

# Detroit Businesses See Bankruptcy as Opportunity for ‘Stability’

by Joel R. Glucksman on August 1, 2013

When cities file for municipal bankruptcy protection, public works projects, civil servants, and public institutions typically suffer. In the case of the most recent historic filing, many Detroit businesses see it as an opportunity to gain more traction in an economy that has been unpredictable and sluggish for the last several years.

Sandy Baruah, head of the Detroit Regional Chamber, told Michigan Radio that although the bankruptcy filing was not a surprise for local business owners, most entrepreneurs are taking an optimistic view of the filing as a chance to bring more stability to the business economy and start the recovery process. Baruah noted that the city's financial struggles over the last several years have hindered Detroit's ability to attract investors. Accordingly, formal bankruptcy proceedings may lend some certainty and strength to the city's economy over time, which may assuage investors' fears about the future.

"Detroit is not unique," Baruah told the radio station. "Great American cities like New York, Pittsburgh have all gone through some form of bankruptcy/receivership. And all of those cities look back on the time as kind of the defining point that put their cities on a much more sustainable path. All three of those cities are now vibrant, urban centers."

Not all enterprises share these sentiments, however. Recently, the Detroit Institute of Art was required by Emergency Manager Kevyn Orr to provide its inventory as part of the valuation process. The artwork is currently valued at more than \$1 billion, according to CNBC. Although there has been little talk of potentially selling some of the prized artwork to alleviate a portion of the city's \$18 billion in debt, cultural supporters and museum groups are concerned that it may become an option.

Following the city's formal bankruptcy announcement, the institution noted its disappointment in Detroit's decision to seek protection and reiterated that the "collection is in trust for the public and we stand by our charge to preserve and protect the cultural heritage of all Michigan residents."