

MSU CCED Community and University

Underground Economics in Detroit

Intro Music

Heather Mahoney

Hello, and welcome to Community and University, the MSU Center for Community and Economic Development podcast, aimed at providing outreach to both community members in our Lansing and surrounding communities, as well as students in at Michigan State University. I am Heather Mahoney, the producer for Community and University. Today on our podcast, we have Rita Fields, an REI innovation fellow, doing a research project on underground economics in the detroit area.

Rex LaMore

I'm Rex LaMore with the Center for Community and Economic Development at Michigan State University. And joining me in our podcast today is...

Jennifer Bruen

Jennifer Bruen, REI project manager of the university center here, also at the Center for Community and Economic Development.

Rex LaMore

And our guest is Dr. Rita Fields, who is a recently designated innovation fellow here at the Center, and she's doing some exciting work on the underground economy here in Michigan. And so Rita welcome that joining us today.

Rita Fields

Thank you.

Rex LaMore

Tell us a little bit about what you think is the underground economy and why it's an important thing to look at as far as economic development.

Rita Fields

Yeah. So, I'm really excited about this topic. The underground economy, and my own definition would be the group of individuals, um, I'm specifically focusing my work on individuals in the city of detroit who have had businesses, sometimes for many years, but who are not part of what would be considered the traditional entrepreneurial mainframe, so to speak. They may be off the grid in terms of receiving payment by cash. They may operate these businesses out of their homes, but they have not gone through the traditional means of establishing their businesses, having bank accounts, having records of their dealings. And so that's just the way that I've come to describe them. So my focus will be on that topic.

Rex LaMore

And your vision is really to try to help us understand the underground economy in our communities, and then how we might, if appropriate move it, I don't know if this is the right phrase, above ground, or into the more other economy.

Rita Fields

Yeah. So that's interesting, my dissertation taught me to be very sensitive and aware of language, and so using the phrase above ground, im interested in, but there's an asterisk there. I'm not quite sure if that's what I'll find out. I think that's the beauty of research I would really be interested in learning the advantages, the challenges. If that's something that is attractive, if it's not attractive, why is that? I know of a number of individuals who happen to be in this particular segment of our economy and they've taken care of themselves very well. And so when we talk about moving above ground, we have to figure out what the value proposition is for individuals to determine that going above ground, air co to edit, would be beneficial to them, to their business, that it would not be detrimental and the furthering of their entrepreneurial mindset. And so I'd really love to learn more about what that means.

Rex LaMore

You've been selected to be an innovation fellow for our REI, regional economic innovation center, innovation fellows or individuals, practitioners thinkers and doers who are out there helping communities think about and adopt new technologies, new methods, new ways to create wealth and opportunity within distress areas. Why do you think this topic of the underground economy would be of interest to community and economic development professionals in Michigan?

Rita Fields

Oh my gosh. Well, I of tossed the idea around with some of my friends that are in the space and they are very passionate about it. Very interested in it. I have a fairly close relationship with the Build Institute specifically, and we had lengthy conversations about this topic. There's a lot of acknowledgement of the fact that it is definitely a challenge for economic developers to try to marry the really solid businesses that are often represented in the underground economy with a lot of the existing and emerging programs that are incredibly beneficial to be attached to. But also have a number of restrictions and regulations, and that can be sticky at times for people who have perhaps had an underground business for, say the last 10 years, but they don't have tax records of that business, but they understand their market. They understand their customer. They've engaged in all sorts of improvements in terms of how they deliver their product, but they either were not aware of the many opportunities that are available to entrepreneurs and or felt that for whatever reason, they were not able to avail themselves of those opportunities. And so they have been relegated to operating their businesses in a way that they see fit, and that happens to be off the books. So, I think it's going to be pretty fascinating. Actually. I'm very excited about it. I'm very excited about learning. about highlighting, for instance, the economic developers in the area who actually do acknowledge underground economy workers that they're trying to incorporate them better into the fold, but they're still having challenges. Build Institute would definitely be one of those partners for sure. And there are several others. I've talked with the people at the city of Detroit also, and there's just a lot of energy resonating around what this could potentially mean. So I'm really excited about the possibilities.

Jennifer Bruen

With the sharing economy, all the gig kinds of jobs, I know some of these platforms are tracking the income or tracking maybe tax related. Are you familiar with how that may be that emerging economy is making the underground economy that much more appealing?

Rita Fields

Yeah, that's a great question. I have no idea. But when I research, I'm gonna remember that question and I'm going to investigate that. I think that the gig economy, which I am also incredibly enamored of, and also I'm a part of, I work whole time, and I have a number of gigs because I really am drawn to work that resonates with me in terms of meaningfulness is incredibly attractive, but it's been thought of as being an option for individuals who are and, air quote or emphasis added again, below ground. It's for individuals, who're.. a 1099, which is a completely legitimate way to do business, but it's not W2 it's, not just pay me 20 dollars and I'll come meet you and make you a pie. That's a different scenario. So I would love to find out. I imagine that a lot of these businesses, at least the ones that I'm aware of are side gigs. So, they absolutely would be a part of the gig economy. But I'm not sure if even the entrepreneurs who are a part of this particular segment would even recognize it as being a segment that they're also a part of. So I'd love to explore them and find out how they define what this means for them.

Rex LaMore

Why is this a particularly appropriate strategy for those of us who are concerned about distressed areas? Any thoughts in your mind about that doctor field?

Rita Fields

Oh , wow.

Jennifer Bruen

Maybe it has to do with employability.

Rita Fields

Yes, well, there's employability. I'd also think that it's really important for us to understand in the economic development space exactly what's going on and to be able to deal with our community in totality as opposed to just segments. Or sometimes it almost seems as though there's this... I don't wanna say willingness, but this default assumption to sort of skim the cream off of the top of individuals who maybe are perfectly packaged. And they have ideas that go through and there aren't a lot of hitches and they happen to also have excellent credit. And if they are able to open big accounts and do things that traditional entrepreneurs are able to do successfully, and then they turn into great hits. And that's great. But I also think that if we want to operate from a position of strength and truthfulness, we have to acknowledge the fact that there are components of our society who are maybe not as involved in that understanding of our community and what it means. And so I think that when we talk about how effective we are at building our community and/or rebuilding certain segments of our community, we have to be able to say that with at least a deeper level of certainty that we're being as inclusive as possible. And so that's why I think this is a really important topic.

Jennifer Bruen

You started your own consulting.

Rita Fields

Yes.

Jennifer Bruen

Okay. And can you explain how that's gonna work, what you said you have a gig...

Rita Fields

Yeah. So I'm sort of weird. I'm a professor and I have my own consulting business, which would be a part of the gig economy. I'm also the CEO of a manufacturing business also. So I have a number of gigs. And so I am definitely someone who I think is qualified to be in this space, and I've been able to connect with individuals who are in this space very successfully and have so much respect for their work. And so I'm hoping that this work adds to that, that it is able to allow them to think of things that are even more innovative, more thoughtful, that allows them to always be inclusive so that we can involve more people in the revitalization of the city of Detroit. And so, yes, I am a member, I don't have any underground businesses, but I did when I was young, I sold candy in the second grade. Fairly successfully, but I unfortunately, did I report that to the IRS, so I have a bit of experience, but not as much as some of the other individuals do. I say they're very facetiously, I am kidding, but I'm really excited about this work.

Jennifer Bruen

So are we

Rex LaMore

Yes, so are we. Anything else you'd like to share with our podcast listeners Dr. Fields?

Rita Fields

Nothing just stay tuned for the research as it continues to develop. We're hoping to be able to share it and maybe some public spaces with some other like minded individuals, and maybe allow it to grow and expand it to something that's even beyond what we're dreaming of at this time. So thank you for your support.

Rex LaMore

Thank you. And we're looking forward... You'll be joining us at our summit this fall on September 6th at Kellogg Center. As an innovation fellow, you'll be sharing with us your progress to date, which is exciting, and we thank you for your leadership and support in this effort. I like to thank Miss. Mahoney, who is our technical advisor here in our podcast and making this possible for us to use this method to get the word out about these kind of innovative tools, models, policies, and programs in community and economic development, and Ms. Bruen of course and our guest today, Dr. Fields. So join us again at a future podcast.

Heather Mahoney

Thanks again to our guest, Rita Fields and thank you for listening. Stay tuned for more episodes of Community and University from MSU Center for Community and Economic Development on other innovative economic, community, and university work.

Outro Music