



When policy feedback fails: “collective cooling” in Detroit’s municipal bankruptcy

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Abstract

The received wisdom among welfare state scholars is that policy feedbacks render social insurance programs durable. Yet, in the case of Detroit’s municipal bankruptcy, a voting majority of retired city workers accepted a settlement that asked them to waive key legal protections, formally accept gutted medical benefits, trimmed pension benefits, and a new public-private pension financing mechanism. This article synthesizes interactionist theories of loss to introduce the concept of “collective cooling.” I argue that collective cooling helps to establish the limits of policy feedbacks by explaining how a group of retirees’ collective self-understandings were adjusted from that of contractual rights holders to charitable dependents. Key components of this process included: First, seeking to adjust understandings of how pensioners were perceived by powerful outsiders; And, second, seeking to adjust the loss from one that reflected poorly on pensioners to one that did not. Implications are discussed for how people accept unexpected economic losses, especially those imposed by a trusted institution such as an employer or government organization.

Keywords Collective cooling · Economic loss · Identity repair · Interactionism · Policy feedbacks · Public employment pensions

How do people come to terms with unexpected economic loss, especially when imposed by a trusted institution, such as the state or an employer? A key insight of welfare state scholarship is that social insurance programs produce self-reinforcing feedback effects (Campbell 2005; Pierson 1993, 1994; Soss 1999). According to this theory, policies, such as Social Security, confer resources and social status onto beneficiaries that foster resistance to subsequent policy revisions, making these institutions increasingly durable. This article undertakes an in-depth analysis of a policy episode that challenges these theoretical expectations, and helps to specify the limits of policy feedbacks. I argue that collective identity work may diminish resistance to regressive reforms.

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After decades of population loss and declining federal and state funding, the 2007–2009 foreclosure crisis and recession hit the City of Detroit’s budget particularly hard (Hinkley 2015). In 2013, a state-appointed emergency manager took Detroit to bankruptcy court, initiating the largest municipal bankruptcy in American history. The bankruptcy reached an expedient resolution through a negotiated settlement that hinged on a deal between a group of foundations, the prestigious Detroit Institute of Arts (DIA), the state government, and retired municipal workers. Foundations provided private funds that were leveraged to secure contributions by the state government and the DIA. These new funds were to be transferred to the city government in order to foreclose the possibility of selling DIA art. In turn, the new funds would first substitute and later supplement annually required city contributions to the retirement system.

In order for the city to exit bankruptcy, however, the proposed settlement and the broader Plan of Adjustment of which it was a part had to be endorsed by a voting majority of at least one group of adversely impacted creditors. If retirees rejected the deal, the foundations – unaccustomed to negotiating over the size of their gifts – threatened to withdraw, leading the city to pursue deeper cuts. If the court enforced deeper cuts, some people who had already completed their service, bus drivers and fire fighters who had stuck with Detroit through the most difficult circumstances, would require public assistance (inadvertently falling back onto the state government’s balance sheet). Thus, in a highly constrained context, city retirees experienced a rare moment of agency. This article investigates how a voting majority of retirees came to accept the proposed plan, which required pensioners to formally waive key legal protections, accept trimmed pension benefits, a new public-private financing mechanism, and the near-eradication of medical benefits.

Drawing on video footage of retiree association meetings, supplemented by interviews, court documents, and media coverage, this article investigates *how* intermediary actors – those who represented retiree interests in court proceedings and backstage negotiations – attempted to persuade retirees to publicly accept the withdrawal of key legal and economic protections. I synthesize two interactionist theories of loss to argue that retirees accepted the plan through a process of “collective cooling.” Through this process, retirees’ collective self-understanding was shifted from that of contractual rights holders to charitable dependents (Fraser and Gordon 1992; Goldberg 2001, 2007). Key components of this process included, first, adjusting the group’s understanding of how they were perceived by powerful outsiders and, second, redefining the loss from one that reflected poorly on retirees to one that did not.

This study offers two key contributions to the welfare state literature. First, it extends welfare state scholarship by theorizing a process by which social policy retrenchment circumvents resistance, particularly at local levels. Collective cooling helps to unpack the group interactions through which a key group of retirees came to see the bankruptcy settlement as being in their best interest. I argue that the collective identities of recipients must be actively adjusted in order to obtain acceptance of diminished rights and benefits. In doing so, this article synthesizes Erving Goffman’s (1952) theory of “cooling-out” with Ivan Ermakoff’s (2008) theory of “collective abdication” in order to better understand the micro and meso-level social processes that mediate more macro forms of structural change. Both theories emphasize decisions made around the assertion or abdication of rights or resources, and both theories emphasize the role of influential actors in shaping individual actions. Yet, whereas Goffman’s theory

emphasizes the strategies of influential actors, Ermakoff's theory emphasizes the way impacted group members form preferences based on the observable behaviors of peers. Collective cooling synthesizes and extends these frameworks by describing the strategic efforts of intermediary actors to persuade groups to accept the loss of status, rights, and resources.

Second, this case adds nuance to our understanding of the role that classification systems play in social policy development. In unsettled moments the conceptual poles of contract and charity that form the ideological underpinning of the American welfare state may loosen, making symbolic and programmatic policy revisions possible. Existing accounts have argued that the durability of these categories stymie progressive policy change, but this case suggests that they may not play the same role in retrenchment. In this case, being seen as deserving of charity in the eyes of elites came to be understood as a preferable status to being seen as undeserving of contracts, which carried even greater risk of economic loss. One implication, however, is that the movement of groups between categories may inadvertently cause their meanings to shift if populations transmit key characteristics between them. In the following section I introduce the case. Then, after outlining the theoretical argument, and discussing data and methods, I return to the case. I conclude by discussing the case's theoretical implications.

The negotiated settlement that resolved Detroit's bankruptcy

In the summer of 2014, Detroit's municipal pensioners confronted a difficult choice. One year earlier, the city had filed for bankruptcy. The city's 32,427 pension claimants¹ had until July 11th to vote on the city's proposed "Plan of Adjustment." Voting "Yes" meant accepting varying levels of pension cuts, the near-eradication of medical benefits, and waiving legal protections. Voting "No" meant greater uncertainty. Perhaps a better outcome was possible, but it would take time, money, and stamina. And as recent history had made abundantly clear, there were no guarantees.

On June 20, 2014, Michigan's governor authorized a cash infusion for the City of Detroit. Along with \$366 million raised by a group of foundations, the state funds would prevent the sale of a single work from the DIA's esteemed 60,000-piece art collection. These monies were to be earmarked specifically for pensions. Addressing this group of retirees, Detroit's emergency manager told reporters, "You have to vote yes, because if you don't it just gets worse" (as cited in Gautz 2014). If retirees rejected the settlement, the new pot of money would reportedly evaporate, prompting the city to pursue deeper cuts.

A Detroit activist later took to the pages of the *Michigan Citizen*, a weekly Detroit newspaper, to denounce the deal, writing, "The solutions to these crises require more than charity." "Charity," she continued, "will only deepen the problems we face" (Howell 2014). Beyond Detroit, the vote carried high stakes for government workers across the United States. A spokesman for the Detroit retirement system remarked, "This is one of the strongest protected pension obligations in the country here in

¹ This included 21,078 retirees, 9,079 active employees with accrued pension benefits, and 2,270 retirees not yet collecting benefits.

Michigan. If this ruling is upheld, this is the canary in a coal mine for protected pension benefits across the country. They're gone" (as cited in Davey et al. 2013).

Across the United States, pensions promised to government workers are protected by their legal designation as contracts (Cloud 2011; Munnell and Quinby 2012). Eight states including Michigan have constitutional provisions that go beyond the contractual designation to explicitly ban pension cuts.² The State of Michigan amended its constitution to protect pension promises in 1963. The new language read, "The accrued financial benefits of each pension plan and retirement system of the state and its political subdivisions shall be a contractual obligation thereof which shall not be diminished or impaired thereby" (Article IX, § 24). Fifty years later, Michigan's state pension protections remained intact. However, Detroit's bankruptcy presented a test of the strength of pension rights in bankruptcy, leading many to believe the case was destined for the U.S. Supreme Court.

The legal questions about pension protections were never fully tested in court in large part, because a voting majority (77%) of pensioners opted to resolve the bankruptcy through a settlement. Eleven percent of all recipients voted to reject the settlement. Fifty-two percent did not vote at all. Beyond the material hardships that would result, many viewed the withdrawal of benefits as an indictment of their service, and a "slap in the face."³ This article analyzes how intermediary actors attempted to persuade retirees to accept a settlement that legitimated retrenched rights and resources.

Policy feedbacks

A rich literature on "policy feedbacks" starts with the idea that policies shape subsequent political outcomes (Campbell 2012; Pierson 1993, 1994; Skocpol and Amenta 1986). Policies influence thought and behavior among policy elites and organized interests (Pierson 1993; Skocpol 1992), as well as program participants and broader public audiences (Esping-Andersen 1990; Mettler and Soss 2004). Soss and Schram (2007:113) explain, "Policies can set political agendas and shape identities and interests. They can influence beliefs about what is possible, desirable, and normal. They can alter conceptions of citizenship and status." A core insight of this literature is that feedback effects render social insurance policies increasingly durable (Pierson 2001).

Two key feedback effects through which policies shape behavior include "resource" and "interpretive" effects (Pierson 1993:624). Resource effects refer to material resources conferred, access to authority, and incentives created by policies. Interpretive effects refer to the ways in which public policies distribute information and create meaning. One important way in which policies create meaning is by sending signals about the social status and worth of beneficiaries (Campbell 2005; Schneider and Ingram 1993). In their influential article on "The Social Construction of Target Populations," Schneider and Ingram (1993) develop a framework for understanding

² National Conference on Public Employee Retirement Systems. (2007, March 15). *State constitutional protections for public sector retirement benefits*. <https://www.ncpers.org/files/STATE%20PROTECTIONS%20FOR%20PUBLIC%20SECTOR%20RETIREMENT%20BENEFITS.pdf>.

³ See for examples AlHajal (2014), Yaccino and Cooper (2013).

how policies shape perceptions of beneficiaries in the eyes of the public and public officials. Schneider and Ingram (1993) introduce four ideal-type target populations, based on two key dimensions. The first dimension refers to a population's social status. The second dimension refers to the group's political power. Thus, "advantaged" populations enjoy a positive social status in addition to political power (Schneider and Ingram 1993:335). "Contender" populations are powerful but negatively perceived. "Dependents" exhibit relatively little power but are seen in a positive light. And "deviants" are seen in a negative light and exhibit less power. This article charts the movement of a target population from the status of "advantaged" to "contender" to "dependent."

Thus, because social insurance policies are linked to valorized notions of contracts, emulating the ideals of independence and equal exchange, they have been found to confer positive social status on beneficiaries (Campbell 2005; Fraser and Gordon 1992). They also provide recipients with levels of resources that heighten political participation. These effects lead beneficiaries to mobilize in defense of their programs, helping, in part, to explain the durability of social insurance programs in the face of reform efforts (Campbell 2003; Hacker 2002; Mettler 2005; Pierson 1994). Campbell (2003, 2005) finds, for example, that Social Security played a key role in fostering political activity among senior citizens. Older Americans resisted former U.S. President Ronald Reagan's efforts to reduce Social Security benefits in 1982. In 1989, they mobilized to repeal the Medicare Catastrophic Coverage Act, which many higher-income senior citizens believed would incur high costs. Subsequently, in the mid-1990s, seniors successfully fought efforts to cut \$420 billion from Medicare and Medicaid (Hudson 2013). Thus, American senior citizens, especially low-income beneficiaries deployed the resources garnered through these policies to resist reform (Campbell 2003; Hudson and Gonyea 2012; Pierson 1994). Not only did Social Security equip older Americans with time and money, it enhanced their political engagement, and created a shared identity based on program participation.

Further research suggests, however, that social policies can also have negative feedback effects. Public assistance programs can have particularly demobilizing effects. For instance, drawing on survey and ethnographic data, Soss (1999) compares the political participation and perceived political efficacy of Aid to Families with Dependent Children (AFDC) and Social Security Disability Insurance (SSDI) clients. Soss finds that social insurance recipients exhibited greater participation and a heightened sense of efficacy in comparison to recipients of public assistance. He further finds that public assistance depressed political participation, not only because it provided recipients with fewer material resources, but also because the process of establishing eligibility can be intrusive and demeaning, conveying negative messages about social status and the efficacy of political participation.

In the American context, the rigidity of ideological distinctions between social insurance – valorized in contractual terms – and public assistance – denigrated as charity – make it hard to even imagine new arrangements that do not fit easily into one category or the other (Béland 2005; Levitsky 2014). Institutional innovations that do blur their programmatic boundaries tend to provoke resistance. In his analysis of the U.S. failure to enact a guaranteed income, for example, Steensland (2006) found that the dichotomous logic of America's two-tiered welfare system impeded progressive efforts to expand social protections. In the 1970s, progressive reformers tried to reorganize social provision in a way that would have erased distinctions between wage workers and welfare

recipients, but policy makers and public audiences, including groups who would have benefited, opposed this reform because they did not want their status to be marred by the stigma of welfare (Steensland 2006, 2011).

In summary, social insurance recipients in the American context are ideologically inclined to oppose reforms that would downgrade their social status even if they would improve their economic status (Steensland 2006). Policy programs, such as pensions, that create a feeling of worth motivate recipients to fight for their rights. And the resources that these programs provide enhance the capacity of recipients to engage in collective action (Campbell 2003). According to these claims, we should have expected municipal retirees in Detroit to oppose the settlement proposed to them in May 2014.

Contrary to these theoretical expectations, a critical mass of voting retirees endorsed a policy that reduced their benefits and downgraded their status by legitimizing the failure to uphold state constitutional rights and having philanthropic organizations help pay for pensions. This endorsement amounted to a collective abdication (Ermakoff 2008). A collective abdication is, in Ermakoff's (2008:xi) words, a "surrender that legitimizes one's surrender." When this act is undertaken by a collective "the statement is about the group that makes the decision." The erosion of economic benefits is by now a familiar trend. Yet Detroit's 2013 bankruptcy was exploited not just to shift risk onto active workers (Hacker 2002), but also to revoke promises made to people who had already *earned* their benefits, including over twenty thousand individuals who had already retired. It is particularly rare and unpopular for social insurance policies to be revised after individuals have completed their service when financial adaptation is more difficult. One would expect recipients to resist attempts to downgrade their status and benefits, particularly if such modifications were perceived as unjust (Fehr and Schmidt 1999).

The bankruptcy did in fact spur various forms of mobilization. In the bankruptcy's early stages, labor lawyers and retiree representatives resolved to fight pension cuts all the way to the U.S. Supreme Court (Howes et al. 2014; Woods 2013). Pensioners and other Detroiters marched on the steps of the federal court house hosting bankruptcy proceedings. Hundreds of retirees attended meetings organized by retiree associations. A group called Moratorium NOW! argued that banks should bear the cost of Detroit's debt adjustment due to their role in the foreclosure crisis, which pushed Detroit towards insolvency (Moratorium NOW! 2013). And in 2016, a group of 135 (mostly civilian) retirees signed onto a lawsuit seeking to overturn the bankruptcy settlement, which was dismissed (2–1) by the U.S. Sixth Circuit Court of Appeals.

Why then did a voting majority of pensioners accept the settlement? To some, the answer may seem obvious: It was the best deal possible. Retiree representatives ultimately concluded that rejecting the plan was impractical, a sentiment enshrined on a pin that read, "You Can't Eat Principles, and Uncertainty Doesn't Pay the Bills." The alternative outcome, the city's emergency manager warned, would be worse. If the settlement was rejected and the foundations withdrew, the city would pursue more draconian cuts. But no one could be sure whether the court would approve severe cuts over the objections of retirees. Or if it did, whether the decision could be overturned on appeal, let alone how much time and money would be consumed in the process.

This explanation has merit insofar as risk-averse retirees found the threat to be credible (Cappelli 1985; Chaison 2007). Yet, threats must be rendered credible through acts of interpretation, particularly under fraught and uncertain conditions. What is

more, even credible threats do not necessarily produce submission. At times, threats activate resistance and solidify oppositional groups (Ermakoff 2008; Mizruchi 2013). In 2004, for instance, workers in a German auto parts plant who faced the threat of plant closure initiated a six-day wildcat strike (Landler 2004). The caption under a picture in the *Toronto Star*, noted, “Emotions are running high at the plant, which has emerged as a symbol of labour’s rage against more job cuts” (Meissner 2004). In 2015, a majority of Greek voters rejected the austere terms of a European bailout, believing that their actions would animate a new round of negotiations with lenders (Walter et al. 2018). More generally, fear of cultural displacement and the desire to preserve privileged social status have been found to overpower economic interest in American elections (Cox and Jones 2017). While it is tempting to conclude that pensioners voted according to narrow economic interests, this conclusion belies the complexity of the situation, the heterogeneity of retiree interests, and the important role that intermediary actors played in constructing these interests. The key proposition of this article is that a closer examination of attempts to rework how claimants understand their collective identity can help to specify the limits of feedback effects. I argue that one way in which groups may adjust their expectations is through “collective cooling”.

Collective cooling

The concept of collective cooling necessarily begins with Goffman’s (1952) theory of “cooling the mark out.” This theory unpacks the process by which people come to accept an unexpected loss. Involuntary changes in social position typically involve grief and trauma, and the breakdown of stable meanings that form the basis of identity (Elliott 2018; Marris 1986). The “cooling-out” concept, Goffman suggests, is broadly applicable to any situation where disappointed expectations provoke consolation. In describing this phenomenon, Goffman focused on the victim of a crime or a con. The “mark” is the victim (Goffman 1952:451). The “cooler” persuades them to accept the loss (Goffman 1952:452). The goal is to prevent the victim from making a fuss, seeking retribution, or calling on higher authorities. In Goffman’s (1952:452) words, “the cooler has the job of handling persons who have been caught out on a limb – persons whose expectations and self-conceptions have been built up and then shattered.” This process resembles the efforts of lawyers and retiree representatives to secure acceptance of Detroit’s bankruptcy settlement. Goffman’s emphasis on “agents of consolation” is particularly instructive (Clark 1960:575). These actors are tasked with reworking the expectations of the impacted party (Clark 1960). The cooler’s repertoire of strategies includes: serving as the object of frustration, offering a substitute role or status, providing a financial consolation, and delaying a decision to give the impacted party time to familiarize themselves with the new situation (Goffman 1952).

Cooling out can be provoked by one of two kinds of “involuntary loss,” one which reflects badly on the impacted party, and one which does not (Goffman 1952). The second kind of loss still changes how individuals think of themselves and how they are seen by others, but is not considered a reflection of a deserving fate (Goffman 1952). The other kind of loss reflects badly on the impacted party, and involves humiliation or a “loss of face” (Goffman 1952:454). In this case, the loss is seen as a symbol of what the party deserves. A financial loss due to fraud produces shame that can be particularly devastating (Harrington

2012). In the United States, where making money reflects good character, any sort of financial loss can provoke embarrassment (Harrington 2012). According to the U.S. Department of Justice (2015), for victims of fraud, “Your trust in your own judgment, and your trust in others, is often shattered. You may feel a sense of betrayal, especially if the perpetrator is someone you know.” This sense of betrayal is probably even stronger if the loss results from a trusted institution, such as the state of an employer. The cooler’s job is, in Goffman’s (1952:452) words, “[T]o define the situation for the mark in a way that makes it easy for him to accept the inevitable and quietly go home. The mark is given instruction in the philosophy of taking a loss.” Accepting such a loss may involve efforts to reframe it from one that reflects badly to one that does not (Goffman 1952).

The circumstances of this case differ from the situation that Goffman described in some important ways. First, Detroit’s financial crisis was a complex problem that had many causes, and was decades in the making (Farley 2015; Kornberg 2016; Sugrue 2014). Second, I do not impute deceptive motives on the intermediary actors – the lawyers and retiree representatives – described in this case. Retiree representatives endeavored to advance the interests of their constituents, but the heterogeneity of retiree interests at times limited within-group solidarity. Third, Goffman described the cooling out process at an individual level. However, in this case, the bankruptcy settlement hinged on a vote by more than 30,000 individuals. As such, this case presents a useful opportunity to extend Goffman’s framework to collective situations. Doing so can help to clarify how micro and meso-level interactions mediate macro structural changes.

Ermakoff’s theory of collective abdication proves useful in this regard. In keeping with Ermakoff’s framework, the fate of Detroit’s pensioners depended on a collective vote in which individual decisions had a direct bearing on collective outcomes. Ermakoff’s (2008) theory of collective abdication helps to explain how and why groups collectively surrender power. Drawing on a detailed analysis of the parliamentary abdications of constitutional authority that paved the way to the rise of the Third Reich in Germany and the Vichy Regime in France, Ermakoff demonstrates the importance of attending to the patterns of social interaction that unfold during the political process. These sorts of moments are fraught with uncertainty and ambivalence, leading actors to oscillate between conflicting ideas (Ermakoff 2008, 2010, 2015). Under these circumstances, actors often look to others to inform their own decisions (Ermakoff 2008). Ermakoff argues that group members draw inferences about overall group preferences by communicating face-to-face with people they know (“local knowledge”) and witnessing events, which can include the statements and actions of visible or prominent group members (“tacit knowledge”) (Ermakoff 2008:xv, 203). These processes contribute to “sequential” decision making when actors look to the behavior of others to guide their own actions (Ermakoff 2008:182).

Ermakoff seeks to rule out coercion, miscalculation, and collusion as adequate explanatory factors, but some commentators have suggested that Ermakoff’s account gives short shrift in particular to the role of coercion in producing quiescence (Adut 2010; Kimeldorf 2010). I argue that the explanations Ermakoff seeks to rule out are perhaps better understood as varieties of information that circulate among actors engaged in collective decisions. Individuals may take threats more seriously, for instance, if prominent group members express fear and emphasize the risks associated

with the threat. The interactive processes that Ermakoff describes play an important role in rendering threats credible.

Whereas the theory of cooling the mark focuses on the strategic behavior of influential actors, the theory of collective abdication focuses on the interactive processes by which group members make choices. And whereas the theory of cooling the mark focuses on how individual self-concept is reworked under new circumstances, the theory of collective abdication focuses on the individual's desire to conform to collective opinion. The synthesis of these theories illuminates the micro politics leading up to the vote that secured the resolution of Detroit's bankruptcy. Detroit's bankruptcy, unprecedented in its scope and legal complexity, unfolded at a rapid pace. Interviews suggest that at times seasoned legal experts working on the case were themselves unclear on the implications of different choices. In a situation fraught with uncertainty and ambiguity, many pensioners looked to their representatives, lawyers, one another, and the media to shape their understanding of the situation. Retiree representatives first experienced their own conversion process, through which they came to support the proposed settlement. Those that served as representatives of subgroups of pension claimants then played an important role in persuading their constituents to accept the settlement. In doing so, they deployed many of the strategies that Goffman (1952) described. However, departing from Goffman's account, they often did so in collective contexts, communicating with many people at once. Doing so created opportunities for members to observe the positions of visible actors and the reactions of other group members. Ultimately, I argue that this process of collective cooling worked to adjust retirees' self-understandings from that of rights holders to charitable dependents. Acceptance of this new set of circumstances hinged on changing how retirees understood their collective status in the eyes of elites.

Data and methods

This study employs process tracing methods in order to theorize collective cooling. Process tracing involves weaving together disparate accounts in order to form a better understanding of complex political episodes (Collier 2011; George and Bennett 2005; Tansey 2007). The primary data for this article consist of video recordings of retiree association meetings that took place before and during the bankruptcy between June 2013 and December 2014. However, the analysis also draws on interview data, bankruptcy court documents, and media sources.⁴

Data collection began in 2015 during preliminary conversations with judges and lawyers involved with the case. These conversations in conjunction with media coverage, court documents, and organizational newsletters helped to identify actors of interest. I used purposive sampling methods to recruit interview subjects who occupied elite and intermediary positions (Tansey 2007). A combination of convenience, snowball, and purposive sampling methods were used to recruit retiree interview subjects. Between 2016 and 2018, I conducted 38 interviews with decision makers (8), lawyers (7), and pension claimants (23), five of whom had seats on the Official Committee of Retirees (OCR), which the U.S.

⁴ All legal documents used in this analysis are part of *In re City of Detroit*, Michigan, Case No. 13-53846, accessed via <http://www.kccllc.net/detroit/document/list/3666>. Throughout the article, court documents are referenced by docket number.

Department of Justice assembled in order to represent pensioners' interests in court. This project was approved by the University of Michigan Institutional Review Board in 2016 (HUM00104309).

Within the pensioner sample, 65% (15) respondents were men and 35% (8) were women; 65% (15) were black and 35% were white; 87% (20) occupied civilian roles, and three had worked as public safety officers. Pensioners who rejected the settlement are over represented in this sample (60%); those who did not vote on the settlement are under-represented (0%), constituting a key limitation of this study. It is possible that interview subjects did not accurately report their voting decisions during interviews (Jerolmack and Khan 2014). This seems unlikely, however, because retiree interview subjects skewed towards individuals who were publicly engaged in the bankruptcy proceedings, either by attending protests or filing objections and addressing the court. Both those who voted for and against the settlement often experienced pressure to vote differently. One respondent expressed concern during our conversation that peers might discover how he had voted.

Where possible, I use real names and reference public sources. I use the real names of actors who had public profiles during the bankruptcy. However, when drawing on interviews with retirees who did not have a public profile during the bankruptcy I use pseudonyms, designated by quotation marks. All interviews were recorded and professionally transcribed. Where possible, I triangulated information from interviews with news media.

Interviews with pensioners lasted between one and three hours and were semi-structured, covering work history, the subjective experience of the bankruptcy, the impact of lost benefits, retiree association participation, information sources during the bankruptcy, and how subjects decided if and how to vote on the bankruptcy settlement. Respondents include Don Taylor and Shirley Lightsey, OCR members and the presidents of the two largest retiree associations, as well as Terri Renshaw who chaired the OCR. They included two additional members of the OCR. Other subjects were recruited at public meetings, through snowball sampling, and by calling individuals who included contact information on publicly available court documents. Interviews also included three of the lead lawyers representing retirees in bankruptcy court.

While conducting interviews, I became aware of a video archive of monthly meetings held by the city's largest public safety retiree association, the Retired Detroit Police and Firefighters Association (RDPFFA). The RDPFFA was the first retiree group to settle, putting pressure on other groups to acquiesce even though they faced less generous terms. Recordings of RDPFFA meetings held between June 2013 and December 2014 constitute the primary data used in this analysis. The analysis focuses on portions of the monthly meetings where retiree representatives update members about bankruptcy proceedings, and field members' questions. These recordings do not fully replicate the experience of being present in the room: The camera stays focused on the speaker; Bits and pieces of the meeting are lost in the transition between recordings. Nevertheless, this video archive provides a verbatim record of conversations as they occurred in real time. Beyond the words spoken, the recordings provide useful information about the tone and tenor of interactions between members, association leaders, lawyers, and pension trustees.

Each meeting was archived in several video segments. Segment titles typically indicate who was speaking during the recorded part of the meeting. This analysis focuses on reports delivered by the association's president and a number of lawyers representing retired municipal workers in Detroit's bankruptcy proceedings. The analysis also includes video segments that feature elected pension board trustees. However, segments devoted to

administrative matters have been excluded, as have announcements about deceased members. Three meetings were excluded based on their focus on a social event (2) and presentations by insurance companies (1). In total, the analysis drew on fourteen meetings. Meetings that occurred within the city's primary civilian retiree association were less frequent and were not recorded, which is why they are not included in the analysis. However, in the lead-up to the vote, the OCR organized a series of meetings, excerpts of which were available online. Where possible these were included in the analysis.

I conducted a first round of coding with my research questions in mind: (1) How did the process leading up to the vote unfold? (2) How did intermediaries come to accept the proposed settlement, and in turn how did they try to persuade members to accept the proposed settlement? A second round of coding focused more specifically on characterizations of pension benefits and of the proposed bankruptcy settlement, interpretations of influential actors and other stakeholder groups, as well as boundaries between different pensioner groups.

The retiree population

Before turning to the case, a description of Detroit's municipal pensioners is warranted. In 2013, Detroit's municipal retirees and active workers with accrued pension benefits numbered 32,427 (see Table 1)⁵. In 2013, 65% of this population was retired. The bankruptcy process required the city's 100,000-plus creditors to be grouped into "classes" on the basis of their claims against the city. Pension claims were divided into two classes, because the municipal retirement system managed separate pension funds for civilian workers (the General Retirement System) and public safety workers (the Police and Fire Retirement System), each of which was governed by its own board of trustees. The city's two largest retiree associations reflected the same occupational distinctions, though they exclusively represented the interests of retired workers. In addition, whereas civilian retirees were eligible for Social Security, public safety retirees were not. Consequently, the average annual pension was higher for public safety retirees (\$32,000) than it was for civilian retirees (\$19,000). Public safety workers typically retire earlier than civilian workers and often work other jobs.

At the time of the bankruptcy 62% of claimants were enrolled in the civilian pension fund and the remainder were members of the police and fire retirement system. These subgroups also displayed different demographics. Many observers assumed that retirees were predominantly black, because Detroit is a majority-black city. However, because pensioners represent a cross section of past cohorts, the demographics of this population skewed more white. Whereas civilian retirees were more likely to be black women residents of the City of Detroit, public safety retirees – the primary focus of this analysis – were more likely to be white male residents of Detroit suburbs.⁶

The proposed bankruptcy settlement offered different levels of recovery to these groups (see Table 2). Public safety retirees were offered the best recovery rate, and some civilian

⁵ In most states, accrued benefits are better protected legally than un-acrued benefits.

⁶ Disaggregated data on demographics were inaccessible; however anecdotal estimates by multiple individuals suggest that retired public safety pensioners were majority white and civilian pensioners were more evenly split.

Table 1 Votes on the plan of adjustment by active and retired municipal workers with vested pension benefits

	GRS	PFRS	Total
Total pension claim of voters	\$1,070,265,000	\$758,026,100	\$1,828,291,000
As percent of total claim	60%	46%	53%
Median	\$77,230	\$88,481	\$82,897
Mean	\$125,309	\$106,990	\$117,003
Standard deviation	115,085	69,662	97,582
Total claimants	19,990	12,437	32,427
Percent retired	61%	73%	65%
Percent active	28%	26%	28%
Percent not working; not yet receiving benefits	11%	1%	7%
Retired claimants	12,118	9054	21,172
Women	49%	Unknown	
Over 65	67%	61%	64%
Living in Michigan	89%	80%	85%
Living in Detroit	52%	3%	35%
Average annual pension	\$19,000	\$32,000	\$24,761
Total votes	8541	7085	15,626
<i>As percent of claimants</i>	43%	57%	48%
Accept	6248	5822	12,070
<i>As percent of voters</i>	73%	82%	77%
Reject	2293	1263	3556
<i>As percent of voters</i>	27%	18%	23%
Did not vote	11,449	5352	16,801
<i>As percent of claimants</i>	57%	43%	52%

Note: GRS references the General Retirement System, covering civilian workers. PFRS references the Police and Fire Retirement System, covering public safety personnel.

Sources: Voting data from Docket 6179; Geographical data from Bridge Magazine; Demographics from actuarial reports accessible via www.rscd.org and a legislative information packet created by the DRCEA.

retirees were offered a better recovery than others. Regardless of the vote's outcome, members of both groups would lose approximately 90% of their medical benefits. And regardless of the vote's outcome, public safety retirees would preserve their base pension. If the vote passed, annual cost of living adjustments (COLA) would go down to one percent from a little over two percent, amounting to a roughly 10% reduction in the value of the pension over one's lifetime (The Official Committee of Retirees 2014). If the settlement was rejected, the city would eliminate the COLA altogether.

With respect to civilian beneficiaries, if the vote passed and the settlement was approved, members would lose 4.5% of their base pension, and the COLA would be eliminated, which amounted to another 14.5% reduction in the value of the pension

Table 2 Comparison of stipulated reductions in retirement benefits, based on the outcome of vote

Reduction	Base pension	COLA	ASF	Medical benefits
Police and Fire Retirement System (PFRS)				
Accept	0%	55%	0%	90%
Reject	0%	100%	0%	90%
General Retirement System (GRS)				
Accept	4.5%	100%	0–20%	90%
Reject	27%	100%	0–20%	90%

Note: COLA refers to Cost of Living Adjustments, which are pegged to wage increases of active workers and are supposed to adjust for inflation. ASF refers to the Annuity Savings Fund, a voluntary investment fund managed by the GRS, that was subject to an interest clawback under the Plan of Adjustment.

Source: Dockets 4392; 6146; 6379.

over one's lifetime. If the settlement was rejected, city lawyers threatened to pursue a 27% cut on the base pension (The Official Committee of Retirees 2014). To further complicate matters, approximately 48% of civilian beneficiaries, those who had retired between 2003 and 2013, were subject to a clawback on what was considered excess interest accrued under a voluntary savings fund managed by the retirement system (The Official Committee of Retirees 2014). Members could repay the clawback in a lump sum, or could have installments subtracted from the monthly pension check at an interest rate of 6.75%.⁷ If the settlement passed, the clawback would be capped at 15.5 of the total pension, but if the settlement failed there would be no restriction on the clawback (The Official Committee of Retirees 2014).

In summary, pensioners confronted different economic risks in voting on the proposed settlement. Public safety pensioners obtained the highest recoveries and the least punitive alternative in the event that the settlement was rejected. Civilian retirees – both those subject to and exempt from the clawback – risked much larger cuts in the event that the settlement was rejected. Civilian retirees subject to the clawback would experience the largest losses if the settlement passed, but they also confronted the greatest economic risk in the event that the settlement failed. If voting patterns could be explained as a function of risk-averse people confronting a forced choice, then we would expect those facing the greatest economic risks to exhibit the greatest likelihood of acceptance. Contrary to this expectation, however, those facing the greatest economic risk were more likely to reject the plan of adjustment, and those facing the smallest economic risk were more likely to vote in support of the settlement (See Table 1). A large majority of public safety pensioners who voted (82%) accepted the plan of adjustment. A smaller, but still significant majority of civilian pensioners who voted (73%) also endorsed the plan of adjustment. When accounting for those who did not vote (52% of all pension claimants), the proportion of public safety pensioners who accepted the settlement falls to 47% and the proportion of civilian pensioners falls to 31%. Although disaggregated voting data within the civilian population was unavailable, interview data suggests that among civilian claimants, those subject to the clawback were more likely to have rejected the settlement. In the next sections, I summarize the empirical argument before turning to the case in greater detail.

⁷ Initially, there was no option to repay the interest in a lump sum, but this option was added later on.

From contract to gift: Pension reform in Detroit's bankruptcy

The pensioner vote was the culmination of a year-long bankruptcy process (see Fig. 1 for Timeline). Three months after his appointment, labor representatives discovered that Detroit's emergency manager, Kevyn Orr, intended to pursue pension cuts. They believed that Orr and the media were unfairly blaming retirees for the city's financial crisis. The legal status of constitutionally protected pensions had never before been tested in bankruptcy court, and the permissibility of pension cuts was therefore an open legal question. When Orr filed the bankruptcy papers, he narrowly preempted a ruling by a state judge that would have attempted to block a bankruptcy on grounds that proposed pension cuts would violate the state constitution. Orr's actions ensured that the city's eligibility for bankruptcy would be evaluated by a federal bankruptcy court instead of a state court. Labor lawyers hoped that the federal bankruptcy judge would rule that pensions should be shielded from cuts during bankruptcy. If not, however, they vowed to appeal possible pension cuts all the way to the Supreme Court.

The cooling-out process began when the bankruptcy court assembled a committee to represent the collective interests of the city's pension claimants (the Official Committee of Retirees or "OCR"). Two of the committee members, those that are the focus of this analysis, served as the elected leaders of the city's largest retiree associations, elevating their visibility and influence in the bankruptcy process. In this sense, the cooling out task was assigned to someone strategic, the elected leaders of the largest retiree subgroups (Goffman 1952).

In assessing the city's eligibility for bankruptcy, the judge ruled that pensions were ordinary, "unsecured" contracts that could, in theory, be impaired in bankruptcy. This ruling constituted a key turning point in the case. Subsequently, retiree representatives started to actively lower the expectations and adjust the collective identity of retirees. This process unfolded at meetings where retirees gathered to receive updates about the bankruptcy. At the monthly meetings of the Retired Detroit Police and Fire Fighters Association (RDPFFA), the focus of this analysis, association leaders and lawyers provided updates and advice. The extended Q&A sessions gave pensioners the opportunity to vent (Goffman 1952) and to observe one another (Ermakoff 2008). Before the eligibility ruling, intermediaries argued that proposed pension cuts were not just injurious but also insulting, reflecting the perception that pensioners were being blamed for the city's financial problems. After the eligibility ruling, however, intermediaries distanced themselves from the politics of blame and often invoked the lack of city resources in a manner that depoliticized proposed cuts. However, they also often remarked that retirees now depended on the "sympathy" of the judge. These discursive

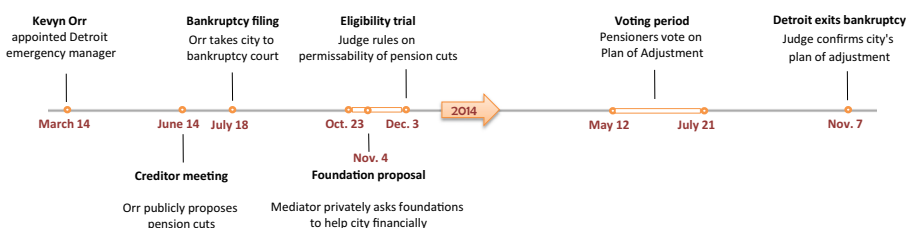


Fig. 1 Timeline

acts contributed to the reframing of pension cuts from a loss that reflected badly on retirees to one that did not (Goffman 1952).

Another cooling-out strategy that Goffman (1952) described is to offer a new status that can replace the lost role or identity. In this case, the earmarking of foundation funds for pensions was a consolation that lessened the financial pain while also reframing retirees as deserving in relation to other “undeserving” creditors. But the status of retirees as “deserving” and “public-spirited” in the eyes of the court, the foundations, and lawmakers was contingent on their collective abdication of legal rights (Ermakoff 2008). All of the cooling strategies that Goffman described were present in this case. They were, however, enacted through the repeated, collective interactions of retirees and retiree representatives that made it possible to periodically update one’s inferences about the beliefs and preferences of others (Ermakoff 2008). In the next sections, I first describe how judicial signals altered intermediaries’ understandings of the situation, and then unpack intermediaries’ efforts to secure acceptance for the settlement.

Before bankruptcy: Pensions as “sacrosanct” contracts

Detroit’s city workers had endured multiple rounds of budget cuts and wage freezes with the security that the state constitution guaranteed their pensions. Consequently, when in June 2013 Detroit’s emergency manager, Kevyn Orr, proposed significant cuts in both medical benefits and pensions, many retirees and retiree representatives regarded the declaration with disbelief, while others felt betrayed (Interviews).⁸ For example, Terri Renshaw, a seasoned labor lawyer who spent many years litigating pension issues for the city and then became the chair of the OCR, was incredulous when she first learned of Orr’s intentions, noting, “I just couldn’t believe it could happen” (Phone interview, 12/03/2018). Orr’s announcement took many by surprise in part because one month earlier, he had told an audience at a public forum that “vested pensions are sacrosanct, and can’t be touched,” leading some to believe that he did not intend to pursue pension cuts in the event of a bankruptcy (Orr 2013).

The suggestion that accrued pension benefits could be withdrawn threatened the moral status of retirees in part because it accompanied a politics of blame that retrospectively cast doubt on the legitimacy of their claims. The governor was convinced that the pension funds were “massively underfunded” due to “mismanagement and corruption” (Nolan Finley, In-person interview, 12/05/2016).⁹ In June, Orr issued an order to investigate the city’s two pension funds for “possible fraud, corruption, waste and other malfeasance” (As cited in Neavling 2013). Some retirees felt that these actions fed into the public perception that government workers are “greedy” and “feeding at the public trough” (Terri Renshaw, Phone interview, 12/03/2018). Many city residents and retirees were offended by a comment that Orr made to the *Wall Street Journal* in August, that “For a long time, the city was dumb, lazy, happy and rich” (As cited in Finley 2013). For a government organization to withhold contractual employment benefits that had already been earned seemed to imply wrongdoing on the part of the workers. In other words, this was a loss that

⁸ See for examples Rushe (2013), Yaccino and Cooper (2013).

⁹ The funding status of the pension funds was in dispute. The governor was quite public in his opinion, however, telling a group of students, for instance, “They [the pension funds] did some crazy things....They [pensioners] became millionaires off these programs that we could only adjust in bankruptcy” (Governor Rick Snyder, Ford School of Public Policy, 11/28/2016).

reflected badly on retirees. This moral threat helps to clarify why in interviews and in court-filed objections, retirees repeatedly drew on contractual framings to justify the protection of their pensions. This rhetorical strategy was exemplified by Aaron, a retiree who called into a radio show in June 2014:

I know that just like me and most of the retirees and the active employees, we don't understand all the legal aspects of what's being dealt with but one thing we do understand is that the purpose for a contract in this country is so two parties will be held to an agreement, and we have kept our part of the agreement (*Next Chapter Detroit* 2014b).

As another example, another retiree said to fellow pensioners, “What am I supposed to do? Lose my house? Lose my car? I went to work! I did what you told me to do!” (*Detroit Ain't Broke* 2014). In modern welfare states, images of contracts have always been associated with deservingness when it comes to social provision (Esping-Andersen 1990; Fraser and Gordon 1992; Katz 2010). In interviews, in court, and at protests retirees repeatedly stated that they had “worked hard” and “earned” their benefits to affirm their status as deserving of the retirement benefits that had been promised to them.

Among those surprised by Orr's decision to pursue pension cuts was Donald (“Don”) Taylor, a retired police officer and the president of the RDPFFA. Don was a tall, gruff, retired white police officer with short cropped grey hair. In court and in interviews, Don described a pre-bankruptcy meeting in which he tried to understand Orr's intentions. Orr told Don that neither pensions or medical benefits would be at risk in a bankruptcy (Vlasic 2013a). When Don learned of Orr's reversal, he assumed an adversarial stance. In an October 2013 newsletter, Don told his members, “[T]he City is placing blame for the alleged shortfall in the pension plans on the Retirement Systems and the retirees themselves” in order to “deflect attention from its plan to stop funding retiree pension benefits and to dramatically reduce health benefits.” Here, Don flatly rejected the city's justification of the bankruptcy, asserting, “The City claims that termination of its pension plans is a financial necessity. But the City can afford to take care of its retirees without sacrificing reinvestment initiatives for the City's redevelopment” (Taylor 2013:21). Don rejected the idea that retirement benefits were unaffordable, and claimed that city and state leaders were trying to blame retirees for the city's financial problems in order to legitimize cuts. These statements are representative of the positions taken by other lawyers and retiree representatives at the outset of the bankruptcy. Accepting pension cuts, they believed, would signify an acceptance of blame for the city's financial crisis.

Like Don, Carole Neville – lead attorney for the OCR – thought that the emergency manager was unfairly blaming retirees for the city's financial crisis. Carole, a petite 71-year-old white woman from New York City, first visited the RDPFFA in October 2013. At the time, Carole worked for Dentons, a large international law firm, where she had represented labor interests in a number of high-profile private sector bankruptcies. On this occasion, she wore a black turtleneck. Her silver bob was held back by a pair of black-rimmed glasses perched atop her head. Like Don, Carole told members that state officials were trying to scapegoat the retirees, and that emergency manager's proposal for cutting benefits was “outrageous.” She said retirees were being villainized in the media:

I can't stand picking up the paper anymore, because it's one article after another about how the retirees sucked so much out of the pension plan, or how much the retirement system screwed up the pension plan, and how it's all your fault that it's underfunded, and not the fact that the city was complicit every step of the way (RDPFFA Meeting October 2013).

Through this and other expressions of anger and frustration, Carole signaled to members that she was on their side. She often told members how she was feeling, and how they should feel. In doing so, Carole built emotional energy by repeating the idea that the retirees were being unfairly blamed for the city's financial distress (Goodwin, Jasper, and Polletta 2009).

At the outset of the bankruptcy, Don and the lawyers argued that Orr was trying to deprive retirees of their rights under circumstances that reflected badly on the retirees. Claims about the affordability of retirement benefits were linked to claims that retirees were diverting essential resources from public services, and that retirees were complicit in past corruption and mismanagement. Don and the layers invoked these claims to mobilize retirees' opposition to the bankruptcy. However, as the next section will show, following an early ruling in bankruptcy court, Don and the lawyers started to suggest that circumstances had changed. Retirees were at risk of losing their economic protections, but these new circumstances did not reflect poorly on pensioners. By rhetorically separating the lack of resources from the politics of blame, Don and the lawyers suggested that pensioners might experience a loss, but that the loss was not dishonorable. Yet, by evoking the depoliticized language of austerity, Don and the lawyers glossed over underlying distributional decisions about who should pay for the city's debt reduction (Blyth 2013).

From “sacrosanct” to “ordinary” contracts: Changing the definition of the situation

On December 3, 2013, after a month-long trial, U.S. Bankruptcy Judge Stephen Rhodes found the City of Detroit eligible for bankruptcy. During the trial, labor lawyers argued that the bankruptcy was unlawful, because it violated state laws that explicitly banned pension cuts. Judge Rhodes ruled, however, that, because federal law supersedes state law, pensions were not immune to modification in bankruptcy, even for those who had already retired. Furthermore, he concluded that the definition of pensions as contractual rights was precisely what rendered them vulnerable in bankruptcy (Docket 1945).

Yet, in bankruptcy, some contracts – those that have been “secured” by collateral or special revenues – enjoy a protected status. Retiree representatives argued that a state constitutional provision banning pension cuts should afford pensions a level of protection similar to that of secured credit. However, the judge disagreed. In ruling that pensions were *ordinary* contracts, Judge Rhodes grouped pensions together with other kinds of commitments that could be revised. With that said, the judge indicated that just because pension cuts were possible in bankruptcy did not mean he would permit them (Docket 1945). In a municipal bankruptcy, for which there exists little case law, judges have considerable discretion. In a face-to-face interview (05/19/2017), Judge Rhodes explained that he had “the highest, I’m going to use the word sympathy, but maybe it’s more compassion” for retirees, and that this played an important role in his decision

making. Yet, ultimately, the judge discussed the status of retirees in terms of sympathy rather than rights.

Labor lawyers appealed the ruling. In ensuing the months, however, retiree representatives expressed growing acceptance of the austerity frame presented by Orr. At monthly association meetings, Don and the lawyers stopped talking about how the city was blaming retirees for its financial problems, and often returned to the idea that “there is no money.” At the March 2014 RDPFFA meeting, for example, Don told members, “It’s obvious the city’s broke. They don’t have any money to pay their bills.” By invoking the lack of resources Don and the lawyers reversed their earlier position and signaled that retirement benefits were less affordable than previously thought. In one exchange, Don told a member that even if the retirees won the court battle, they still might not get paid, saying “[Y]ou can’t take it from an empty pocket” (RDPFFA Meeting February 2014). In making such statements, Don and the lawyers suggested that external circumstances had changed the situation. But these statements glossed over the fact that secured claims were to be repaid in full. Intermediaries increasingly invoked this new set of circumstances to redefine the pension promise and lower expectations. Carole, for example, interpreted the judge’s ruling in the following way:

[Y]our pensions are like ordinary contracts – they can be modified, rejected in bankruptcy. He said it’s just like an airplane lease. It’s just like a vendor contract. Now it does have a human element, he said, but it is still a contract (RDPFFA Meeting December 2013).

In this instance, Carole told members that the bankruptcy court did not recognize the state’s constitutional protection as a valid source of legal protection. There was nothing *special* about the pensions, she said, they were *ordinary* contracts, creating a legal equivalence between pensions and other kinds of contracts that could be impaired in bankruptcy.

When members questioned their prioritization relative to financial creditors, Don and the lawyers engaged in cooling out by uncritically invoking the general principles of bankruptcy law. At a meeting in February 2014, for example, one frustrated member asked why investors who bought risky bonds were given the same or higher priority than workers whose pensions were a form of deferred compensation. Retirees often questioned why pension claims were being classified as debt, and why the claims of financial creditors who took speculative risks should be given equal or greater priority than worker’s claims. The member asked, “Is the judge aware that the bond companies realized they could lose their money, otherwise they wouldn’t insure it. So why the hell are they paying them anything?” Don explained,

There are secured creditors and unsecured creditors and secured creditors can get a larger chunk than unsecured creditors. Summa’ these bonds, everybody says, ‘Why should you worry about them? They’re insured?’ We have found out that many of these insurance companies insuring the bonds are filing bankruptcy. So those that thought they were gonna’ get paid off, may not get paid off (RDPFFA Meeting February 2014).

Here, Don invoked the logic of bankruptcy law in a manner that rationalized the prioritization of investors over workers without delving into the nuances of the case or how claims are ranked among unsecured creditors. Don did not address how, for example, in January 2014, a series of complex transactions used to fund pensions came under scrutiny. On January 31, Orr issued a lawsuit seeking to invalidate some of the secured contracts that formed part of the deal, arguing that the interest-rate swaps issued by UBS and Bank of America Merrill Lynch were predatory and illegal, and later “put very fatal strains upon the city’s finances” (As cited in Walsh 2014b). Nor did Don address how, under certain conditions, about which the law is less specific, courts can prioritize the interests of certain groups of unsecured creditors over others.

A similar exchange several months later demonstrates how invocations of bankruptcy law could redirect responsibility to retirees for failing to protect their employment benefits. In this exchange, a retiree asked one of the lawyers named Brian, “Why are we unsecured creditors? Why are we not secured creditors? I do not understand that” (RDPFFA Meeting April 2014). After a tense back and forth in which the member emphasized the contributory nature of the retirement system, Brian ended the exchange by saying, “Well, someone along the line could have decided to file a security interest against the City-County Building or the Detroit Water and Sewer Department, and no one in effect did that, so the claims of the pensioners are unsecured by law.” The implication is that retirees missed opportunities to collateralize their pensions, even though the securitization of pension liabilities has not been discussed as a policy option in Detroit or elsewhere.¹⁰ Thus, in exchanges with members, Don and the lawyers engaged in cooling-out by appealing to the logic of bankruptcy law to explain the abrogation of pension rights. Unlike other groups that protested the bankruptcy, Don and the lawyers did not invoke counter narratives that, for example, blamed the banks to suggest they should bear the costs of Detroit’s bankruptcy.

Reframing the loss as honorable and moving towards acceptance of charity

The acceptance of scarcity accompanied another discursive shift in which the language of rights gave way to the language of sympathy. Don and the lawyers started to adjust members’ expectations and reframe their status from that of rights holders to dependents. At the February RDPFFA meeting, for instance, Don told members that they should not expect a full recovery. Under these new circumstances, he said, the best retirees could hope for was sympathy. Don began his February update by discussing an effort to delay cuts to medical benefits:

Our healthcare is a contract. That can be – basically if the city wants to eliminate it, they can eliminate it. But we took a long shot. Thought we could get a little bit of sympathy out of it. But we tried. We got a little, but and that’s about all you can ask for (RDPFFA Meeting February 2014).

¹⁰ By contrast, there have been discussions about protecting pension promises through modifications in the governance of pension funds, as well as through novel investment practices that could protect already existing assets (Cummins and Lewis 2003; Mitchell and Smetters 2003).

Here, Don engaged in cooling-out by telling members that they should accept the new definition of the situation. In the early months of 2014, some members' comments suggest that they had started to accept this new definition of the situation. At the March meeting, for instance, one member raised a question about the city's art museum, saying, "I realize we can't force, and the judge won't force a liquidation in a Chapter 9, but I'm thinking that if there's a lot of money there [the art museum], at least there will be a lot more sympathy from the state." In this instance, the fight for pensioners' rights was giving way to a fight for sympathy. Such statements reflect a growing of the idea that pensions had lost their protected status.

Goffman (1952:456) argues that "cooling represents a process of adjustment to an impossible situation – a situation arising from having defined himself in a way which the social facts come to contradict." Consequently, impacted parties have to be given a new way of seeing themselves (Goffman 1952). In this case, the new status offered to retirees was that of the comparatively privileged recipients of a gift. The previously discussed discursive shift from the language of rights to sympathy was accompanied by the unexpected intervention of a group of philanthropic organizations that agreed to help pay for pensions in order to avert a sale of the prestigious city-owned art collection.

In November 2013, a federal judge leading backstage negotiations asked a group of foundations if they would raise funds to avert a sale of DIA art. The city would sell the collection to the foundations who would keep it intact in a private trust. The money would be leveraged to raise additional funds from the state government and private sector, and earmarked for pensions. For the next twenty years, city contributions to the pension funds would be substituted and supplemented by those of a consortium of public and private institutions. The new pot of money was to be used exclusively to offset pension cuts. In the context of the bankruptcy, the voluntary contributions of philanthropic organizations facilitated the prioritization of retirees over other unsecured (i.e. "undeserving") creditors. Their intervention served both as a financial and a symbolic inducement for retirees to settle.

One of the justifications for foundation intervention was that it provided the court with a legitimate way to prioritize retirees over other unsecured creditors. Had the DIA art been sold, mediators suggested, the proceeds would have to be distributed equally between pensioners and unsecured bondholders. As voluntary donations, however, the foundations could allocate the funds for a specific purpose. In this way, the earmarking of foundation funds offered retirees an alternative status by reframing them as deserving in relation to other unsecured creditors. In response to this new arrangement, bond insurer Syncora cried foul, arguing in court and in the press that the mediators had inappropriately "colluded...to benefit select favored creditors" (Docket 5697; Wells 2014) and that the plan of adjustment "unfairly favors pensioners over city debt holders and investors" (As quoted in Gray et al. 2014).

Retiree representatives ultimately endorsed the settlement, but the foundation intervention was not immediately or universally embraced. When first proposed, the idea provoked a mixed reaction among retiree representatives and labor lawyers. Even after the city exited bankruptcy, some of the lawyers held fast to the belief that the deal had been inadequate and let the state government off the hook. At the RDPFFA meeting in December 2013, Carole Neville disparaged the idea of foundation involvement:

You know the judge at one point in the hearing, said this, and it made everybody cringe. He said the state and the charitable institutions better get their pockets ready to help the retirees. And all the people sitting around me said they don't want help like that, they want their pensions (RDPFFA Meeting December 2013).

In this and other comments, Carole suggested that the foundation deal was demeaning to retirees and that they deserved more than charity. In doing so, she presented herself not as an agent of consolation, but as someone willing to fight for retiree's rights. Once a majority of OCR members voted to approve the settlement, however, retiree lawyers endorsed the deal and encouraged members to accept the settlement. The RDPFFA was the first retiree group to publicly support the settlement.

In the February meeting, Don described the foundation deal in positive terms, suggesting that retirees needed to fight to protect the new pot of money:

What Judge Rosen has been able to do, and some people have even criticized him for doing it, he has gone out and he's got the foundations – a group of very wealthy foundations – to contribute \$350 million, and that amount is going higher.... This billion dollars is earmarked in such a way that the attorneys believe that that doesn't have to go into the general pool to be available to all unsecured creditors. That could be used solely for the purpose of protecting pensions. And that's very important because if this goes into the pool, everybody's gonna' be after it (RDPFFA Meeting February 2014).

Don's comments underscore the idea that the foundations were offering retirees coveted resources and by extension a privileged status. In talking about legal attacks being made by other unsecured creditors, Don and the lawyers emphasized that retirees should not take this new privileged status for granted. In the September meeting, after a tense exchange between Don and one of the members, Ryan – the association's lawyer – backed Don up, noting:

All the guns are pointed at the retirees, and that's not an exaggeration. That's very true. Almost every single objector that made opening statements was taking shots at retirees saying that you got too much, it's not fair, and basically pouting that they're not getting as much as the retirees. I know a lot of people in this room probably think that's crazy, because people in this room are not thrilled about your position in this case, but there are people who would switch places with your recoveries in a second (RDPFFA Meeting September 2014).

Don and Ryan's statements reframed pensioners as advantaged in comparison to other adversely impacted parties. Ryan and Don emphasized the prioritization of retirees over other creditors, and suggest that the retirees must now fight, not to recover their full benefits, but to protect the foundation funds.

The foundation money did not just distinguish retirees from other unsecured creditors. It also distinguished retirees from the city government, regarded by many state lawmakers as corrupt, dysfunctional, and to blame for the city's financial problems. At the March 2014 meeting, Don said,

[A]lmost a billion dollars have been donated or going to be donated to go to pensions It's going to be very tough to get that through the legislators because there's lots of out-of-city, out-of-state legislators that are upset with the state of Detroit. They say, 'Not another penny to the city.' So far, all of the ones we've been meeting with - the overwhelming majority - have agreed that they're going to vote for it. The main reason is that if it's going to the city, it would never pass. It's specified in there it has to be applied to pensions.

By underscoring lawmakers' distrust of the city government, Don reframed the loss as one that did not reflect poorly on retirees by distancing retirees from the territorial stigma of the City of Detroit (Kornberg 2016; Wacquant 2007). Don portrayed retirees as dependents, but also enabled them to save face by distinguishing them from less deserving parties, and talking about how influential outsiders, in this case lawmakers, viewed them as deserving.

Endorsing a “yes” vote

In May 2014, the city started to mail ballots. The ballots arrived with a summary of the proposed Plan of Adjustment, a CD with the full legal documentation, and letters from Kevyn Orr. Every retiree received one ballot for their pension claim and another for their medical claim. Those who had also invested in city bonds received additional ballots. Each ballot identified the total unfunded claim (the amount the city was unable to pay), and an estimate of how much their claims would be reduced by the plan of adjustment.

Some of the mediators who orchestrated the settlement worried that the vote might not pass (Bomey 2016; Helms 2014; Helms and Tompor 2014). When the ballots were first mailed, two of Detroit's biggest public safety unions had yet to reach settlements with the city. A group of, what the media described as “very loud, angry and vocal” pensioners organized public demonstrations encouraging retirees to reject the settlement (*Next Chapter Detroit* 2014a). The bankruptcy mediators pressed Orr, the OCR, and the pension funds to “sell” the plan, to treat it “like a political campaign” (Bomey 2016:200; Davey and Yaccino 2017; Kiertzner 2014a). In turn, city and state officials, retiree representatives, the municipal pension system, and some unions stepped up efforts to rally support for the settlement (Bomey 2016; Davey and Yaccino 2017). In an interview, a lawyer named Ron who represented the public safety pension fund said,

Basically, we [the Retirement Systems] were required to publicly endorse the plan. In the absence of that endorsement, I don't think they [retirees] would have supported it. There was a lot of pressure to get the plan sold. They really stressed, 'This is going to go badly if you don't agree to this. You need to get this over the line.' We weren't convinced we could. It took a lot of courage on the part of the trustees to support the plan. (Ronald King, Phone interview, 07/06/2018).

Don and Shirley Lightsey, the presidents of the city's largest retiree associations, felt this pressure not just from the mediators but also from lawmakers. Shirley, a black woman in her 80s with a matter-of-fact disposition, had served as president of the

DRCEA for a total of 17 years with a break in the middle. She started working for the city in 1956 as a clerk. Her curiosity led her to serve in various departments over the years, and she retired as an HR manager in 1986, and went on to work in other jobs. In an interview, Shirley recalled a state representative saying, “Shirley when we go home we see all those people saying, ‘No. Vote no.’...and I don’t see anything from the yes people. What are you doing?” On the drive home, Shirley told her lawyer they had to “go into campaign mode” (In-person interview, 11/18/2016). Both Don and Shirley made spoken and written statements supporting the settlement that were posted online and mailed to their members (see Figs. 2 and 3).

Throughout May and June, the OCR organized a series of public meetings to explain the voting procedure and endorse the settlement. During well attended but at “at times unruly” meetings organized by the OCR in May and June, some pensioners vented their anger during the question and answer periods, and some left the meeting with the impression that a wholesale rejection of the deal could lead to a better outcome on pensions (Guillen 2014; Kiertzner 2014a, b). Yet others internalized the idea that retirees should not ask for too much. In a voter guide published by the *Detroit Free Press*, a retired police officer named Ronan was quoted saying he would follow the advice of his union and support the plan of adjustment, explaining “I don’t think it’s fair, but I’ll vote yes for this....We’re trying not to take everything from the city. I realize the city is in bad straits” (As cited in Tompor 2014).

The primary justification for a yes vote was the minimization of risk, a simple and powerful message. Pushing the city and the foundations for a better deal, or going after the state was a gamble. Don, Shirley, and the OCR repeated this message often. In a letter sent to retirees, the OCR stated in bold lettering, “the Retiree Committee strongly recommends a yes vote on the Plan simply because it is most likely to save you the much more serious harm than will come with a majority of no votes.” The foundation funds were conditional on retirees endorsing the settlement and giving up their right to sue to enforce their pension rights.¹¹ If the foundations backed out, Orr threatened to pursue more draconian cuts, which the judge could enforce over retiree’s objections.¹² If that happened, and retirees appealed, there was a risk they would lose in the appeals process. At the June 2014 RDPFFA meeting, Don acknowledged that some retirees would like to reject the settlement and have their day in court, remarking, “There’s those that want to see us fight this to the last bullet, drop of blood, and all of that. I don’t know who would pay for that fight, but it would take numerous years, millions of dollars, and at best, it’s uncertain how it would come up.” Similarly, in a filmed statement posted on the governor’s Youtube channel, Shirley Lightsey said,

I look at this grand bargain as the way out with the least amount of disruption in their lives. Vote yes, because my question is: If you vote no, what is your next step? And how long will it take you to resolve it? And in the interim, all the things that have been offered have gone away, and you’re going to lose those amounts and not be able - many people - not be able to make it day to day (Lightsey 2014).

¹¹ Whether the foundations would actually have withdrawn in the event that the vote failed is unknown.

¹² In a face-to-face interview, the bankruptcy judge suggested that he would not have done this, though it is impossible to know for sure.

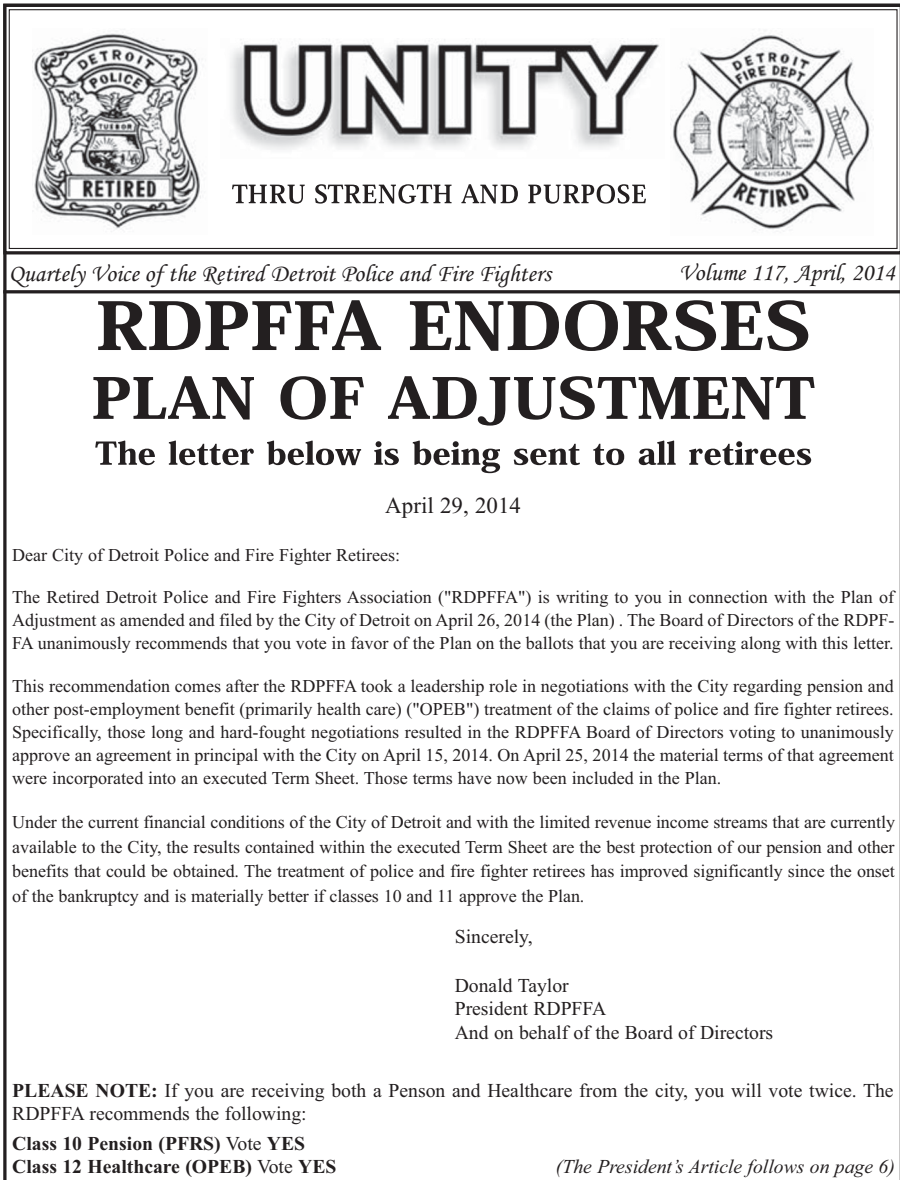



Fig. 2 Donald Taylor's letter endorsing the plan of adjustment

These comments exemplify the way in which retiree representatives emphasized the risks of rejecting the settlement, particularly the time it would take to pursue a legal battle and the uncertainty of achieving a better outcome in the future. Don often pointed out that by the time the case would be decided in a final way, many retirees might no longer be alive. Importantly, these economic risks were couched in a set of social risks. If retirees rejected the settlement and asked for better recoveries, they risked being seen as greedy and losing the sympathy of the judge, mediators, foundations, and state



DRCEA

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Representing Detroit City Retirees Since 1960

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June 2014
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MESSAGE FROM THE PRESIDENT
Shirley V. Lightsey, President

Dear General City Retirees:

I write to you today to recommend that you vote **YES** in support of the City of Detroit's Plan of Adjustment. The DRCEA board supports the plan to minimize the effects of the Plan of Adjustment. I believe that the terms of the current plan, which incorporates the Term Sheet negotiated by and on behalf of the DRCEA, are a better alternative for retirees than could otherwise be achieved in the chapter 9 bankruptcy case.

I have lived and breathed this case for over 11 months, working 7 days most weeks, reading thousands of pages of documents and participating in countless meetings and conference calls. I have represented your interests in mediations as your DRCEA President and as a member of the court appointed Retiree Committee. Based on the information I have gained through these efforts, I believe that the Plan Alternative A (shown on the next page) is in your best interest. This recommendation does not mean that the Plan is perfect, it is not. I recognize all too well that the Plan includes sacrifices from retirees. However, the alternatives of a cram down (Plan Alternative B) are truly catastrophic and unacceptable.

The chart contained on the following page provides a summary view of the Plan treatment if approved by retirees and State, Foundation and DIA contributions are made (Plan Alternative A) and the Plan treatment if rejected by either Class 10 or 11 (Plan Alternative B) or if the outside funding is not received.

The DRCEA has reserved its right to object to the Plan if a cram down is attempted by the City. In this regard we would continue with our appeal to Sixth Circuit Court of Appeals and object to the Plan during the confirmation trial. It is my hope that this path will not be necessary.

There is no doubt that some will criticize my recommendation. It would be easier to recommend a fight to the end, but after listening to all the arguments involved in this bankruptcy, I do not believe that is in the best interest of retirees. A long uncertain and unaffordable court battle is not the answer. After long thought and prayer I believe voting in favor of Alternative Plan A is truly in the best interest of retirees. I recommend you vote **YES** in support of the Plan.

Fig. 3 Shirley Lighthsey's letter endorsing the plan of adjustment

lawmakers. This risk was stated most clearly by Shirley who told retirees at a public event, "If you give that money up, you will have no sympathy from anybody" (cited in AlHajal 2014). Sympathy in the eyes of elites had become a reward for making a sacrifice.

Venting

Throughout the bankruptcy, both before and after the vote, the RDPFFA meetings created opportunities for members to vent their frustration. Some of the lawyers and bankruptcy mediators worried that peaceful protests might turn violent. The RDPFFA meetings were not designed with this purpose in mind, but by giving retirees a platform

to directly and quasi-publicly address their leaders and lawyers, they helped to keep anger in manageable proportions (Goffman 1952). In a tense exchange in April, for example, one member said that accepting cuts would make retirees vulnerable to more cuts in the future:

I think we'd be remiss if we don't discuss the nuclear option because, number one, if you give in, you take any cuts, you know you're going to get another cut. It's coming. I mean one cut, next cut. Eventually, you're pushing everybody into a state of poverty.... If we don't say no, we can never say it because once they implement their plan, there's going to be a new pension in place.... I say give us an option to opt out. How come no one's talked about that? (RDPFFA Meeting April 2014).

After some back and forth, Don told the member that if he did not like the plan, he could vote against it. Another member then murmurs, "How can you say they're not forced when you've got a gun to your head?" Don did not directly respond. Instead, he moved on, saying, "I'm going to repeat the phone – anybody wanting a phone number for benefits, the phone number is 885-224-6200." The members seemed frustrated but they let Don off the hook by allowing him to move on and change the subject.

Don's legitimacy in the eyes of his members bolstered his ability to absorb their frustration. Instead of a phone number, or a generic town hall meeting, RDPFFA members had one of their own at whom they could direct their anger. Don often made members laugh during meetings, cutting the tension with a joke. Due to the inclusion of several active workers, Don did not believe that the OCR could effectively represent his members' interests. Consequently, he often operated independently from the OCR, lobbying the judge for a separate seat at the negotiating table, and visiting Lansing to lobby the governor and lawmakers on his members' behalf. Unlike Shirley Lightsey – who experienced intense criticism following her decision to support the plan of adjustment – Don emerged from the bankruptcy with his reputation as an earnest advocate largely intact. This was evidenced by occasional expressions of gratitude during meetings, appreciative letters submitted to the newsletter, and the fact that Don remained the elected leader of the association several years after the bankruptcy.

In conclusion, the settlement allowed retirees to save face by providing a new status that reframed them as deserving in comparison to certain financial creditors. The vote gave the outward impression that retirees had a choice, or some control over the situation, making an involuntary loss look more like a voluntary decision. In choosing the settlement, and making significant sacrifices, bankruptcy decision makers regarded retirees as public-spirited, deserving of sympathy and good will. If, however, pensioners rejected the settlement, asked for more money, or pushed for the sale of the art, they risked being seen as selfish and greedy, indifferent to the city's survival, and undeserving of sympathy.

Those who voted “no”

The preceding sections described how intermediary actors reframed pensions in seeking to persuade retirees that the proposed bankruptcy settlement was in their best interest. I argued that intermediaries emphasized the ways in which the settlement prioritized retirees over other city creditors, and underscored the social and material risks of rejecting the plan. Ultimately, a significant majority (77%) of pensioners who voted approved the settlement. Yet, 52% (16,801) of pension claimants did not vote on the plan of adjustment, and another 11% (3556) voted against it. All pensioners confronted the risk of heightened, if varying levels of material loss in the event that case went to trial. Yet, a sizable portion of pensioners did not vote or voted against the settlement in spite of these risks. Why?

Without tracking the changing preferences of individuals in real time, this analysis cannot definitively prove that the efforts of intermediaries are what secured collective approval of the settlement. However, this section draws on interview data in order to propose possible scope conditions for the collective cooling process. I argue that individuals who rejected the settlement either lost faith in their representatives or never had it to begin with, and were more likely to distrust the stewards of the bankruptcy. These individuals exhibited greater willingness to assume social and material risks to assert their rights. While some of these individuals framed their objections in symbolic terms most emphasized the perceived inequity of the situation. Efforts to reframe the loss from one that reflected poorly on retirees to one that did not were less effective among retirees who faced the greatest losses under the terms of the settlement, because they were blamed for pension fund shortfalls and deprioritized relative to other retirees.

Interviewed retirees who voted in support of the settlement generally viewed the foundation contributions in a positive light. Those who rejected the settlement, however, were more inclined to regard the foundations with suspicion, noting a lack of accountability, a perceived concern for art rather than workers, or a perceived downgrading of their status. For instance, a retired construction inspector named “Bill” argued that the new financing mechanism was degrading. When asked what he thought of the foundation intervention he said,

Charity is voluntary, and charity can be taken away. There’s no legal precedent requiring them to give us this money, and I don’t think that I worked 32 years to have part of my pension dependent on charity. I didn’t earn that. I earned my pension (In-person interview, 04/24/2017).

When asked why he referred to the settlement as charity, Bill said that it was because a charitable organization was helping to fund pensions that the city was legally obligated to pay. When I then asked, “What’s so wrong about charity?” Bill drew a comparison to welfare, asserting,

I didn’t work for a charity. I’ve never accepted welfare, food stamps, charity of any type. I think that’s it’s being perceived as I need charity, and it’s kind of a sticking point for me because I’ve prided myself on working for what I earn, and earning what I work for. My upbringing was in a working-class community. Both

my father and my mother worked all their lives (In-person interview, 04/27/2017).

Bill could not see the foundation money as anything other than an expression of dependency. This threatened his self-concept, which he defined in contractual terms and in opposition to charity.

Lack of faith in retiree representatives before bankruptcy

One way in which the cooling-out process broke down was among those who did not affiliate with their retiree association by choice or due to physical distance. People who did not engage with their associations before the bankruptcy were less exposed to intermediary messaging, and less receptive to the signals that they did observe. In this regard, the conduct of the retiree associations before the bankruptcy may have predisposed members to be more or less receptive to the efforts of intermediaries. In comparison with the civilian retiree association, the DRCEA, the RDPFFA exhibited greater activity prior to the bankruptcy, organizing monthly meetings and periodic social events. The DRCEA had historically held general membership meetings once a year. During the bankruptcy, roughly 400 members attended the RDPFFA meetings. Don had the meetings taped and posted the footage online for those who lived far away. The RDPFFA also distributed a bi-monthly newsletter to its members, which numbered approximately 7,000 at the time of the bankruptcy.

Nevertheless, not all public safety retirees belonged to the RDPFFA or were actively engaged. Interviews suggest that one source of disengagement stemmed from the perception that retiree representatives and their lawyers lacked the power, skill, or experience to affect the outcome of the bankruptcy. When during one interview I asked “Sabrinah,” a black woman who had retired as the assistant to a police inspector, why she never attended the RDPFFA meetings, she said, “I felt like they [intermediaries] just don’t get it. It seems like we were fighting a losing battle. I thought it was a done deal from the start” (In-person interview, 04/17/16). Some retirees expressed similar sentiments in starker terms, suggesting that the bankruptcy was a “con job,” or worrying that they had been “hoodwinked” or “bought like a pig in a poke pit” (Interviews; RDPFFA Meetings). Sabrinah’s disengagement stemmed partly from her perception that retirees and their representatives lacked power over the situation. When I asked Sabrinah why she voted against the settlement she said, “I did everything I was supposed to do. I worked all the years. I put in the time. I did it all, so now it’s my fault? I don’t get that.” Here Sabrinah drew on contractual language to assert that she had upheld her side of the contract. Sabrinah expressed an oft-repeated sentiment among those who had voted no that accepting the settlement meant publicly accepting blame for the city’s financial crisis.

Another reason why local retirees did not attend member meetings was because they did not identify with association members or leaders. This experience was apparent in an interview with “Larry,” a retired white police officer turned lawyer. When I asked Larry why he didn’t attend the RDPFFA meetings, he said, “They made me sick to my stomach....His [Don’s] meetings are well attended, there’s hundreds of people there, but his people are still fighting affirmative action – they’re still bitter about that.” (In-person interview, 03/23/18). Here, Larry alluded to the demographics of the RDPFFA, whose members were older and whiter than active public safety employees. He then suggested that many RDPFFA members harbored lingering resentment about Detroit’s

first black Mayor Coleman Young who was the first to hire black police officers in numbers. When I asked Larry why he rejected the settlement, he said it was because he “didn’t think it was fair and equitable” and he thought retirees “could do better.”

Larry presents an interesting contrast to “Chuck,” another retired, white former policeman turned city lawyer who voted against the settlement. Because of their career trajectories, Chuck’s pension was transferred to the civilian pension system, making him eligible for membership in the DCREA but not the RDPFFA. Chuck attended several mass meetings that were held in the weeks leading up to the vote, but he did not attend DCREA member meetings because he did not identify with the membership. When I asked Chuck why he never attended the DRCEA meetings, he said, “Before the whole issue of the bankruptcy came up, as far as I could tell, it was largely a social group. The meetings, as far as I know, were only annual. And they were usually somewhere out in the suburbs. And it just didn’t seem worth my while (Phone interview, 10/18/18). Sabrina, Larry, and Chuck all lived in Detroit at the time of the bankruptcy, but they all chose not to attend retiree association meetings and in doing so removed themselves from the key settings in which collective cooling occurred. People who did not attend these meetings were not carried through the entire political process by the intermediaries. They were less exposed to the attitudes of their peers and the evolution of group sentiment over the course of the bankruptcy.

Loss of faith in retiree representatives during bankruptcy

Some retirees attended the association meetings at first, but became disappointed in their representatives when they came out in support of the settlement. In particular, a group of DRCEA members withdrew after Shirley Lightsey announced her support for the plan of adjustment. Members of this subgroup rejected the settlement on grounds that it was inequitable. This interpretation broke down further among those who believed it was a bad deal for all retirees and those who believed that it unfairly disadvantaging some retirees in comparison to others. In these instances, the argument that the bankruptcy settlement privileged retirees over financial creditors largely fell on deaf ears. The settlement offered better terms to public safety retirees than to civilian retirees. The primary justifications were that the police and fire pension fund was better funded before the bankruptcy and because public safety retirees were ineligible for Social Security, unless they worked another job after retiring from the city, which many did. But, unlike Shirley, Don also had a strong relationship with Republican lawmakers in Lansing. And the governor’s office sweetened the deal in order to induce Don to settle.

Even among civilian retirees, some obtained better recoveries than others. The reason was that the city sought to recover “excess” interest accrued in voluntary savings accounts between 2003 and 2013. The city argued that the interest would be recovered one way or another. Either the burden would be spread equally among civilian retirees, or among those who benefited from the policy in question. Shirley was not personally impacted by the clawback. In publicly supporting the clawback, Shirley endorsed a settlement that distributed the costs of the bankruptcy unevenly among her constituents and in doing so alienated some of them. Although they faced the greatest economic risks in the event that the vote failed, interviews suggest that retirees subject to the clawback appeared most likely to reject the plan of adjustment.

Many retirees who were subject to the clawback and voted against the settlement experienced an acute sense of betrayal by Shirley. In an interview, “Reggie”, a black, retired

wastewater treatment plan attendant who voted against the deal, captured this sentiment, explaining, “We trusted her, and then right after that vote went down and she was supporting it, that’s when we stopped listening to Shirley Lightsey. We heard she got paid. We felt like Shirley sold us down the river. We felt like she sold out on us” (In-person interview, 05/30/2018). Her endorsement of the settlement led some DRCREA members to form a new association devoted to overturning the bankruptcy settlement.

Don appeared better able to maintain the trust of his constituents throughout this political process. A statement by Larry supports this view. At the end of the interview, I asked Larry if he thought that retirees were being actively convinced to vote for the settlement. He said, “Don Taylor’s people do anything he says. Don Taylor tells them how to vote. They vote that way.” This faith in Don could have been because his membership was more homogenous, both in terms of occupation, demographics and economic interests. Civilian workers who worked in police and fire departments appeared more likely to break with Don. One retiree named “Sam” a black man who had worked for many years as a technician in the police department described his differences with Don and the RDPFFA:

I had been to a meeting with Don. He started talking about it. I just remember listening to him, and I’m like, ‘You pretty much have made up your mind that you’re okay with this.’ It was so funny because in talking to other retirees prior to the vote, I talked to a police retiree and he said, ‘Are you going to vote yes or no?’ I said, ‘I’m going to vote no.’ He said, ‘Well, why would you do that?’ I said, ‘What do you mean why would I do that?’ He said, ‘They’re going to do what they want to do anyway, so I’m voting yes.’ I said, ‘What’s your logic? If they’re going to do what they want to do anyway, why would you vote yes? Vote no and at least preserve your right to appeal or do something.’ I never will forget this. They voted yes to accept the terms, and that’s when it seemed what Don and Shirley were really trying to do was to get the majority of people to vote yes (Phone interview, 10/18/2018).

It was possible that Don had built more trust with his members through more regular communication, and through previous, visible advocacy efforts. In 2006, the RDPFFA participated in a class action suit against the City of Detroit (*Weiler v. City of Detroit*). As a result of this case and a subsequent court ruling, members and their spousal beneficiaries were guaranteed medical benefits for life. Although this case did not ultimately protect members’ medical benefits in bankruptcy, it constituted a major victory since medical benefits do not enjoy the same degree of legal protection as pensions in the State of Michigan. These findings suggest that social capital is an important condition of collective cooling: Groups that exhibit greater social cohesion, less internal diversity, and higher degrees of trust in leaders may be able to more effectively maintain member engagement and receptiveness to messaging during periods of crisis and uncertainty. With that said, compounding these factors, it is also possible that retirees were less disposed to accept Shirley’s authority, as a woman of color.

Conclusion

I have argued, contrary to prevailing perspectives in welfare state scholarship, that social insurance beneficiaries—in this case, public pensioners in Detroit—may agree to surrender benefits if they go through a collective cooling-out process whereby people who suffer economic losses are convinced to change their expectations and self-concepts in ways that make the loss feel more acceptable. In this case, the coolers—retiree association leaders and lawyers—used various strategies to convince retirees that (1) in the context of bankruptcy, pension rights are appropriately evaluated according to the logic of credit contracts as opposed to the logic of employment contracts, even though pensions are not considered speculative investments and cannot be collateralized; (2) reduced benefits are being offered out of compassion or charity; and (3) charity is honorable because retirees are “deserving dependents,” distinct from other “undeserving” creditors. Through an interactive process, retirees in Detroit came to publicly accept this changed status (from contractual rights-holders to deserving dependents) by voting to accept the settlement, rather than fighting it in court.

Existing research suggests that feedback effects make social insurance programs durable policy institutions. In keeping with Pierson’s (1994) argument that the politics of retrenchment differ from those of expansion, the erosion of Detroit’s pension rights did not mirror their fortification. Michigan’s constitutional pension protection was not repealed. Instead, a local budgetary crisis created an opportunity to renegotiate public sector retirement benefits. None of this is especially surprising. What is more surprising is that a critical mass of city workers who had completed their service, many of whom believed the bankruptcy to be illegitimate,¹³ voted in support of the proposed settlement.

Welfare state theory has often emphasized structural factors and paid less attention to micro level social processes. This study suggests that bringing symbolic interactionism to bear on welfare state perspectives can shed new light on enduring theoretical puzzles by highlighting how rituals of social interaction and the negotiation of collective identities shape collective action in unsettled times. This further case illustrates how social policy retrenchment may be facilitated through acts of reclassification, as target populations are moved from a valorized category to a de-valorized category, in this case from contractual rights holders to charitable dependents, or in Schneider and Ingram’s (1993) framework, from the status of “advantaged” to “dependent” (Fraser and Gordon 1992; Goldberg 2007). The ostensibly oppositional categories of contract and charity form the ideological underpinning of America’s two-tiered welfare state, which is divided between social insurance and public assistance programs (Fraser and Gordon 1992).¹⁴ Sociologists find that the durability of these categories stymies progressive efforts to expand social provision (Steensland 2006). This case suggests, however, that the durability of these categories does not hinder retrenchment in the same way. Being treated as deserving of charity seemed preferable to the alternative, uncertain space of the undeserving contract holder. Thus, while welfare state scholars generally view these policy logics as fixed and mutually exclusive, the movement of recipients between categories, by for example elevating the status of the recipient of a gift, suggests that these categories may be more malleable than previously thought.

¹³ See Bosman and Davey (2016), Helms (2014), and Vlasic (2013b) for examples.

¹⁴ But see Goldeberg (2001, 2007) for a discussion of hybrid policies.

With that in mind, the key claim of this article is that accepting economic loss involves a reworking of collective identity among adversely impacted groups. I argue that “collective cooling” – a synthesis of Ermakoff’s (2008) notion of collective alignment and Goffman’s (1952) theory of cooling the mark – can help to unpack the process by which intermediary actors attempt to adjust the collective expectations and identity of recipient groups. Ermakoff (2008) demonstrated the importance of group interactions in reaching collective decisions under conditions of uncertainty. In keeping with Ermakoff’s (2008) theory, in the lead-up to an important collective decision (a vote), a key group of retirees looked to visible actors to gauge overall group preferences. In keeping with Goffman (1952), these influential actors drew on a variety of strategies to adjust the group’s collective identity. In doing so, they sought to redefine a loss that reflected badly on retirees to one that did not by reworking how pensioners understood their status in the eyes of elites.

Association meetings constituted important sites of tacit coordination and local knowledge, where pensioners could interact with one another, observe intermediaries, and observe other pensioners’ reactions to intermediaries (Ermakoff 2008). At these meetings, association presidents and lawyers provided updates about the bankruptcy and fielded questions from members. In doing so, all of the strategies that Goffman (1952) described in his cooling-out theory were on display: The cooling task was enacted by trusted parties; Pensioners were able to vent at meetings through which intermediaries kept pensioners engaged in a fraught political process in the midst of considerable uncertainty; and pensioners were offered a new status, that of the privileged recipient of a philanthropic gift. Yet, unlike Goffman’s (1952) account, these actions took place in a collective context. The efficacy of intermediaries appeared to depend on factors such as the internal coherence of group interests and their status among group members as credible and trustworthy. This was reflected in the backlash against Shirley.

A single case study cannot generate empirically generalizable results. Instead, I seek to clarify the theoretical tools sociologists use to account for policy development, while also describing some more general social processes that may be applicable to other instances of adaptation to an unexpected loss. The analysis presented here cannot prove that intermediaries’ efforts were what secured pensioners’ acceptance. However, with few exceptions, a consensus prevailed among interview subjects that these efforts were instrumental in securing acceptance for the settlement. With these limitations in mind, this article cautiously proposes that pensioners reached their conclusion through a process of collective cooling.

Detroit is an apt context in which to study the limits of feedback effects, because the legal framework of the bankruptcy makes it possible to examine how a discrete population responded to proposals to withdraw rights and benefits. Existing research on policy feedback examines federal social policies, asking how policy choices shape subsequent group formation and civic engagement in ways that bolster or undermine clients’ social and political standing (see for examples Campbell 2012; Patashnik and Zelizer 2013; Pierson 1993; Schneider and Ingram 1993; Soss and Schram 2007). At the federal level, however, causal links between particular policy choices and subsequent political action are difficult to delineate empirically. The analytical advantage of this case is that beneficiaries voted directly on proposed policy revisions.

If at first glance Detroit’s bankruptcy appears exceptional, on further consideration it is more appropriately understood as an “ordinary crisis” in the context of financialized urban governance (Peck and Whiteside 2016:235). Many scholars have focused on the

crisis in Detroit as symptomatic of developments in late capitalism (Dewar et al. 2015; Peck and Whiteside 2016). Most accounts of social citizenship focus on federal level policy development, but state governments have for a long time actually been primarily responsible for shaping American social policy (Zackin 2013). Many state and municipal governments experienced budgetary strain in the wake of the Great Recession. This is contributing to the erosion of social protections playing out in a more localized, piecemeal fashion (Hacker 2004). These observations speak to the need for further research about social policy development at state and local levels.

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Compliance with ethical standards

Conflict of interest The author declares that they have no conflicts of interest.

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