

Foxconn tax subsidies to build Wisconsin plant reach over \$4 billion

By George Gallanis
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Another billion dollars will be handed from the state of Wisconsin to the Taiwanese electronics manufacturing giant Foxconn to build its plant in Racine County in southeastern Wisconsin. The original \$3 billion incentive package, put together in July 2017 when Foxconn officially announced it plans, now stands at over \$4 billion.

Foxconn, notorious for its brutal working conditions in China where workers build iPhones and other electronic devices and parts, will construct a 20-million-square-foot factory that will produce LCD panels for TVs and other consumer electronics. It is expected to break ground in the coming months.

The recently added incentives will partially cover payments, originally to be paid for by Foxconn, for infrastructure projects such highways, sewers and power lines.

Under the 29-page contract between Foxconn and the state of Wisconsin, the rest of the multi-billion-dollar incentive will come in tax credits. Foxconn will be given up to \$1.35 billion in construction-related tax credits if it creates and fills 8,450 jobs by 2025. It will receive an additional \$1.5 billion in tax credits if it creates a total of 13,000 jobs by 2022 and maintains that total through 2032.

However, after 2032, Foxconn will have the ability to cut jobs and lay off as many workers as it likes without any monetary repercussions. Additionally, there are no binding agreements to guarantee any jobs.

After 2032, Foxconn, with plans likely already in place, will seek to lay off as many workers as possible and hire on new workers at lower pay and replace the rest with a robotic workforce. Accordingly, Wisconsin's Legislative Fiscal Bureau estimated the public funds handed to Foxconn will not be recouped until at least 2043.

In 2016, Foxconn took in approximately \$135 billion in net profit, as much as the GDP of Kazakhstan in the same year and 1.7 times Wisconsin's state budget for 2018. The company's enormous profits make strikingly clear that Foxconn does not need, by any measure, any money to help build its plant, which will only add to its profits.

The Wisconsin plant will have a virtual city built around it complete with company housing and stores, transforming the region into an American version of the "special economic zones" existing in third world countries.

Decades of deindustrialization in areas such as Racine County, a former hub for the auto industry, which have left it starved for jobs and money, have created unprecedented levels of social inequality, poverty and unemployment in which corporations like Foxconn can exploit workers desperate for jobs and extract major concessions from local and state governments.

Amazon, the online retail giant whose CEO Jeff Bezos ranks amongst the richest three people in the United States, built a warehouse several miles from the future home of Foxconn in 2015. Today, Amazon warehouse workers make on average nearly \$3.40 per hour less than the average local warehouse worker and over \$4 less than the local hourly living wage of \$16.50.

Near the Amazon facility and the soon-to-be Foxconn factory sat former auto factories employing 16,000 workers during the 1950s and 1960s that paid some of the highest wages in the country and offered pensions for workers to comfortably retire on. But no such conditions exist today.

The US Census reports 22.4 percent of residents of Racine, the largest city in Racine County, nearly a

quarter of all residents, lived in poverty in 2014.

Presently, 21.5 percent of residents in nearby Kenosha live below the official poverty line, with more than a quarter of children living in poverty.

The often-heard cynical and hypocritical comments of Wisconsin's Republican Governor Scott Walker, President Trump and Democratic senators Bernie Sanders and Elizabeth Warren about the necessity to bring back Americans jobs conceal the fact that the hundreds of thousands of jobs lost in the auto, steel and other industries were lost with the full backing of both parties in support of the corporations which scour the earth for cheaper labor from which to extract even greater profits.

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