What ‘Emergency’ Does: Democratic Decline and the Politics of Inevitability

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What is a “financial emergency,” and what does the discourse of emergency accomplish in the realm of politics? This paper considers the case of the Rust Belt, where former manufacturing giants like Detroit, Flint, and other race-class subjugated cities (Soss and Weaver 2017) today stand largely in ruin. For three decades, the state of Michigan’s primary form of aid to post-industrial cities has come in the form of the complete cancelation of local democracy.

Michigan’s “emergency financial manager” (EFM) laws replace the elected mayors and city council members of any city deemed to be in a state of economic emergency with a governor-appointed “emergency financial manager” who assumes total control over all local operations. Using archival data and original interviews, I seek to understand how emergency politics work in practice, and what they achieve politically. I show that emergency politics follow a logic of inevitability, where policy elites demonstrate a hesitant stance to promote anti-democratic politics that simply must be adopted. Behind the scenes, however, the politics of emergency promote a political agenda—in this case, privatization—that is in fact championed by supporters of EFM. Emergency politics obscure the policymaking process, embodying what I call politics without policies.

Keywords: urban decline, local democracy, policy elites, politics of inevitability, Detroit

The state of Michigan declared a “financial emergency” in the small city of Benton Harbor in April of 2010, triggering the cancelation of local democracy under the state’s controversial “emergency financial management” (EFM) law. Days later, city residents gathered at City Hall with signs in bold black lettering that read “STOP THE TAKEOVER” and “IT IS A COUP D’ETAT.” They demanded the resignation of Joseph Harris, the “emergency financial manager” appointed by Michigan’s governor to run the city, and called for the return of the city to local control. The city of 10,000 residents—85% of them Black and many of them living below the poverty line—would remain under state control for four years, under two governors of two political parties. The appointment of Harris to the position of emergency manager made Benton Harbor one of the first cities to be taken over by Michigan in a decades-long experiment with state takeover as the state’s primary method of addressing severe post-industrial decline. Along with Detroit, Flint, Highland Park and other cities of similar demographic composition, Benton Harbor would become a key battleground over questions of economic decline, urban renewal, and the home rule rights of struggling cities in Michigan.

EFM laws—conceived of initially in the 1980s and strengthened considerably in the 2000s—grant Michigan governors the authority to strip decision-making powers from the elected mayor and city council of any locality (including cities, counties, and school districts) deemed to be in a state of financial emergency. Takeover localities forfeit decision-making power to an unelected “emergency financial manager” who is appointed to an indefinite—but presumably temporary—term by the state’s governor.

Emergency financial managers wield unilateral control over all political, economic, and legal decisions within takeover cities. Managers are granted the powers of both the local executive (e.g. mayor) and legislative (e.g. city council), but their true authority extends beyond merely the sum
of those two branches. Under EFM, managers are granted, for instance, the right to nullify collectively bargained contracts, an ability not granted to either mayors or city councils—nor to both branches acting in collaboration—in a non-emergency context. A manager’s powers are so vast under EFM that one former manager celebrated his position as a “mini-dictatorship” to one news outlet, reporting that the locally elected city council maintained only “the power to hold meetings”—and no other authority—under his tenure. Compared to other states with takeover legislation, Michigan’s takeover law provides the state with unusually great authority, and municipalities with unusually little bargaining power (Sapotichne et al. 2015).

Takeover scholars who support EFM argue that the economic conditions of Detroit, Flint, and other Rust Belt cities are sufficiently dire to justify the suspension of local democracy in an effort to improve local economic conditions from above. This is a point best articulated by Gillette (2015), law professor and a key legal advisor to Detroit’s emergency financial manager in the city’s 2014 bankruptcy proceedings. In acknowledging the structural conditions of “depopulation, high unemployment, depleted municipal services, and blight,” Gillette (2015, p. 1373) maintains that these problems “do not arise spontaneously” and instead “are frequently the consequence of long periods of local mismanagement” at the municipal level. In assigning blame to local government officials for post-industrial economic and population decline in Detroit and other Rust Belt cities, Gillette (2015, p. 1373) concludes that “any viable response to such dysfunction must therefore address the causes of political dysfunction.” Gillette describes Michigan’s EFM system as a network of “dictatorships for democracy,” arguing that “takeover boards with near-dictatorial powers, including those that coerce or displace the authority of local officials, may be the most effective means of addressing the shortfalls and consequences of normal politics” (p. 1462). To Gillette and other supporters of municipal takeover, suspending local democracy with the goal of improving local economic stability is not only constitutionally defensible, but a practical necessity and moral imperative.

Academic opponents of EFM, meanwhile, argue that municipal takeover is anti-democratic in nature and has done little to improve the conditions of fiscally distressed cities. “To cure the underlying structural causes of fiscal crisis,” writes legal scholar Anderson (2011, p. 578), EFM laws “do next to nothing; to improve local mismanagement, the laws enact a punishing cancelation of local democracy.” Anderson introduces the term “democratic dissolution” to describe the extreme “centralization of state power” combined with “the incapacitation of local officials” under takeover (p. 603). “Where state receiverships were historically coupled with bailout funds or loans to stabilize the local government,” Anderson continues, the new “democratic dissolution [under EFM] entails appointment of a replacement government” that is not democratically elected by local residents (p. 603). While a minority (23%) of cases appears to have experienced economic stability or improvement during and after takeover, the remaining majority (77%) of cities appear to have experienced economic decline or other negative change during and after takeover (e.g. the Flint water crisis).

Beyond academia, EFM laws have also been contentious. EFM enjoyed early support from state politicians—Republicans and Democrats alike—but has been sharply criticized by activists since the early 2000s. Civil rights groups in particular have noted the striking racial disparity in the demographic makeup of takeover cities. While 51% of Michigan’s Black residents have seen their
right to democratically elect local government officials restricted under EFM, only 3% of white Michiganders live in a municipality that has been subject to takeover. This disparity prompted one activist in 2015 to ask, “is democracy a privilege only white residents deserve?” When activists turned to the initiative process to overturn Michigan’s EFM policy in 2012, Michiganders voted down EFM by a six-point margin (53-47), indicating public disapproval of the policy even beyond the takeover cities. Nevertheless, EFM lived on: Michigan legislators drafted a new version of the EFM law—that retained nearly all of the overturned bill’s features—and passed it through the state government within two weeks of the election.

For years, Michigan’s EFM policies were both unpopular and largely ineffective. Why, then, did the policy continue across multiple decades? This paper begins by outlining what emergency politics look like in action. How do policy elites communicate their support for EFM? I then turn to the politics behind the scenes of this emergency discourse. What did policy elites want to achieve politically, and what did changes did emergency financial managers put in place once in office?

‘Emergency’ in Action

To justify support for Michigan’s emergency financial management laws, policy elites: (1) pointed to the severity of problems in Detroit, Flint, and other cities; (2) spoke of the difficulty of supporting such a policy; (3) emphasized the necessity of making difficult decisions; and (4) warned of the consequences of not supporting EFM. Because emergencies require swift action, so the logic went, there was no choice but to appoint an emergency financial manager. This process appeared—in precisely this order—across takeover sites, with regards to both cities and school districts, and, perhaps surprisingly, across party lines. This is the bipartisan politics of inevitability.

In a closed meeting in 2010, Detroit Public Schools’ (DPS) emergency financial manager presented the DPS Renaissance Plan to Jennifer Granholm, then Michigan’s Democratic governor, and her staff. “The Detroit Public Schools is in a deep academic and financial crisis due to decades of mismanagement,” the PowerPoint presentation began. “The crisis is the responsibility of the state and the local governments. DPS is not alone – several other rural, urban and suburban districts across the state face similar issues.” On the next slide, in bold lettering, read “The Case for Dramatic Action,” with three bullet points listed underneath: “According to the well-respected National Assessment on Educational progress, DPS students scored at the lowest levels ever recorded. On average, students scored no better than if they had guessed at answers randomly. In response to acceptable graduation rates, test scores, and college participation rates, DPS has set high expectations for students, parents and staff.” In short, there existed an emergency.

The presentation from the emergency financial manager’s office was dramatic, and made a compelling case for a serious emergency within Detroit’s school system. It warned that without “dramatic action,” there would be dire consequences. “The Consequences of Inaction,” the presentation continued, included the following warnings:
“Without restructuring, DPS and other severe deficit districts will eventually collapse, endangering the state’s and its political subdivisions’ credit ratings.

“Another generation of young people will be subject to substandard education, which will increase poverty and crime, endangering all of our citizens (emphasis original) and further straining the state’s social services, Medicaid and correctional budgets.

“Michigan’s relatively undereducated workforce will be even less attractive for business development, exacerbating the effects of the recession and creating a permanent economic malaise.”

In three brief slides, this manager provided a tour of what emergency politics looked like in action.

Though EFM enjoyed wide and bipartisan support, particularly in the early 2000s, supporters of EFM nonetheless spoke frequently of the “difficulty” of supporting the policy. Lawmakers emphasized that they did not want to support such a strong intrusion into local governance, and spoke of their hesitation to strip cities and school districts of local control. Addressing the Michigan Senate to lobby support for EFM legislation, John Proos, then State Senator representing Berrien County—the mostly white, relatively affluent, segregated county that includes Benton Harbor—began, “No one wants to find us in this situation. There isn’t a municipality that wants to go under; a school district that wants to find themselves... in such dire financial shape and fiscal strait that it requires the assistance of the state of Michigan.” He continued, arguing that no one—not the state of Michigan, not the Treasurer, Governor, or Lieutenant Governor—wanted to appoint managers. No one, Proos continued to emphasize, has “a desire to see each of these communities... fall into such dire financial straits that they have to, in fact, receive the assistance and support of specialized individuals for a short period of time.”

This stated hesitance to support EFM was echoed repeatedly. In a public statement delivered upon signing revised EFM legislation into law in 2011, Granholm’s successor, Republican governor Rick Snyder, remarked, “Appointing an emergency manager is the last thing I ever want to do,” continuing, “but if worse comes to worse, the state has a responsibility to protect the health, welfare and safety of its citizens. We can’t stand by and watch schools fail, water shut off, or police protection disappear. Without the emergency manager law, there is precious little that can be done to prevent those kinds of nightmare scenarios.”

But while it was “difficult” to support EFM, the law’s supporters nonetheless argued that the policy was inevitable—a difficult decision that nonetheless had to be made to support struggling cities. In Proos’s address to the State Senate, he concluded that the “particular challenge [of Benton Harbor] has been so significant, so significant that it required an emergency manager to step in.” Echoed Snyder, “for too long in this state, we’ve avoided making the tough decisions.”

John Mozena, then vice president of the conservative Mackinac Center think tank, an early champion of EFM in Michigan, equated the inevitability of emergency financial management to fighting cancer—a bold analogy but one that was picked up by multiple newspapers at the time. EFM was a form of “governmental chemotherapy,” Mozena argued; the process of urban
renewal was difficult, but “sometimes [governmental chemotherapy is] what you’ve got to do to solve the problem.”

The analogy to medicine was repeated by then state senator Jack Brandenburg, who argued that Detroit and other urban areas were in such “bad shape” that the severity of the problem required a “state-appointed emergency financial manager… who can impose strong medicine.” Dismissing the notion that local control was an important part of the recovery process for struggling cities, Brandenburg remarked, “local control? I’ll tell you what, I think that in a lot of these places there is no control.”

EFM was so necessary, its supporters claimed, that opposing it would actually be dangerous. This was a point made by Detroit Public School's manager through the slide “The Consequences of Inaction.” Representative Jase Bolger, another supporter of EFM, echoed the similar point. Not only was EFM necessary to solving the state’s urban problems, but worse: “chaos… could ensue if the emergency manager law [was] suspended.”

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These steps are outlined in the above table. First, emphasize the severity of the problem. Then, demonstrate restraint. Communicate the inevitability of making difficult decisions. And finally, warn against opposing such a policy. This is what the politics of “emergency” looked like in action in Michigan.

**Politics without Policies**

The debate surrounding emergency financial management in Michigan centered around: (1) whether urban governments were in a state of emergency in Michigan, and (2) whether an emergency financial manager should be appointed to turn those urban governments around. Left out of the conversation were even the slightest details about what the emergency financial manager should then do in order to turn those governments around. In this section, I ask: aside from simply passing EFM, what specifically did EFM supporters want, politically? And what did emergency financial managers do, once in office? The answer to both of these questions is the same: the privatization of municipal services.
John Engler, a Republican, was elected governor of Michigan in 1991. One of his first acts as governor was founding a committee called Cut and Cap (C&C). C&C’s sole goal was to pass a constitution amendment “cutting school property taxes 30% and capping assessment increases to 3% a year or the rate of inflation” in order to “save taxpayers more than $6.5 billion.” With the phone number 1-800-A-TAX-CUT and the endorsement of the Michigan Chamber of Commerce and a few dozen other pro-business associations in the state, the organization aimed to “cut property taxes, control spending and put Michigan on the path to prosperity.” Engler’s reputation as a pro-business governor was underway.

Within four years, Engler’s administration had achieved success in delivering tax breaks to businesses and the wealthy, and in shrinking the welfare state. In a speech to the Detroit Economic Club in 1996, Engler boasted, “We cut taxes 21 times – saving families and job providers $3.6 billion. We reformed welfare – and 100,000 families have achieved independence and left the welfare rolls for private payrolls…. We trimmed waste and inefficiency from government agencies… [reducing] government payroll by 13 percent.”

Shrinking government was a central concern for Engler—not just at the state level, but at the municipal level, as well. In preparing for his Detroit Economic Club speech, members of Engler’s staff consulted with board members of the pro-business lobby Detroit Renaissance, outlining tensions Engler’s administration had had with Detroit’s mayor and city council. “Privatization of services has been a major issue of concern to city employees’ unions, which oppose contracting out and favor ‘in house’ performance by city employees.” As Engler pushed for greater privatization within the city of Detroit, local officials fought back. Analyzing the issue, the Citizens Research Council confirmed in 1996 that the positions held by Detroit’s local officials “virtually guarantee privatization will never become a reality.”

Edits made to Engler’s 1996 speech reveal the fine line the governor walked to push for privatization while recognizing the opposition from Detroit’s mayor, Dennis Archer, and the city council. With regards to privatization, the speech read:

With regard to other city services, Detroit must evaluate what services it should provide, what services should be provided on a regional basis and what services would be more efficiently provided on a regional basis.

It’s that simple. Delivery systems designed for the 19th century may not be appropriate for the 21st century.

My friends, it is inevitable for all cities, including Detroit, that services will be privatized. That’s right—privatization cannot be the longest four letter word in this city.

A jab at privatization being “the longest four letter word” in Detroit was crossed out by a member of the governor’s administration. Because the event does not appear to have been recorded, it is impossible to know for sure whether the line made it into the final, delivered speech, though the line is indeed missing from other versions of the printed speech located in the governor’s official papers. The speech continues, with another jab at Detroit’s mayor stricken out:
Other major cities—led by both Democrats and Republicans—have already successfully implemented privatization plans.

For example, Democrat Ed Rendell of Philadelphia has privatized more than a dozen city services, and more than half of city residents polled recently said that [sic] supported privatization.

In Chicago, Mayor Daley... [sic]

The experience of these other cities tells me that Mayor Archer would be well-advised to reconsider his opposition to privatization. In fact, since he’s already changed his mind on a critical issue like gambling, he can certainly give privatization a second look.

Engler’s emphasis on privatization was not his alone, nor was this push to privatize limited to his administration or to state lawmakers. The biggest push for privatization came not from within Michigan’s government, but from outside of it. At the time, non-profit research organizations like the Mackinac Center were the most vocal advocates for privatization. Beginning in 1994, the Mackinac Center began to publish the Michigan Privatization Report. With titles including “Private Efforts, Public Benefits” (1994), “Privatization to the Rescue!” (1996), and “Workers of the World, Privative!” (1997), the publication called for the near-total privatization of all public services, including those related to education, the environment, transportation (including air travel), labor, prisons, and police and fire. The Mackinac Center was in frequent communication with Engler and his administration, and was so influential to Engler that the governor noted, “when the Mackinac Center speaks, we listen.” There were important pro-privatization forces brewing in Michigan throughout this time period.

Some local governments embraced the push for privatization. Al Pscholka authored Michigan’s EFM bill of 2012 as a Michigan state representative, and later served as Rick Snyder’s budget director. In a private interview, he recalled, “I served on a local township board [Lincoln Charter Township, 96% white, 1.3% poverty] that had no debt. We set aside everything to pay in cash. Great situation to be in when I got elected in 2000.” He continued, “we had these conservative old farmers around this board for all these years, and they didn’t make promises that they couldn’t keep. Now, our township police didn’t have retiree healthcare, so a lot of them would retire at 50, and leave and go somewhere else. And the township’s position was, that’s okay. Right? It was a small force.” When confronted with opposition from the township’s police union, who wanted healthcare for its retirees, the board would deny the request, said Pscholka. Instead, they’d suggest Medicaid. “We’re not going to allow for that benefit because we don’t see how we would be able to pay for it. And that would create an unfunded liability on the taxpayers, so we would push back.” Though unpopular with police officers, retirees, and their union, the council’s ‘difficult decisions’ were necessary and smart, Pscholka concluded. The township provided very few municipal services, relying instead on the private sector—and presumably Medicaid—to make up the difference.

By this point, Michigan’s Republican Party had come to be dominated by fiscal conservatives who prioritized tax cuts, cutting public services, and promoting privatization. But while
Republicans have shouldered the fiercest attacks for their support of EFM—particularly in the aftermath of the Flint water crisis—Michigan’s Democratic Party was not radically different in the early 2000s. Engler’s administration ended in 2003, replaced by Jennifer Granholm, who would serve until 2011, overseeing emergency financial managers in Benton Harbor, Ecorse, Highland Park, Pontiac, Three Oaks Village, and Detroit Public Schools. Though Granholm enjoyed the support of the state’s unions, she was elected on a platform that echoed much of what Engler had promised: tax cuts and smaller government. Granholm promoted privatization, but more cautiously. She championed public-private partnerships instead, and contracted with the consulting firm Deloitte to create the P3 Office housed in the state’s Department of the Treasury. According to Deloitte’s report, “the state of Michigan is looking for new ways to partner with private sector firms to extract more value from the state’s assets with minimum up front expenditure of its own funds. As such, the state is seeking a firm to provide strategic and financial advice on a wide variety of public private partnerships over the next five years.”

Michigan’s push for privatization did not end when a new party was voted into office.

EFM’s supporters—Republican and Democrat alike—wanted a smaller government. When localities—like Lincoln Charter Township—were willing to go along with that vision, there was no need for takeover. The state and local governments were aligned. But the state often conflicted with local governments. This tension led to the explosion of state takeover in Michigan in the 2000s. At some point within two decades, more than half of Michigan’s Black residents lived in municipalities that had seen their ability to self-govern cancelled under EFM. But while public debates centered around whether or not these were “emergencies,” very little of the public debate even mentioned the policy goal behind EFM: privatization.

EFM exemplifies a form of politics without policies. The political discourse surrounding EFM centered the question of emergency: something had to be done, and it did not matter much exactly what. By appointing a presumably impartial technical expert—the emergency manager—EFM grew the power of Michigan’s technocratic state, using anti-democratic means to push an agenda of privatization against the will of Michigan’s Black minority, who were settled in the state’s largely impoverished urban cores, such as Detroit and Flint.

What Emergency Does

While debates over EFM centered what emergency is, I turn here to describe what emergency does. While emergency was literal and material—Detroiter and other urban Michigan residents were indeed suffering under the weight of poverty and austerity—emergency was also rhetorical. The discourse of emergency required the need for “drastic” and “bold” political changes—privatization—that local government officials refused to do. These were the “difficult decisions” the emergency financial manager was appointed to enact. Pro-privatization politicians at the state level—across the Engler, Granholm, and Snyder administrations—did not have the ability to push for privatization measures at the municipal level through traditional democratic channels to the degree they wished. Enter emergency financial management.
Returning to the earlier table of “Emergency in Action”—what it looks and sounds like—here I provide further clarity about what each step in the process is able to accomplish. First, emphasize severity. This step is of critical importance. In order for “emergency” to be effective politically, policy elites must begin from a place of urgency. As Scarry (2011) highlights in Thinking in an Emergency, “emergency thinking” in the United States is presumed to require swift response—an immediate action outside the confines of deliberative thinking. This is the “desperate times call for desperate measures” mindset at play. Defining financial troubles in Detroit and Flint as “emergencies” is not a simple empirical claim; it is a claim about the need to enact policies that may be beyond the bounds of the traditional democratic process, “desperate measures.”

Second, demonstrate restraint. Following Berman and Pagnucco (2010), in evaluating the rhetoric of “no one wants to do this,” I make “no assumptions about whether legislators actually believed the claims they made,” but rather, I “assume that legislators are generally making claims that they find politically acceptable and appropriate” (p. 350). It is possible that EFM supporters truly did feel hesitation at supporting EFM. Either way, this step is important because it demonstrates the politician’s commitment to democracy. EFM is a legislative tool that allows state policymakers to enact policies that they do not have the power to enact in a non-emergency context. Without making a normative judgment about the value of democracy, it is a fundamentally anti-democratic manoeuver. Thus, the policymaker must communicate their commitment to democracy—even as they violate it—to ensure others that EFM is not a power grab.

Finally, communicate inevitability and warn against opposition. Because “no one wants to do this,” supporters of EFM are only “doing what must be done.” The politics of inevitability is important in this equation because it recasts an unpopular and anti-democratic public policy—EFM—as inevitable in an attempt to increase support. The politics of inevitability recall Gramsci’s cultural hegemony, where policy elites seek to define what “lies within the parameters

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<td>Sounds like</td>
<td>“This is a crisis. Drastic action is necessary.”</td>
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<td>Why</td>
<td>Instill the belief that “desperate times call for desperate measures”</td>
<td>Communicates commitment to democracy—this is not a power grab</td>
<td>Absolves politician of responsibility for consequences</td>
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of ‘acceptable’ discourse and what lies outside” (Mayo 2015, p. 8), in this case, support for EFM is the only acceptable option, as opposition to EFM is driven by being afraid to make the difficult, but necessary decisions. The politics of inevitability were common in driving the push for neoliberalism, recalling Margaret Thatcher’s slogan that “there is no alternative” to free-market policies (Harvey 2005, p. 40; Mayo 2015, p. 8). The neoliberal politics of Michigan’s Democratic Party and the brand of fiscal conservative politics that dominated Michigan’s Republican Party in the early 2000s are fellow travelers in the push for privatization, including “public–private partnerships.”

Fiscal emergencies in Detroit, Flint, and other Michigan cities were important not solely for what they were: to be sure, Rust Belt decline is an issue that demands urgent attention. These emergencies were important for what they were able to accomplish. The power in the discourse of emergency lies in the ability of policy elites to use anti-democratic manoeuvers to push for policies that are never debated through the channels of everyday democratic governance. What threat does accepting the logic of emergency governance pose to American democracy? Do desperate times call for anti-democratic measures? Or, as Scarry (2011) cautions, would U.S. democracy benefit from slowing down in times of crisis, rather than speeding up? Is the antidote for urban decline perhaps more democracy, and not less?

References


