

In Wayne State gubernatorial debate

Michigan Democrat backs Detroit bankruptcy, auto wage-cutting

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In the only debate prior to the election next month, Michigan's Republican governor Rick Snyder and his Democratic challenger Mark Schauer responded to questions from reporters and audience members in a tightly vetted "town hall meeting" Sunday night at Wayne State University in Detroit.

Schauer has sought to present himself as a populist opponent of Snyder, running on the slogan, "We can build an economy to work for everyone, not just the wealthy." But on every question of substance, from the decision to throw Detroit into bankruptcy to attracting corporations with low wages, deregulation and further tax cuts, the former Democratic state legislator and one-term US congressman demonstrated his essential agreement with Snyder.

Michigan is reeling from decades of deindustrialization and chronically high levels of unemployment that persist under Obama's so-called recovery. The official jobless rate was 7.4 percent in August compared to 6.1 percent nationally. Rates are even higher in ravaged auto centers like Detroit (13.89 percent) and Flint (10.87 percent) and across the former iron and copper ore mining towns of the Upper Peninsula.

Even these figures, however, conceal the real extent of social misery given the fact that the state's labor participation rate has fallen by 10 percent since 2001, with hundreds of thousands giving up looking for work or retiring early. Many others have simply left the state altogether.

A study released in August found that 40 percent of Michigan households with at least one worker did not make enough money to meet basic survival needs, including housing, transportation, health and child care.

As in states across the country, the deep anger in the working class over social inequality, which has only widened due to the policies of the Obama administration and both big business parties after the 2008 financial crash, can find no positive expression in the elections.

Since taking office in 2011, Snyder, a multimillionaire

venture capitalist and former technology executive, has slashed funding to public education, taxed retiree benefits and given \$1.6 billion in tax cuts to big business. Working with state and local Democrats, Snyder installed an emergency manager in Detroit to throw the city into bankruptcy and use the federal bankruptcy courts to override the state constitution, gut city worker pensions and health care benefits and privatize large segments of the city's public assets.

His opponent is likewise a tool of big business. A Democrat with close ties to the trade union bureaucracy, Schauer served 12 years, 1996-2008, as a state representative and state senator in south central Michigan. The area includes Battle Creek, the cereal company town dominated by Kellogg's, a major donor to Schauer's campaigns.

In his response to Snyder's claim that "Detroit never had a brighter future," Schauer said, "I'm not questioning whether the city of Detroit needed to go bankrupt. But I would have personally led rather than have an unelected emergency manager do it; and I would not have thrown the pensioners under the bus." In other words, Schauer as governor would have done personally what Snyder hired Kevyn Orr to do: restructure the city on behalf of the Wall Street creditors.

If elected, Schauer declared, he would be a "full partner" with the city's Democratic mayor Mike Duggan. A former "corporate turnaround specialist," Duggan has been tasked with implementing Orr's bankruptcy restructuring plan.

In his reply to Schauer, Snyder noted that the emergency manager law had initially been passed under Democratic Governor James Blanchard in 1988. He also went out of his way to thank the union-affiliated retiree associations for sanctioning the slashing of pensions, noting that they had backed the so-called Grand Bargain worked out by both state legislators from both parties and private foundations.

In 2008, Schauer, with the backing of the national Democratic Party, which dispatched Bill Clinton to

Michigan, won the race for US Congress in the state's 7th Congressional District. As a freshman congressman, only the second Democrat to have won in the district since World War I, he became known as a "moderate", i.e., one of the more right-wing members of the Democratic caucus in the House. He lost his seat in 2010 to an ultra-right Tea Party Republican.

During Sunday's debate Schauer boasted that he had backed the Obama administration's forced bankruptcy and restructuring of General Motors and Chrysler in 2009. "In Congress I helped rescue the auto industry and make sure we create good, middle class jobs and strengthen Buy American standards," he said.

In fact, the White House and the Michigan Democratic congressional delegation, working with the United Auto Workers union, oversaw the halving of wages for a new generation of auto workers. The jobs that thousands of young, "second tier" workers now have at Ford, GM and Chrysler factories in Michigan, pay around \$15 an hour, leaving them in poverty, not in the "middle class." This is roughly the equivalent, in real terms, of what an auto worker earned in 1914.

Schauer fully backs "insourcing," the code word used by Obama and the UAW for driving labor costs so low that corporations will be enticed to relocate from low-wage countries to the US. His "jobs program" includes the creation of "a Michigan In-Sourcing Initiative within the MEDC (Michigan Economic Development Corporation) to provide a one-stop-shop for businesses seeking to expand operations and bring jobs to Michigan from other states and countries like China and Mexico."

Schauer has cultivated business ties to the trade unions. After losing his congressional reelection bid in 2010, Schauer became a "business development representative" for BlueGreen Alliance—a joint venture involving the Laborers and other unions, environmental groups and wind energy firms, which he said at the time, "was dedicated to expanding the number and quality of jobs in the green economy."

In 2012, he joined protests organized by the UAW and other unions against the passage of so-called right-to-work legislation by the Republican-controlled state legislature and signed into law by Governor Snyder. After decades of betrayed strikes and collaboration with the employers, the trade union bureaucracy, which was solely concerned that the new law would undermine their bloated salaries by ending the mandatory deduction of union dues from workers at unionized workplaces, was incapable of rallying any significant support in the working class to oppose this attack.

During the debate Sunday, Schauer deliberately sidestepped a reporter's question about the right-to-work

law, suggesting that he has no intention of seeking repeal of the law once in office.

He did, however, praise the cynical bipartisan agreement in the state capital for a meager increase in Michigan's minimum wage. The trade unions and other Democratic Party-affiliated organizations had gathered hundreds of thousands of signatures to put an initiative on the ballot that would have raised the minimum wage from \$7.40 to \$10.10 over three years.

Like similar measures promoted by unions across the country, this was chiefly aimed at boosting the Democratic turnout for the November 2014 elections. In a preemptive strike, however, the Republican-controlled state legislature moved to support a minimum wage increase to just \$8.15 per hour, an action that kept the initiative off the ballot.

However, the Republican maneuver required the votes of several Democrats, a problem that was resolved by compromise legislation raising the minimum wage to \$9.25 per hour over three years. Schauer returned to the state Senate floor where he posed arm in arm with the Republican majority leader to praise the compromise, which, he said, mirrored his own proposal.

"I was very pleased to see the minimum wage raised," Schauer said Sunday night. "I think it is wrong to see parents raising children on a minimum wage living in poverty."

In fact, a worker making \$9.25 a hour—working 40 hours a week and 52 weeks a year—will bring home \$19,240 before taxes three years from now. This is below the federal government's own poverty threshold for a family of three.



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