9
8. Poletown Properties	2750.1	2750.1	2750.1	2750.1	2750.1
9. New GM Plant **	-	-	4569.0	9137.9	9137.9

\* Each subsequent year for employment tax revenues are projected at a 10% increase per year for the life of the project; property tax revenues are projected as held constant for the life of the project.

\*\* Projections based on a 12 year, 50% tax abatement

NB: All figures are in thousands  
Projections are discussed in the text.

Source: City of Detroit, Environmental Impact Statement, 1980:V78-V81

The projection for the construction employment levels, and revenues accruing from the property taxes, are taken from the EIS (Detroit, 1980e:V78-81). Each of the possible outcomes generates separate calculations adding and subtracting different lines from Tables 5 and 6. Indirect effects were more difficult to project. The Michigan State Department of Commerce projected direct and indirect gross effects of the "added" employment at the proposed GM facility (Detroit, 1980e:L4). From these calculations, I calculated the implicit multipliers used to generate these indirect effects. Accordingly, each dollar of disposable income (Michigan Statistical Abstract reports that 84% of income return to the economy in one form or another) generates \$2.61 of additional sales in the surrounding community -- for an implicit multiplier of 2.61 -- and generates income and property tax revenues for the local economy. The implicit property tax increment is 0.0501 and income tax increment is 0.0082 for each indirect dollar. The indirect effects were subsequently calculated by taking the number of net jobs created by each alternative, multiplying by the 1980 mean income of \$16000 (rounding for ease of calculation), multiplying again by 2.61 and calculating the indirect income, property and income taxes generated.

Insert Table 6 about here

The other direct net benefits (in this case negative, i.e., costs) are relocation, site preparation and financing costs to the city. These are all included, and itemized, in the financial plan for the CIP (as outlined in Table 7). Some of the financing costs are accounted for within the \$300 million plus budget by way of grants set aside. This explains reduction to the net figure of just under \$200 million financing available to cover the project costs. To be complete, I would have to assess the impact of diverting over \$100 million in future and current grants to repay loans and count the full \$300 million as the cost of the project. I have placed this

Table 6. Net Indirect Benefits Attributable to Alternative Actions

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985*</u>
<b>Construction</b>					
direct income	44800.0	70750.0	85800.0	-	-
indirect income	116928.0	184657.5	223938.0	-	-
1. property taxes	5858.1	9234.7	11219.3	-	-
2. income taxes	958.8	1514.2	1836.3	-	-
<b>Action A</b>					
direct income	-	-	60800.0	66880.0	73568.0
indirect income	-	-	158688.0	174556.8	192012.5
3. property taxes	-	-	7950.3	8745.3	9619.9
4. income taxes	-	-	1301.2	1431.3	1574.5
<b>Action B</b>					
direct income	-	-	30400.0	33440.0	36784.0
indirect income	-	-	79344.0	87278.4	96006.2
5. property taxes	-	-	3975.1	4372.6	4809.9
6. income taxes	-	-	650.6	715.7	787.2
<b>Action C</b>					
direct income	27200.0	29920.0	32912.0	36203.2	39823.5
indirect income	70992.0	78091.2	85900.3	94490.4	103939.4
7. property taxes	3556.7	3912.4	4303.6	4734.0	5207.4
8. income taxes	582.1	640.3	704.3	774.8	852.3
<b>Action D</b>					
direct income	-27200.0	-29920.0	3200.0	3520.0	3872.0
indirect income	-70992.0	-78091.2	8352.0	9187.2	10105.9
9. property taxes	-3556.7	-3912.4	418.4	460.2	506.3
10. income taxes	-582.1	-640.3	68.5	75.4	82.9
<b>Action E</b>					
direct income	-27200.0	-29920.0	8800.0	9680.0	10648.0
indirect income	-70992.0	-78091.2	22968.0	25264.8	27791.3
11. property taxes	-3556.7	-3912.4	1150.7	1265.8	1392.3
12. income taxes	-582.1	-640.3	188.3	207.2	227.9
<b>Action F</b>					
direct income	-27200.0	-29920.0	40800.0	44880.0	49367.0
indirect income	-70992.0	-78091.2	106488.0	117136.8	128850.5
13. property taxes	-3556.7	-3912.4	5335.0	5868.5	6455.4
14. income taxes	-582.1	-640.3	873.2	960.5	1056.6
<b>Action G</b>					
direct income	27200.0	29920.0	32912.0	36203.2	39823.5
indirect income	70992.0	78091.2	85900.3	94490.4	103939.4
15. property taxes	3556.7	3912.4	4303.6	4734.0	5207.4
16. income taxes	582.1	640.3	704.3	774.8	852.3

\* Figures are projected forward at a 10% annual growth rate for the life of the project. All figures are in thousands of dollars.

under the heading of intangibles since the original target of the redirected funds was not made available to the City Council before they approved the redirection (Detroit News, 22-30 October 1980). Another example of the future mortgaging of Community Development Block Grants to pay for current loans appears in the city's application and subsequent award of an additional \$39.5 million loan from HUD under Section 108. To repay this 12% loan, the city has to commit over \$24.5 million CDBGs over the next six years, to be matched by the same amount from the State (City of Detroit, Application to HUD, 24 November 1980). Undoubtedly these monies would have been earmarked for other projects in the city to develop economically depressed communities. There is no simple calculation which can "value" the cost of this diversion.

Insert Table 7 about here

Table 8 presents the accumulated net benefits under varying conditions associated with the Central Industrial Project. First, the stream of net benefits were totaled over a twenty year period to compare it with the level of expenditure for the project as proposed (\$200 million). Then, this stream of income was recalculated under three different assumptions about the discount rate over time. I used a figure of 6% to reflect a "historical" return on investments over the past two decades. Next I used a 10% figure to reflect the city's own projections about the growth of income and revenue in the calculations they presented in their EIS. Lastly, I applied a 12% figure to reflect higher discount rates in effect at the time, and also to reflect a likely shift in the long run "historical" rate over the next two decades. Clearly, these figures provide a range within which the true social discount rate lies. These figures were all presented here to offer a wide comparison from relaxed to more restrictive assumptions.

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Table 7. Financial Plan of the Central Industrial Project

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Project Costs

Acquisition of Land	62,000,000.00
Relocation of Occupants	25,000,000.00
Demolition of Structures	35,000,000.00
Road Preparation	23,500,000.00
Rail Preparation	12,000,000.00
Other Site Preparation	38,700,000.00
Professional Services	<u>3,500,000.00</u>
 TOTAL COST	 199,700,000.00

Project Revenues

HUD Section 108 Loan	100,000,000.00
HUD UDAG	30,000,000.00
EDA	30,000,000.00
EPA	6,870,000.00
State Road Funds	38,700,000.00
State Rail Funds	17,800,000.00
State Land Bank Loan	1,475,000.00
Urban Mass Trans. Admin.	1,364,000.00
CDBG	2,025,000.00
Other Grants and Land Sale	<u>72,941,000.00</u>
 Funding Sources Total	 301,175,000.00
 Less Funds for Repayment of Loans	 <u>(101,475,000.00)</u>
 TOTAL FINANCING	 199,700,000.00

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Source: City of Detroit, Central Industrial Park Project Plan, Community Economic Development Corporation, September 30, 1980, p. 11.

Insert Table 8 about here

The intangible factors are hardest to account for. One merchant, claiming it took him 20 years to build up his business only to have the city offer him \$50,000 filed suit for irreparable damages resulting from the forced dislocation (Detroit News, 12 Nov 1980:BDW8). On the other hand, many businesses and residents welcomed the opportunity to sell their property or business, or be relocated with some recompense, since they felt the community was already dying and they had no other chance to leave (see for example, Detroit News: 2 Sept 1980; 17 Feb 1981; 14 Mar 1981). To them, the proposed project was an unlooked for benefit. The analysis above of indirect benefits measures the probable impact of added income on businesses in the overall community (of Detroit). It would be impossible, without a business by business survey, to ascertain the tax effect of a business closing either because it failed after relocation, it decided to close rather than move, or some other business failed because a relocated business entering its community undermined its marginal existence.

Finally, how can one "measure" the impact of a community's disruption, even if it was on shaky economic grounds, when some core of it was viable? Many of the people in the Poletown area were retirees who had spent virtually their entire lives in the community. Their friends and neighbors were lifelong; often three generations of the same family lived within moments of each other. No neighborhood is without some element of continuity, and every city has to make hard choices. It is impossible, if the choices are made on cost effective criteria, to assess accurately the "cost" of this disruption, or of the potential disruption in the receiving community if many of the the residents move together to maintain their cohesive relationships. The community has to weigh these concerns with the concerns of added, or

Table 8. Value of the Total Stream of Benefits and Cost

<u>Outcome *</u>	<u>Total (raw data)</u>	<u>Present Value (d=0.06)</u>	<u>Present Value (d=0.10)</u>	<u>Present Value (d=0.12)</u>
A. No Project/a	-217268.17	-109659.82	-59308.95	-41757.79
B. No Project/b	30182.42	23128.70	25475.00	24776.27
C. Project/a	30968.58	51514.95	45782.85	41891.87
D. Project/b	259036.75	173612.04	123526.15	102776.50
E. Project/c	285290.51	186429.11	130772.70	107921.41
F. Project/d	503149.10	302548.75	203294.74	163926.45
G. Project/e	-134581.64	-59576.51	-35521.25	-25130.97

\* See economic benefit calculation list.  
 All figures are in thousands of dollars.  
 Project life of 20 years

maintained, levels of employment and the the possible human "cost" of long term unemployment. Diverted CDBGs and UDAGs could have been used to restore the housing stock, encourage local business patronage with community business district restorations or otherwise improved the quality of services and life in a given community. These counter factual events, however, cannot be compared to the immediate cost and potential benefit of a project like the CIP. If these are real concerns, then quite possibly cost effective methods will never be the appropriate tools for assessment.

#### Interpretation of Results

The CEDD projected the total net cost of the project to be \$199.7 million, including the revenue from the sale of the developed site to GM. The city reported that GM would "purchase (the) 335 acres, at \$18,000 an acre, from Detroit for a total of \$6,830,000 (Detroit News, 11 Oct 1980:A1)," -- although it should be noted that multiplying the figures yields only \$6,030,000. Adding the stream of net benefits presented, the CEDD ultimately concludes that the project will yield \$228 to \$305 million over the twenty years in direct benefits and another approximately \$191 million in indirect benefits (Detroit, 1980e:V82-V83). Consequently, the CEDD states that the project is profitable to the city and warrants the investment of over \$300 million in grants and loans. This cost should be increased by another \$34 million in UDAGs which haven't been granted, but which have been already committed to repaying part of the HUD loans, raising the total "social" cost of the project to \$335 million. This resembles the estimates of net benefits under alternatives D, E and F in Table 8, but the city's estimates are in undiscounted dollars. Even a conservative discount rate of only 6% lowers the net benefit streams of all but alternative F (the most optimistic one) to levels below the initial outlay of almost \$200 million. A



discount rate of 10% makes the project only marginally worthwhile, while a discount rate of 12% makes all the alternatives unreasonable against the initial investment.

The no action alternative (A) would result in a long term loss to the City of Detroit, and even the benefit stream from the project stalling in midstream (alternative G) seems more attractive. It should be noted, however, that we still need to add the initial \$199 million outlay to the overall cost of alternative G yielding a minimum net loss of over \$225 million. In light of this, no action would still be better than a project which, once initiated, eventually goes awry. It would appear from these projections that the CIP was not a project well designed to meet the needs of the city. One of the city's stated goals was to develop a clear plan to hire the unemployed, and to commit 25% of the new jobs created by any project to CETA eligible unemployed workers (City of Detroit, 1981a). As conceived, employment levels would not go up as a result of this project. At best the workers losing jobs due to the reduction of the Clark and Fisher plant operations would be able to find alternative employment, but many people currently employed in the Poletown area would no longer have their jobs. With the high rate of unemployment in the city, it is unlikely they would easily find other work, thereby adding to the city's problems. But inaction was also not an option, assuming that GM would still choose to reduce its operations and move to more modern facilities elsewhere. A GM spokesperson reportedly said that GM would rather renovate than go to the trouble of moving, if it weren't for the fact that the tax laws and incentives made it more economically advantageous to construct a brand new facility rather than renovate an old one (Detroit News, 28 June 1980:A1). How was the decision made, in light of the net benefit figures, to initiate the CIP? The only conditions under which the project made sense were that GM would build its plant, have two shifts on line in the very near future and backfill operations at the Clark and Fisher plants.

Nowhere in the process of applying for funds, however, does the city propose performance constraints to ensure the net benefits before the project is actually undertaken.

The original purpose of this analysis was to try, through the assignment of benefits and costs, to ascertain which underlying interests were central to a project of this nature. Under the circumstances, it appears that there are no conditions under which this particular project addressed the needs of the city (with the exception of a very unreasonable optimistic situation, given the nature of the economy at the time of the project). Something needed to be done, as indicated by the long range projection of losses. But the urgency arises because the ground rules calling for action, GM's decision to move, were determined outside the "political" arena. A pluralist assumes that, facing a particular problem, the collective interest of the community will be addressed within the City Council. In this example, however, the Council decision focused on selecting the least cost option, rather than that which maximized the benefits to the city (mathematically the same concept, but generating very different consequences). All which remains to be discussed, within the framework of a pluralist analysis, is the distribution of the costs. Benefits in the GM plant location decision clearly flow elsewhere. Even the question of equity or interest cannot be addressed, since the distribution of costs remains obscured -- the cost to Poletown is obvious, but the cost to other communities via diverted grants to pay for the project remains to be seen. A search for a working definition of power comes up short since the beneficiary of the project remained outside the overt political arena.

The reformist analysis of power looks to external, elite stratum machinations to explain the application of power through some distribution of costs and benefits. If GM were not able to move elsewhere or found renovation of the plant economically

beneficial, then the arena would be defined differently. Of concern to reformists is the question of how GM's options constrained those of the City Council and exercised control over the political agenda. Setting aside the cost to Detroit for the moment, the only party to gain in this situation was GM. For little more than the \$6 million dollars, GM has been able to acquire a site in the center of a major (albeit declining) industrial city. Had GM been required to try to assemble this package on the "open" market, it is unlikely it would have been forthcoming (witness the opposition of the Poletown Neighborhood Council, a small but adamant portion of the community). Apart from the added costs due to a) higher prices for the lots as a result of rising market demand and land speculating and b) actual site demolition and preparation costs, GM would have had to consider site plan alterations. We can only speculate that GM would not have undertaken this task, preferring instead to move to a site similar to either its Oklahoma City or Orion plants (prototypes of the proposed GM plant in Poletown). The City of Detroit noted, in detailing GM's site requirements, that the plant design "is standard for the new generation of plants being developed by General Motors in several locations. To redesign for only one location would probably result in additional engineering costs of more than \$13 million and would increase operating costs (City of Detroit, 1980a:8)." From the start, GM's costs were an integral but implicit constraint on the project. By shifting the question at hand from What can we allow GM to do in the Detroit area? to What can we do now that GM may leave? has, according to the reformist analysis, conceded the outcome. GM's economic interests have been safeguarded, the least cost option is made available to the company, and the city has only to decide how it distributes those costs. To that end the influence of GM on the scope of political action guarantees its interests at the onset. Those communities most adversely affected, the actual site and the communities losing future community based grants, have little to say about either the

form or the content of the decision to build the plant.

In the first analysis, power was simply a manifestation of the decision to prepare a site for an eventual GM plant in the community known as Poletown based on an analysis of alternative sites to determine which represented the greatest net benefit to the city. Pluralists maintain that the city made the best decision under the circumstances, and in the interest of the communities overall. Reformists, however, argue that power rests with GM since "under the circumstances" are a byproduct of GM's decision to move. A radical analysis calls both of these two interpretations into question, noting that both are post hoc descriptions of outcomes. Neither analysis offers any insight into the process which is reflected by the outcome. Clearly the City of Detroit undertook a program aimed at addressing real problems: unemployment, a shrinking tax base, a declining industrial infrastructure. Similarly, GM acted to increase its profitability: why renovate an older production facility when the option of a newer, more productive plant is less costly in the end? That a particular community, or group of communities suffered for the possible benefit of the others, or that GM managed to constrain the range of political options to ensure its benefits, are not denied. Currently GM dominates Detroit politics (GM standing for business interests in general), but under a static understanding of power that can change. What is critical to a radical analysis is that the outcome in the Poletown decision reflects GM's ability to ensure future outcomes in its favor, and that this power unfolds as an historical process.

The people of the City of Detroit assumed all the expenses and took all the risks. GM has managed to maintain the option of when and under what conditions the proposed plant will be completed and to determine the level of employment at the plant when it begins operating. The city was forced to decide on its actions without linking the assembly and preparation of a suitable site to production and

employment levels. The process of the whole project pointed to the city utilizing "public" funds to advance the range of options available in the interest of GM, and not to the city. The data show that action was clearly necessary, but fail to motivate an understanding of why that particular course of action emerged from the city's deliberations.

### Summary

An analysis attempting to validate the merit of one approach to community power over another through a distribution of benefits is hard pressed when there are no tangible benefits to be distributed. We cannot even make the assumption that benefits accrued to GM, although it would be safe to say that at the very least they received a bargain in the form of land cleared of existing dwellings and prepared with roadworks and utilities for little more than \$18,000 per acre -- but receiving a bargain does not necessarily mean that GM exerted influence. However, it is reasonable to assert that City Council acted without adequate or accurate information, and that the CEDC prepared an analysis of the project's merit without considering all the relevant material. Furthermore, the cost of the project will have long term affects on communities unable to draw on UDAGs and CDBGs for some time into the future as Detroit repays loans and fulfills obligations undertaken to see the project to completion.

A benefit cost analysis of this sort suffers from some of the classic problems of not being able to identify all the benefits and costs, and of making vague redistributinal assumptions under the best of circumstances. Even if the project generated a positive present value, there was nothing in the planning documents which spoke of the manner in which these benefits were to be distributed. The only mention of benefit distribution besides the general claims that the city economy will

prosper is a statement to the effect that laid off auto workers will be recalled to work, and 25% of any new jobs will be allocated for CETA eligible unemployed and poor people (Detroit, 1980a). What does emerge are complaints that the impact of the funding process has not been adequately determined and that the city will be unable to collect tax revenues in any case for as long as it takes to repay the loans incurred, with estimates of 15 to 20 years (Detroit News, 30 April 1981:B1), removing any possibility that selected communities may be earmarked for some of the tax revenue generated by the CIP as compensation.

It has been shown that the City of Detroit would generate a positive present value of the stream of net benefits from the Central Industrial Park project only under the most restrictive assumptions. It is, therefore, easy to dismiss the pluralist claim that the outcome was in the best interest of the majority as represented on the City Council. There was no benefit, unless the City Council made the best of a bad situation, and so in theory the Council should not have acted. The city's best interests lay in finding an alternative plan with more promise of benefits, or in redefining the relationship between GM and the city. The reformist claims are more substantive, to wit that GM was able to control the agenda for discussion and to limit any public discussion to only those items dealing with the costs of site preparation and the eventual tax abatement. The major flaw with this perspective is that it fails to provide more of an understanding of the outcome power relationships than a description of the events. A description is not the same as an analysis. The radical concern for objective versus subjective interests are difficult to evaluate in this situation. The most obvious answer is that monopoly capital, in the form of GM, dictated terms to labor, in all its forms in the city. But this simplification fails to adequately address the question of power as a process. The concluding section assesses the importance of these findings for pluralist and reformist models of

community politics and power, and offers an approach consistent with a radical perspective.

## CONCLUSION

Any analysis of community power relationships depends upon the underlying definition of both the political arena of decision making and the interests of the actors in that arena. Lukes' three dimensions of power details a spectrum of interests and issues which are most narrowly defined for a pluralist analysis (neoclassical liberal perspectives), broaden for a reformist analysis (antipluralist, stratification theories), and finally are broadest for a radical analysis (marxist, class conflict theories). The radical analysis, however, departs from the others in two critical ways. Rooted in an examination of society from the perspective of the relations to the means of production, this approach to community power tries to understand how political outcomes reproduce those social relations.

First, the liberal and reformist analysis limit their understanding of interest to subjective views defined by those engaged in political practice. A radical analysis, on the other hand, examines both subjective and objective interests. Ideological practices may distort subjective interest so that short term behavior may undermine long term (and short term) gains. Broadly defined, actions consistent with objective interests are those which expand the range of possible outcomes. In an economic sense, the objective interests of workers are served by actions which increase their control over the terms of production relations. Subjective interests may be more narrowly defined by gains in wages and condition of employment. Subjective and objective interests do not necessarily differ, but acting on the former does not guarantee gains toward the latter. Therefore, nonconflictual situations in a liberal or reformist arena (reflecting no differences in subjective interests) may nonetheless involve power relationships within a radical analysis.



The second major departure of a radical analysis centers around the boundaries of the political arena. The reformist definition of politics differs from the liberal only in the range of actors in the arena. A liberal account of community politics is limited to interactions between legitimate representatives of all community groups within the forum of local government. Reformists identify constituencies which do not have specific representation; some at the cost of their concerns being ignored (or turned into nonissues) and others because they exercise undue influence over the political process. Both approaches limit their analysis to actors within the context of an arena, however it may come to be defined. In contrast, the radical approach to power examines the role of the arena itself in community politics. Political structure is defined in part by the relations of production for the purpose of maintaining those relations. Local government does not have any traditionally defined objective or subjective interest in the outcome per se. But the actions of local governmental units are not neutral in the process of conflict resolution -- in a radical analysis the arena must also be considered an actor.

This paper examined the various claims about community power in light of the decision by the City of Detroit to prepare an industrial site within its boundaries for a proposed GM automotive plant. The first part of the analysis evaluated the merit of the radical claim that power is exercised as a dynamic process, and that the arena of public debate is also an actor in that debate. A series of articles appearing over a period of about 18 months were used to describe the sequence of events as they were reported. The scenario presented in this account can only be explained through a radical interpretation which maintains that the primary function of legitimating agencies of society is to ensure the perpetuation of the social relations to the means of production. To begin with, to draw the first and last issue into the realm of "appropriate" action on the part of the City Council in the interest of the people of

Detroit calls into question property and ownership rights. The City Council limited their actions to situations presented by GM and the CEDD. Little, if any, meaningful discussion or debate occurred at the Council level. The most that can be said for the Council was that it was maneuvered into positions of having to legitimate an ongoing events after they were already in process. If the pluralist notion of politics was valid, then at any point the Council felt it was just being manipulated it would have been able to assert control. In spite of the fact that it was being treated like a rubber stamp, the Council never actively challenged the course of events (the notable exception being Ken Cockerel who was the only consistent no vote in opposition to 8 consistent yes votes).

The rest of the analysis was a reconstruction of the costs and benefits of the proposed project with the anticipation that different assignments of benefits and costs, and different weighting schemes for their distribution, would lend support to one or another of the approaches. If a project was socially profitable under one regime but not under another, or if the benefits generally accrue to one particular group, then the underlying rationale used to promote the project could be ascertained. This project was significantly different from most "public" projects. The purpose of the CIP, and the source of all potential benefits, centered around a GM plant which was not directly part of the project. All the costs were borne by the community but all the benefits were dependent upon the actions of GM after the completion of the project. As a result, the "reasonableness" of the project depended on a series of counterfactual propositions. The Central Industrial Park project was only profitable to the community overall under the most restrictive of circumstances.

An analysis of the benefits and costs for the purposes of evaluating the distribution of those benefits in the community showed that in reality there were no benefits to distribute. The pluralist model of community politics cannot explain the

course of events and the reaction of the City Council. There were no gains to divide and community politics was no longer the disagreement over the distribution of public goods. The community acted on a matter about which the only thing they could say with any certainty was the initial cost and subsequent long term commitment of future federal grants needed for the project. Benefits might emerge, but only under the best of circumstances. The reformist model of community politics at least informs us to look to GM as an important actor since this analysis broadens the scope of issues to be examined. But this analysis can only show us which actor potentially gained, not how the events transpired to provide GM with the opportunity.

The reformist approach points out that GM should be considered an actor in the process, but cannot explain why and how GM exerts influence on outcomes. Simply presenting a case for interlocking ownership structures in Detroit cannot account for the actions of the Mayor or the director of the CEDD. Also, their static view of power fails to show how the process toward the outcome is an integral component of that power. The various actors in the drama never received an answer to the critical question, where was the written commitment to build the plant if the city spends all the money to prepare a site for the plant and then sells it to GM? The framework throughout the process was the need to provide the best climate for industry. Whether industry avails itself of the opportunities offered is beyond the control of the "public" sector.

Any benefit to GM was also counterfactual since the plant was not in operation. All the company came away with was the potential for profit. This is consistent with the radical analysis' expectations that the locus of power within a dynamic framework is the ability to maximize the potential for promoting objective interests as a function of the relations to the means of production. In this case it meant that GM, by virtue of limiting the range of decisions within the public realm (i.e.,

the plant closings and the new construction), was able to benefit from the process. Furthermore, the city government acted in a way that legitimated these relationships.

A revealing fact is that one of the early possible options investigated by the city was to actually build the plant at an additional \$500 million in public monies (for a total project social cost of over \$800 million) and then lease the plant to GM. This ultimately failed because the loans and grants were not forthcoming, in addition to the traditional (and legal) barriers to production by the "state". It would have been too difficult to rationalize transferring control over the output and the stream of profit of a plant built by public funds to the private sector. In addition, the city could always choose to operate the plant at a break even level to maintain employment had they technically been the "owners" of the plant. That would come into direct conflict with the relationship between public and private sector production. Almost all traditional accounts of public finance theory presents the position that if a product is profitable it will be privately produced. A good is publicly produced only if the amount collectable from the direct consumers does not cover the production costs (c.f., Musgrave and Musgrave, 1980). In other words, unprofitable but necessary goods and services are left to the public domain; profitability is restricted to the private sector.

#### A Research Agenda

The only conclusion which can be drawn from this analysis is that conventional means by which we evaluate community politics fail to uncover the actual process of decision making on the local level. The pluralist model of consensus action within local government elected to represent the community at large has little bearing on reality. In this example the City of Detroit undertook a project which brought the city nothing in return. The arena of pluralist politics, the City Council, was

ineffectual and unimportant by its own admission. On the other hand, the reformist model offered more insight into the form of political action and the shape of the outcome. By broadening the range of issues, reformists throw a wider net to discover important actors outside and inside the political arena. In this case, any analysis of power which limited itself to community politics failed to consider the one actor always present, namely GM. The whole problem was as a result of GM's actions, and all benefits were dependent upon future GM decisions. But the reformist model suffers from the same faults of any purely descriptive model. Focusing only on the outcome of the events the model fails to provide any understanding of how these events came to pass. Why did all the decisions rest with GM in the final analysis? How does GM and the CEDD manage to bypass the theoretical representatives of the people of Detroit and to convince everyone that the city is under control while at the same time (in the words of Mayor Young) GM is doing it a favor by staying?

We are left with the radical approach to community politics, interest and power by default. It is the only approach which begins to offer an answer to the questions of Why? and How? since it focuses on the dynamic process of power politics and the need to maximize potential gain over time. Going back to Dunleavy's analysis we can argue that the CIP situation must be viewed as another step in an ongoing historical process. GM did not suddenly decide to phase out two plants and look for a site to build another. The City Council and the CEDD did not take on the roles which emerged specifically in response to this situation. As mentioned earlier in the analysis, what is needed in part is an investigation into the role of the local state and of state formation as a product of the social relations of production. The mechanism which drew the objective interests of General Motors Corporation together with the Administration of the City of Detroit is embedded in the legal parameters

and jurisdictions of the state apparatus. It is exemplified by the limitations on the state to actually engage in production unless it is defined as unprofitable but necessary and so renamed a "public" good. Had the CEDD actually considered direct, public ownership in abandoned factories for the purpose of producing inexpensive cars and putting unemployed auto workers to work GM would have undoubtedly gone to higher jurisdictional authorities to put a stop to this (an example can be found around attempts by citizens of Youngstown and the United Steel Workers to keep mills productive -- but court rulings found that labor unions or municipalities engaging in production represents "unfair" competition).

To fully analyze the decision to clear Poletown and give it to GM, one has to begin with a study of the relationship between GM and the CEDD. Clearly, as shown by the analysis of the press reports, the initial announcements followed many discussions and interactions between GM and the city. This is not to impugn either party with necessarily harmful and/or preconceived intentions. The relationship between GM and the city reflects the relationship between capital and labor. To really understand why and how Detroit came to be in its present economic state requires an analysis into the causes and course of the present economic crises in the United States, and the rest of the capitalist world. Local government, like state and federal government, is organized around the principle of maintaining order and continuity. Rhetoric maintains that this is done in the interest of the community at large, but reality shows that this only perpetuates opportunities and options for those already possessing them.

## APPENDIX A

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 Table A-1. Chronology of the Central Industrial Project\*
 

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24 June 1980

General Motors (GM) announces that two of its Detroit plants (Fisher and Cadillac) will be shut down and that it is looking for a site for a new plant, preferably within the Detroit City limits. Much is written about the importance to the city of finding a "suitable" site to keep GM in Detroit, and a United Auto Workers (UAW) spokesperson states that a new plant would be good for local labor, provided that it will not be too highly automated reducing the number of long run jobs in the area.

In addition, GM announces a long term, \$40 billion capital expenditure project of which at least a quarter will be spent in Michigan for the purposes of updating existing plants and building new plants.

25 June 1980

The Poletown area (one third in Hamtramack and the rest in Detroit) is identified as the leading candidate for a site conforming to GM's requirement. GM reaffirms its desire to remain in Detroit for a number of reasons related to the existing infrastructure and the skilled labor available.

1 July 1980

Poletown is selected as the site for the proposed plant. Gm needs 465 acres on which to place its new plant, and the chosen site contains the closed Dodge Main facility, which Chrysler will sell to Detroit for one dollar. GM announces that the City's progress toward acquiring the required area will be reviewed on 1 Oct 1980 before construction plans and other arrangements are to be made.

16 July 1980

The Detroit Economic Growth Corporation, backed by a group of 14 major local businesses (including the Big Three Auto, J.L. Hudson and seven Detroit area banks), announces a \$3 million loan made to the City of Detroit to cover "front end" costs of project planning and feasibility studies.

18 July 1980

The Detroit City Council is asked to approve outlays from HUD Block grants to proceed with the initial stages of the project in spite of the fact that Emmet Moten, Director of the Community Economic Development Department (CEDD), concedes total financing of the site preparation is not secure and that GM has not yet committed itself in writing to build the plant if the site is acquired and prepared by the City.

7 August 1980

City Council approves the preparation of a loan application to HUD for \$60.5 million even though they have yet to see any details of the application from the CEDD. Moten assures the City Council that all details will be forthcoming during public hearings, and denies that the cost estimates for the total project (site preparation) totaling sum \$130 million are underestimated. Once again the absence of a written commitment from GM is questioned, but assurances are given by Moten that it will be forthcoming after plans proceed further.

30 September 1980

On the eve of GM's review, Moten concedes to the City Council that the final cost of the site preparation will actually be about 60% higher than originally estimated (closer to \$200 million) and that the total "public sector" costs may reach \$300 million. The City still has not received a written commitment from GM to build a plant.

11 October 1980

GM signs an agreement with CEDD to purchase the prepared site from the City for a total of \$6.8 million contingent upon clear title to all lots, completion of all site preparation and a tax abatement for the eventual project. City Council complains that it is treated like a rubber stamp, and that the deal seems to ignore recent announcements that the City is facing critical cash flow problems as part of a general fiscal crises brought on by rising unemployment and the worsening economy.

25 October 1980

City Council approves the use of \$60.5 million in already allocated HUD Block Grants to be diverted to the aquisition and preparation of the GM plant site. Prior to the approval, GM announces that new plant automation may eventually trim the size of any potential labor force to be hired, and Mayor Young concedes that no new jobs will be created by the proposed plant. In addition, some \$25.8 million in State aid which was included in the total calculation of monies for the project are not in fact secured, according to a State spokesperson. Young also concedes that the project payback period of 15 years for the total \$300 million cost to Detroit is underestimated since it does not include the proposed tax abatement to GM. City Council does not heed its own staff's advice to require the CEDD to provide information regarding which communities will be affected by the redirection of money from the HUD Grants and not accept Moten's assurances that no community will suffer, and to link any further discussion of tax abatements to gurantees from GM for the level of employment in the plant over the life of the abatement.

In related matters, the City Council votes to approve \$51.5 million in future Block Grants be diverted to repay \$130 million in HUD loans for the project and must vote on the "merit" and "need" for the project before the city can invoke new "quick take" laws (Public Act 87) for the acquisition of property under eminent domain powers granted the City.

31 October 1980

Mayor Young pressures the Council to affirm the necessity of the project, and GM's Board Chairman Murphy announces that many other communities are interested in being a site for the GM plant. In addition, Council had not yet received an accounting for the source of all the \$200 million necessary for the preparation of the site while GM confirms it plans to ask for more than the standard 12 year, 50% tax abatement even though the abatement is admittedly only a small part of the total consideration. The City Council votes 8-1 to affirm the need to the City so that property aquisition can proceed.

4 November 1980

Mayor Young insists that the total benefit to the city in future jobs and tax revenues outweighs costs as the Poletown Neighborhood Council (PNC) files suit to stop the taking of property in the Poletown area.



9 December 1980

During court testimony, Young states that the GM project will solve much of Detroit's unemployment problems but concedes that GM has been inflexible regarding its plans for the site. Moten states the City still needs to get another \$30 million each from HUD's Urban Development Action Grants (UDAG) and the Department of Commerce's Economic Development Agency (EDA) or the total project will be in jeopardy; GM has still not committed itself in writing to building a plant. Architects testifying for the PNC claim that a slight plan modification in the proposed GM plant will result in saving 9 out of 10 homes slated for demolition, yet the court still denies the PNC petition to halt the project.

12 December 1980

A contract totalling \$45 million for the preparation of the site offered to Turner Construction of New York without local bidding for the contract is first rejected by CEDD (9 Dec) because the details of the contract were not made available to the directors of CEDD. Since Turner is to be paid as a percentage of the total cost (which are only estimated and open ended), CEDD would not grant a contract with no upper bound on cost to the City. Moten assures the CEDD that no bids are necessary since Turner will only be a "consultant" to the City, and that there is no way to estimate total cost at this time. CEDD finally approves the contract with Turner (even though a local contractor waiting to address the Board is not permitted to speak until after the approval).

The PNC appeals to the State Supreme Court to halt the project.

21 February 1981

Nader's group enters on behalf of the PNC and is assailed by Young as an anti-GM opportunist. The Supreme Court issues a restraining order halting demolition to protect the current dwellings until they rule on the appeal before the Court.

14 March 1981

GM publicly states that clear title must be in the City's hand by May 1st for the project to proceed, the City points out that it will own much "useless" property if the project is halted, while Young claims that the project at hand is more important to Detroit than the Renaissance Center in its bid for revitalization. The Court rules that the project can proceed since it is in the best public interest.

16 April 1981

Stating that it will have to reconsider its plans to locate a plant in Detroit without a tax abatement, GM agrees to accept "only" a 12 year 50% abatement in lieu of its original request to keep its tax liability at the level it now carries for the existing plants to be phased out by the new plant. It claims that this change was due to GM's concern for the fiscal condition of the City at this time. Moten fails to provide the City Council with requested information on the tax abatement or a copy of the development agreement between GM and the CEDD, but he points out that the City has committed itself to a tax break the previous October to the City Council has little option but to approve one. The UAW, through a spokesperson, states that the abatement is critical if Detroit is to keep industrial jobs in the area. The Council's staff recommends that the abatement not be given, and again suggests that any abatement be tied to employment levels in the plant. Young assures everyone that all will turn out alright, even though GM is still not committed in writing to building a plant on the site. The City Council first rezones the area for heavy industrial use and then votes 8-1 to approve the tax abatement (50% for 12 years) requiring that GM provide "no fewer" than 3000 jobs within four years.

1 May 1981

The prepared site is sold to GM, while it is noted that the (now named) Central Industrial Project is to be turned into a "tax increment financing district" in which taxes will be used specifically to repay the \$200 million cost to the city for the project. Consequently there will be no direct revenues to the city for 15-20 years.

17 May 1981

GM announces that the current economic climate requires that it reconsider its \$40 billion capital spending program as well as look to cost cutting measures throughout its organization. Spending will proceed on automation related research and its push towards robotics.

31 May 1981

Mayor Young states that, while there still is no written commitment on the part of GM to build the plant, "if we waited for all the silly guarantees, nothing would get built."

Assessing the role played by City Council, Ken Cockrel (on the Council) maintains that it acted with no way to accurately assess the costs of the project against possible long term benefits. He goes on to say that Young manipulated the Council, the financing for the \$200 million cost of the project was never outlined to the Council, and the nature of the "partnership" between GM and the City was never made clear. Finally, the City has yet to make clear how it plans to avoid diverting grants to low income neighborhoods to be used to pay the interest on \$100 million loans acquired for the project and who will benefit at what cost to whom.

3 November 1981

GM announces it plans to delay the construction of its plant in Poletown for at least a year because of the economic climate. A panel created by Mayor Young finds that the City acted inappropriately and abused its powers of eminent domain to put together the Central Industrial Project.

\* NB: The dates given represent both actual dates of Council decisions and convenient dates summarizing some stage in the ongoing process. Actual dates for some of the statements and claims may differ.

Table A-2. List of Detroit News Articles\*

<u>1980</u>		<u>1981</u>	
Apr 16 (A1)	Oct 7 (B1)	Jan 6 (B1)	Mar 16 (B1)
Jun 1 (L1)	Oct 11 (A1)	Jan 22 (BDW12)	Mar 17 (A1)
Jun 24 (A1)	Oct 17 (A1)	Jan 30 (B4)	Mar 18 (B1)
Jun 25 (A1)	Oct 17 (A8)	Feb 2 (B1)	Mar 20 (B1)
Jun 27 (A6)	Oct 18 (A4)	Feb 3 (A16)	Mar 21 (A12)
Jun 27 (E5)	Oct 19 (A14)	Feb 8 (B1)	Mar 23 (BDW2)
Jun 28 (A1)	Oct 21 (BD2)	Feb 10 (BE2)	Apr 2 (BD6)
Jul 1 (A1)	Oct 22 (A1)	Feb 11 (A7)	Apr 3 (B1)
Jul 1 (A4)	Oct 24 (B1)	Feb 11 (B1)	Apr 14 (BDW2)
Jul 2 (B1)	Oct 25 (A8)	Feb 12 (B1)	Apr 16 (B1)
Jul 7 (A3)	Oct 30 (A1)	Feb 13 (B4)	Apr 21 (B4)
Jul 10 (B1)	Oct 31 (A9)	Feb 17 (B1)	Apr 23 (B1)
Jul 13 (F1)	Oct 31 (B1)	Feb 21 (A1)	Apr 24 (A13)
Jul 16 (B1)	Oct 31 (D7)	Feb 23 (BD4)	Apr 28 (A12)
Jul 18 (A1)	Nov 1 (A1)	Feb 24 (B1)	Apr 28 (BDW2)
Jul 22 (A1)	Nov 2 (A1)	Feb 26 (B1)	Apr 30 (B1)
Jul 27 (A14)	Nov 4 (B1)	Mar 3 (A1)	May 1 (B1)
Jul 31 (A1)	Nov 12 (BDW8)	Mar 4 (A6)	May 1 (B1)
Aug 1 (BDW4)	Nov 18 (BD2)	Mar 4 (B1)	May 1 (BDW6)
Aug 5 (C3)	Nov 20 (B3)	Mar 5 (A18)	May 5 (BDW2)
Aug 6 (BDE2)	Nov 21 (BD4)	Mar 6 (C12)	May 7 (BD2)
Aug 7 (A1)	Nov 22 (C2)	Mar 9 (BD2)	May 8 (B1)
Aug 11 (A1)	Nov 25 (BD2)	Mar 10 (B1)	May 14 (A1)
Aug 17 (A18)	Nov 28 (B3)	Mar 11 (A1)	May 15 (A1)
Aug 19 (B1)	Nov 29 (B7)	Mar 12 (A1)	May 15 (A13)
Aug 31 (BN8)	Dec 2 (B1)	Mar 13 (A1)	May 17 (H1)
Sep 2 (A3)	Dec 6 (C1)	Mar 13 (B6)	May 21 (BDE2)
Sep 2 (A7)	Dec 9 (B1)	Mar 14 (A1)	May 28 (BDW2)
Sep 2 (D10)	Dec 10 (BDW2)	Mar 14 (A3)	May 31 (B8)
Sep 30 (BD2)	Dec 11 (B12)	Mar 15 (A1)	Oct 16 (BD3)
Oct 1 (BD2)	Dec 16 (BDW2)	Mar 15 (A12)	Nov 3 (A3)
Oct 5 (B1)	Dec 17 (BN2)	Mar 15 (C1)	
Oct 6 (BD2)			

\* NB: Each date is followed by the page of the article in parenthesis

## APPENDIX B

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Table B-1. Alternative Sites for the GM Plant

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A. Dodge Main

The site is bounded on the east by portions of Conant and Mt. Elliott, on the south by the Edsel Ford Freeway, on the west generally by the Widman and Grand Trunk Western Railroad, on the north by Denton. The site is partially in the City of Hamtramck and the rest in the City of Detroit.

B. Huber South

The site is located in the east-central portion of Detroit. It is bounded generally by Huber Avenue on the north, Mt. Elliott Avenue on the west, the Edsel Ford Freeway on the south and Van Dyke Avenue on the east.

C. Airport South

The site is located in east-central Detroit, south and adjacent to the Detroit City Airport. It is generally bounded by Van Dyke Avenue on the west, Grinnell Avenue on the north, Gratiot Avenue on the east and the Edsel Ford Freeway on the south.

D. City Airport

The site is located in the east-central part of Detroit. It is generally bounded by Van Dyke on the west, Almont Avenue on the north, Conner Avenue on the east and Grinnell Avenue on the south.

E. Lynch Road Complex

The site is in the east-central part of Detroit, just east of Hamtramck. It is generally bounded by Mt. Elliott on the west, Grand Trunk Western and Forest Lawn Cemetery on the north, Van Dyke on the east and Huber on the south.

F. Riverside Industrial Park

This site is located in Detroit's far east side, on the Detroit River at the end of St. Jean Avenue. It is generally bound by Freud Avenue to the north, Lemay on the west, Lycaste on the east and the Detroit River to the south.

G. Forest Park

The site is in the near east side of Detroit between the Chrysler Freeway and the Grand Trunk Western Railroad. To the north is E. Warren Avenue and the to south is Mack Avenue.

H. River Rouge Park

On the far west side of Detroit, it is generally bound by Fullerton Avenue, Outer Drive, W. Warren Avenue and Trinity Avenue.

I. Southwest Detroit Industrial Porject

In the southwest part of Detroit, it is generally bound by W. Fort on the north, Dragon Avenue on the east, W. Jefferson on the south and Westend Avenue on the west.

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**Table B-2. Site Selection Criteria**

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The CEDD identifies two separate criterion sets, both of which must be met, for the selection of an appropriate site. The first reflect the requirements GM presented for its site to contain the GM plant; the second reflects the City's concerns about the impact of the site selection on the community and the City overall.

**I. GM Standards for an Appropriate Site:**

- 450 to 500 Acres;
- Rectangular in shape (approx. 3/4 X 1 mile);
- Access to long haul rail transport facilities;
- Readily available for use without undue delay.

**II. City Standards for an Appropriate Site:**

- The number of homes, business and institutions to be relocated kept to a practicable minimum;
- The age, vitality and condition of the housing and building stock to be affected be of lower quality overall;
- The potential environmental harm of choosing a particular site;
- The existance of National Register or National Register Eligible homes, buildings or institutions in a site;
- The potential for disrupting existing, viable commercial and industrial corridors by a site selection.

Table B-3. Site Comparisons

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>
<u>Costs(a):</u>									
Acquisition	42	38	70	30	40	30	10	-	31
Relocation	16	18	33	18	16	2	5	5	9
Demolition	7	6	10	5	10	1	3	1	8
Site Improvement	32	29	50	23	30	10	10	30	6
Total Cost	112	105	187	88	96	42	28	36	65
<u>Other:</u>									
No. of Parcels	2100	3000	3900	1400	1100	15	25	1	600
No. of Families	1500	1300	2500	1200	800	0	390	0	500
No. Commercial/ Industrial	120	80	200	60	100	10	0	0	100

(a) in Millions of Dollars

Source: Scoping Document for the Proposed Central Industrial Park Project, City of Detroit, CEDD, August 29, 1980, pp. 20-21

## APPENDIX C

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Table C-1. Alternative Investment Criteria

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I. Cutoff Period

An arbitrary cutoff date selected by which funds invested into a project must be recouped. This method assumes that beyond this point in time, no increases in net benefits will accrue to the project (e.g., if the scale of the projected is unwarranted for too long a time period and beyond that period excess capacity will become a problem). This is an unrealistic investment criterion prone to excluding long run benefits.

II. Payoff Period

This criterion ranks the projects in order of the time required to repay the initial investment. More forgiving than the first method regarding long term benefits, it still makes two critical (and constraining) assumptions: that there will be no further project outlays at some future date; that there is no uncertainty regarding the benefit stream.

III. Average Rate of Return

All benefits and outlays (costs) predicted for the life of the project are summed and divided by the number of years of the project's life. Then, average return per year is compared to the initial outlay to generate the average rate of return on investment. The explicit assumption is that the highest rate of return on investments translates as the best project.

IV. Net Average Rate of Return

This method is similar to III above, with the exception that all (initial and subsequent) outlays and costs are entered into the calculation to generate a per annum average benefit. This figure is also compared to the initial cost outlay to generate the net average return. While a better overall measure than the previous criteria, it still depends on the number of years assigned to the project life. More critically, however, is that neither of the two previous methods make any adjustment for the timing (or pattern) of the benefit stream. Consequently, a project generating 20 units per year for ten years will produce the same net average figure (assuming identical costs and initial outlays) as a project with a first and last year benefit of 100 units and no benefits accruing for the intervening eight years.

V. Net Present Value

This method sums all the annual net benefits (benefits less costs) after first "discounting" the net benefit from each period to account for the value a benefit accrued in period  $t$  in the present. For example, if one has to wait five years to receive a net benefit of \$100, discounting will calculate the "value" of that money at the present. Assuming that interest rates do not change over the time period, and that the rate is 10%, then an investment of \$62.09 today will yield \$100 over five years compounding the interest each year. Therefore, \$62.09 is the net present value of a net benefit of \$100 in five years. Summing each discounted benefit over the life of the project yields the total net present value of the project's net benefit

stream.

The process assumes that a) a social discount rate ( $d$ ) is calculated which will remain constant over the life of the project and b) this discount rate can be determined consistently for all projects evaluated. A social discount rate is used rather simply the market rate of interest on investment funds since there are often social considerations beyond maximizing net profitability against the availability of investment funds (e.g., distributional effects of public investments). The calculation can be done allowing the discount rate to vary, but this becomes more cumbersome (and expensive) and it does not remove the problem of accurately estimating future rates under present conditions.

#### VI. Internal Rates of Return

Similar in form to net average rate of return, but concerned with time discounting of net benefits, the internal rate of return ( $r$ ) calculates the discount rate which when used will yield a zero net benefit. This method separates the discounted benefit stream and cost stream and sets them equal to each other. The result is to compute an equation similar to the net present value (PV), but this time, rather than calculate the PV given  $d$  and the number of period, you set the stream of net benefits equal to zero and calculate the value for  $r$  for each project under consideration.

#### Comments:

1. Methods V and VI are better, and usually applied, in all cases since both address the question of uncertainty and the distribution of the net benefit stream over time.

2. Methods V and VI both yield identical results for a two period example, but diverge otherwise dependent upon the explicit value for  $d$  used in method calculating the net present value. Depending on the method selected, projects will be ranked differently in many cases.

3. A common practice combining these two methods involves the determination of a social discount rate to be used as a cutoff point for various project internal rates of return. If  $r$  is greater than or equal to  $d$  then the project is acceptable, otherwise not. Other criteria will be used for the final determination, since the highest internal rate of return does not necessarily correspond to the "best" project.



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 Table C-2. Calculation of Present Value and Internal Rate of Return
 

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Present Value:

To account for the distribution over time of net benefits (benefits minus costs per period), and to compensate for the difference between a given net benefit accrued in two different periods, the benefit stream is discounted. The present value (PV) for a net benefit received in  $t$  periods in the future is calculated by

$$PV \ B(t) = \frac{B(t)}{(1+i)^t}$$

in which the "value" of  $B(t)$  reflects the time preference for some net benefit in the future (or its present value). In this manner, a stream of such discounted net benefits can be summed to generate the PV of that stream, as follows:

$$PV \ B = B(0) + \frac{B(1)}{(1+i)} + \frac{B(2)}{(1+i)^2} + \dots + \frac{B(T)}{(1+i)^T}$$

over  $T$  periods.

For the purpose of calculating the PV of a public project, we substitute  $d$ , the social discount rate, for  $i$ , the private rate of return on investment -- or simply the investment interest rate. If the benefits for each period are the same, i.e.,  $B(0) = B(1) = \dots = B(T)$ , then the present value can be shown to equal

$$PV \ B = \frac{B(0) (1 - 1/(1+d)^{T+1})}{1 - 1/(1+d)}$$

Internal Rate of Return:

If the social discount rate is not easily determinable, or if break even is the only criterion, then often the internal rate of return,  $r$ , is calculated. This is the rate of discount such that the present value of the benefit stream is just equal to the cost stream. This can be found by solving

$$0 = B(0) + \frac{B(1)}{(1+r)} + \frac{B(2)}{(1+r)^2} + \dots + \frac{B(T)}{(1+r)^T}$$

for  $r$ . Then each project's internal rate of return may be compared to various estimates of the social rate of time preference (or social discount rate) to assess or rank the various projects.

## APPENDIX D

## Area Statistics

Table D-1. Employment in the Detroit and Surrounding Counties

<u>Year</u>	<u>Total Labor</u>	<u>Gov't</u>	<u>Man.</u>	<u>Other</u>	<u>UnEmp.</u>	<u>UE Rate</u>
1970	1804.0	223.1	569.0	759.2	115.5	6.4
1971	1799.4	226.6	550.1	756.0	134.6	7.5
1972	1837.9	230.0	565.6	786.9	126.5	6.9
1973	1879.9	230.5	612.3	820.9	102.3	5.4
1974	1909.7	243.5	581.6	834.1	129.1	6.8
1975	1865.4	250.8	505.5	811.3	219.6	11.8
1976	1910.8	251.7	545.2	839.0	171.9	9.0
1977	1977.5	257.2	583.1	888.8	155.2	7.8
1978	2013.1	255.6	608.9	935.2	132.3	6.6
1979	2052.0	255.7	580.5	955.8	160.8	7.8
1980	2030.5	253.0	494.1	941.3	266.8	13.1

NB: -All figures are thousands

-Other consists of construction, transportation, communication, public utilities, wholesale trade, retail trade, insurance, real estate, services and mining.

Source: Michigan Statistical Abstract, Table V-16, p.169

Table D-2. Trends in Annual Total Budget Costs

<u>Year</u>	<u>Family of Four</u>			<u>Retired Couples</u>		
	<u>LOW</u>	<u>MED</u>	<u>HIGH</u>	<u>LOW</u>	<u>MED</u>	<u>HIGH</u>
1971	7074	10754	15665	3298	4784	7756
1972	7271	11502	16749	3439	5006	8104
1973	8246	12810	18591	3780	5484	8458
1974	9138	14390	21142	4267	6116	9489
1975	9501	15701	22947	4506	6515	10077
1976	9865	16514	24226	4661	6731	10465
1977	10400	17427	25550	5020	7214	11188
1978	11596	19145	28172	5577	7965	12265
1979	12582	20821	30668	6102	8692	13377
1980	13939	23168	34268	6734	9553	14634

Source: Table VI-24, Michigan Statistical Abstracts, 1981:236

Table D-3. Mean and Median Incomes in the Detroit Areas

<u>Year</u>	<u>Mean</u>			<u>Median</u>		
	<u>Inside Detroit</u>	<u>Outside Detroit</u>	<u>Total</u>	<u>Inside Detroit</u>	<u>Outside Detroit</u>	<u>Total</u>
1977	13042	21171	18412	11639	19249	16618
1978	14550	22096	19676	12726	20050	17785
1979	16672	24962	22359	15623	22392	19710
1980	15985	26412	23167	13170	24523	21366

Source: Table VI-15, Michigan Statistical Abstracts, 1981:227

## APPENDIX E

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Table E-1. Alternative Actions or Outcomes

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**A. No Project/a:**

Under this situation, no project will be undertaken, with the added assumption the GM will still build its plant elsewhere (not in the Detroit area). In this possibility, GM will also end up not "backfilling" if transferred operations from the Clark and Fisher plants so that all those jobs are lost to the city.

**B. No Project/b:**

Identical to the above assumption, with the exception that it will still be advantageous for GM to utilize the facilities at the Clark/Fisher plants (i.e., backfill with new jobs). The loss to Detroit is reduced.

**C. Project/a:**

This is the simplest assumption. GM will undertake to build the plant after the City clears the site, but only adds one shift to the plant and does not need to utilize the Clark/Fisher plants. All the construction and clearance affects are felt, as well as the loss of the jobs and property on the site prior to the project. There is still a net loss of jobs to the City.

**D. Project/b:**

Identical to the previous case, with the addition of the Clark/Fisher plant backfill operation. This results in a slight net gain of employment to the City.

**E. Project/c:**

Identical to Project/a, with the exception that GM produces with both projected shifts on line (note that there is no backfill at Clark/Fisher). The employment gain to the City is larger.

**F. Project/d:**

This is the culmination of all the possibilities, i.e., both shifts in the new plant are in operation and the Clark/Fisher site is fully utilized with the backfill option. This is the largest potential gain to the City.

**G. Project/e:**

This is a counterfactual event (one of many) whereby GM decides not to construct the plant due to changing circumstances after the site had been prepared. There will be no reduction in the Clark/Fisher plants employment levels, but the jobs existing on the site location have been eliminated. No backfill is necessary because the current level of utilization will remain in force.

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**Table E-2. Benefit Calculations from Alternative Outcomes of the CIP**


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<b>Employment</b>	<b>NET Benefit</b> (add line numbers)	
<u>Outcome</u>	<u>Direct</u> (Table 5)	<u>Indirect</u> (Table 6)
A. No GM plant, C/F not backfilled	1+3-2	-3-4
B. No GM plant, C/F backfilled	1+2+3	-5-6
C. Project, C/F not backfilled, 1 shift	1-3+4+5	1+2-7-8
D. Project, C/F backfilled, 1 shift	1+2-3+4+5	1+2+9+10
E. Project, C/F not backfilled, 2 shifts	1-3+4+5+6	1+2+11+12
F. Project, C/F backfilled, 2 shifts	1+2-3+4+5+6	1+2+13+15
G. Project, no plant, C/F unchanged	1+2-3	-15-16 *
<b>Property</b>	<b>NET Benefit</b> (add lines in Table 5)	
I. CIP not undertaken	7+8	
II. CIP undertaken	7-8+9	
III. CIP undertaken, no plant built	7-8	

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\* 1981 Construction costs for this outcome will be included in the net benefit calculation (lines 1 and 2), reflecting building demolition and site preparation for the plant.

(NB: Indirect benefits from property tax revenues included above.)

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