



Written by [William F. Jasper](#) on July 31, 2013

## China Cashes In on Bankrupt Detroit

Detroit's filing for bankruptcy on July 18 was the culmination of decades of "Progressive" politics and brazen corruption. "Detroit is a very high-profile example of some of the challenges our cities continue to face, but it's by no means unique," said Kil Huh, an analyst who tracks local finances for Pew Charitable Trusts. "Detroit is indicative of governments living beyond their means — and they are going to eventually have to pay the piper."



The time to pay the piper has indeed finally arrived for Detroit. The question is: How will the piper be paid? Some are calling for another federal bailout. But President Obama and Treasury Secretary Jack Lew, sensing that the American taxpayers are in no mood for more mass payouts for deadbeats, have declared there will be no bailout for the beleaguered city. At least not a *direct* bailout. However, the plan seems to be for Detroit (and other cities in the same predicament) to obtain an [indirect bailout by transferring their bloated and unfunded public union pension plans to ObamaCare](#).

This would mean, of course, that the taxpayers would be stuck for billions of dollars that the city's Democratic politicians promised to the union activists and welfare drones, in exchange for their votes.

There is another alternative poison pill that is being promoted as a magical panacea: Let China buy Detroit — and all the other bankrupt U.S. counties and municipalities. With hoards of cash and more than a trillion dollars in U.S. Treasury securities, Communist China's State Owned Enterprises (SOEs) can scoop up big chunks of distressed American real estate for pennies — literally; many of Detroit's 78,000 abandoned buildings can be had for a single dollar.

The firesale has been underway for some time now, and the Beijing regime is already a major buyer. "Dozens of companies from China are putting down roots in Detroit, part of the country's steady push into the American auto industry," the *New York Times* [reported](#) on May 12. "Chinese-owned companies are investing in American businesses and new vehicle technology, selling everything from seat belts to shock absorbers in retail stores, and hiring experienced engineers and designers in an effort to soak up the talent and expertise of domestic automakers and their suppliers," the *Times* article continued. "While starting with batteries and auto parts, the spread of Chinese business is expected to result eventually in the sale of Chinese cars in the United States."

Of course, Beijing has far more than car sales in mind; far more important, in Beijing's eyes, is the political leverage that will come from having thousands, then tens of thousands, and then millions of American workers, suppliers, and subcontractors (and voters) dependent on Red China's SOEs for their jobs and livelihoods.

A CNN story entitled, "Can China help save Detroit jobs?" in 2011, reported:

At the Shanghai Auto Show, car exec after car exec is talking about big investment plans — finding Chinese partners, setting up factories, possibly building cars here for other parts of the world....

Pacific Century Motors is the latest Chinese company to inject money into Detroit. PCM is partly owned



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by the Beijing city government. For \$450 million, PCM bought Nexteer, a storied unit of General Motors that makes steering equipment. Nexteer employs thousands of people in Michigan. (The sale was coordinated by Chinese auto parts maker Tempo. Tempo was also an investor in a \$100 million deal to buy a brakes division of former GM parts maker Delphi.)

Chang'an Motors, Ford's Chinese partner, is opening an R&D center — and is looking to hire when it does.

## Red Carpet for the Reds

Michigan Governor Rick Snyder is a big booster of Beijing's investment invasion of the United States. The governor [announced in April](#) that he is headed to China again this fall, his third trip to the "People's Republic." During his visit to the Communist dictatorship in September 2011, Gov. Snyder was [interviewed by People's Daily Online](#), and he let them know he was rolling out the red carpet for them in Michigan:

Q: How do you see the potential in building further business collaboration with China???

A: There are lots; there are lots; because of the automotive industry and the agricultural area, two areas that have really been highlighted, but almost any area, that there's common ground to do business. It's very exciting. There're many market opportunities in China, the sales in China, the export and the new business here. And also, Michigan is one of the open places for business that encourage international trade, immigrants to come; an exciting place. We have been working diligently to improve Michigan's business climate and are here to open new doors for trade and business between our state and China. We want to get the message out that Michigan is open for business too, because we've gone through very difficult times. We think we have great values now in Michigan and we are creating a very competitive environment for enterprises to succeed and do well. We've redone our tax system, our regulatory system; we've just balanced our budget. So we're doing many things to be very business-friendly. Michigan is already one of the top 10 U.S. states receiving direct investment from China. There're at least 50 Chinese auto-related companies that have set up shops in the Detroit area.

Tom Watkins, a former Michigan state superintendent of schools, is another China booster and "business consultant." In a recent newspaper column, Watkins wrote:

According to the Asia Society, the Chinese will be seeking overseas investment opportunities of \$1 trillion to \$2 trillion over the next decade. Detroit, Michigan and the U.S. need to be aggressive about securing a chunk of Chinese investment....

Detroit can rise like a phoenix from the ashes of its bankrupt humiliation. Just as the Chinese sought knowledge and investment from the West, Detroit may look to the East to rise again.

Detroit and Michigan leaders should tap China's continued rise, economic clout, and excess capital — seeking a place for that country's investment as yet another tool in its efforts to revitalize a once-great city.

Detroit is now a hollow, broken shell of the once prosperous and famous "Motor City," world capital of the automotive industry. Since 2000, more than a quarter of the city's population has fled the area, and the exodus continues. Huge sections of the city have become desolate no-man's lands that look like bombed-out war zones. Many of the remaining inhabited neighborhoods are war zones, with the highest violent crime rates in the country, abandoned buildings and abandoned hopes. Unfortunately, many



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other cities are headed for the same sinkhole that ate Detroit. President Obama's hometown of Chicago heads the list, according to some analysts; others include: Minneapolis; Portland, Oregon; Cincinnati, Ohio; and Trenton, New Jersey (see [here](#), and [here](#)).

"None of the other cities are as far along [as Detroit], but there are dozens, if not hundreds of cities that have similar issues," says Alan Mallach, a senior fellow at the Brookings Institution in Washington. "Every other industrial city has problems that could send them down the same path."

What Mallach and many other commentators have failed to mention is that Detroit's woes are not the result of some natural disaster, such as Hurricane Katrina; they have been visited upon Detroit as a direct result of the political decisions and policies of the past 60 years. More specifically, they are the direct result of six decades of misrule by politicians of the Democratic Party, who turned Detroit into a Democratic fiefdom and used Detroit's public purse as their personal piggy banks.

### **Communists and Communist programs destroyed Detroit, now Communist China is proposed as Detroit's savior**

Trevor Loudon, in his NewZeal blog for July 22, properly nailed the blame for Detroit's demise on the radical Marxists and actual Communist Party activists that took over the city during the long, ruinous rein of Coleman Young.

"If one man could be blamed most for the destruction of Detroit, it would be Coleman Young," Loudon writes in his article, [Coleman Young: the Communist Who Destroyed Detroit](#). "Mayor from 1974 to 1993, Young set a city already in decline on the pathway to the disaster area it is today."

Loudon then provides a chronicle of Young's Communist Party activities, along with active links to articles documenting the communist activities of many of the other radicals who helped Young transform Detroit into the dysfunctional and corrupt "people's republic" it is today.

It is a story that is much the same for most of the other urban centers now facing the same grim reckoning: the progressives/communists/socialists/liberals destroy the once-prosperous and pleasant communities, and then propose that we embrace Communist China as our savior.

We wrote about this in "[China: The New Investment Savior?](#)" (May 12, 2011), particularly focusing on the National Governors Association's wooing of Red China's state-owned corporations. As we noted then, the PRC would love to "invest" here massively, and, if allowed to do so, would create colossal centrally-planned SEZs (Special Enterprise Zones), as they have done in Shenzhen, Zhuhai, Shantou, Xiamen, and other Chinese cities. In a very short time they pack millions of people into these new urban anthills.

As we have [reported](#), China's Communist Party has launched a huge program to transplant between 250 million and 400 million Chinese from rural areas to newly created "cities" over the next 12 years. Much of this will involve forced relocation of rural populations who wish to stay on their local farmland. Do Americans really want Communist Party central planners who cavalierly order hundreds of millions of people around at whim to be our new landlords and employers? Apparently, many mayors, governors, county commissioners, and congressmen do. As does President Obama, who is now negotiating a [bilateral investment treaty with Beijing](#).

It would be a very good idea for Americans to rethink this proposed trend and let their elected officials know there are other options besides federal bailouts and Red China fire sales. U.S. companies and individual private investors are [holding trillions of dollars in cash](#) that they would gladly invest in places



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such as Detroit — if the radical politicians and their punitive Marxist taxes, regulations, and policies were removed, so that free enterprise could have a chance to operate and flourish.

*Photo of Detroit skyline: AP Images*

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