

Wisconsin Democrats double down on Foxconn con job

By Jacob Crosse
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In his gubernatorial campaign against Republican incumbent Scott Walker, Wisconsin Governor Tony Evers frequently cited the former's slavish support for a \$3.6 billion taxpayer funded subsidy to Taiwanese electronics giant Foxconn, which has since ballooned to \$4.5 billion, as a key difference between the two. Evers spent thousands of dollars airing radio ads in three key cities, Milwaukee, Green Bay and Wausau, denouncing the deal as "too good to be true."

In the ads the former superintendent of the state's Department of Public Instruction implored voters to imagine what that kind of sum could do for public education in the state: "Just think if we invested that money in our schools instead." Evers also made note at the time that it was estimated it would take "25 years to break even" on the subsidy.

From the outset the corporate handout was a transparent election stunt by the Republican Party and a hedge bet in the ongoing trade war between the US and China. The rapacious corporation would be offered billions of dollars and tax-breaks while Walker, then Speaker of the House Paul Ryan, and President Donald Trump could loudly proclaim that their policies were bringing "blue-collar jobs" back to the southeast corner of the state, devastated by decades of deindustrialization.

The deal was announced in the East Wing of the White House, and both sides took turns lying to the public about the projected benefits of the largest subsidy in the history of the US. A much heralded state-of-the-art "Generation 10.5" factory capable of producing gigantic ultra-thin LCD panels and providing over 13,500 blue-collar jobs has since been downgraded to a smaller "Generation 6" factory that will be producing smaller screens for phones and laptops with just one tenth of the promised jobs.

But even the proposed Generation 6 factory remains at this time a fantasy. As of this writing only one "multipurpose warehouse" has been constructed in the so-called "Wisconn Valley," a stretch of land in rural Wisconsin, that was supposed to be the Midwest's answer to Silicon Valley. "Innovation centers" purchased around the state remain empty and for the third year in a row it appears Foxconn will fall short of its job hiring expectations.

This however hasn't prevented Governor Evers, the same Evers who campaigned vociferously against the deal in order to win election, from continuing to accommodate the multinational corporation at every turn despite Foxconn's continued backsliding on the project. The truth is Evers and the Democrats, just as pro-corporate as their counterparts in the Republican Party, will do nothing to prevent this terrible proposition from continuing despite overwhelming evidence that the state will lose billions of dollars which will never be recouped.

A recent study conducted by the "market-oriented" Mercatus Center located at George Mason University found that the state will lose an additional \$2 billion to \$11 billion in economic activity due to the increase in taxes that will need to be raised in order to fund the Foxconn giveaway. These losses, the authors note, is actually less than had the company continued with its original plans to build the Gen 10.5 factory, which they estimate would have incurred losses between \$5.7 to \$34.3 billion over the life of the project.

The authors' general thesis is that all targeted subsidies, subsidies that benefit a specific firm or enterprise as opposed to "general strategies" such as lower corporate taxes or general deregulation, are "ineffective at best and counterproductive at worst."

In most cases the authors argue the businesses would

have moved to their desired location regardless of what incentive was offered. In the case of Foxconn, access to trillions of gallons of fresh water, such as that found in Lake Michigan, is a prerequisite in the manufacture of LCD screens. In a recent example, last year after Amazon turned down a \$3 billion handout crafted by Democratic Governor Andrew Cuomo and Mayor Bill de Blasio, the company decided to move to New York City anyway and lease out 335,000 square feet of office space and hire “more than 1,500 employees.”

Using additional research conducted by economist Timothy Bartik, the authors estimate that subsidies “probably tip somewhere between 2 percent and 25 percent of incented firms toward making a decision favoring the location providing the incentives.” This means that in most cases, between 75 percent and 98 percent of the time, the subsidized company would have chosen to locate in the subsidizing locale even without stealing billions from workers to pay for the move. As the authors note, “if that is the case, the odds are also high that subsidizing governments are wasting their money.”

The same week the study was released happened to coincide with the newly appointed head of the Wisconsin Economic Development Corporation (WEDC), Missy Hughes, championing the Foxconn con job at a Wispolitics forum in Madison this past Thursday. “We’re in. We’re doing it,” Hughes told the audience regarding the project.

The WEDC is a cesspool of corruption created by Walker as a means of funneling tax breaks, incentives and kick-backs to big business. During the campaign, Evers had pledged to starve the quasi-private state jobs agency of funds, but as soon as he was allowed to name a new head the governor took the opportunity to once again continue in his predecessor’s footsteps. Hughes will be receiving a \$195,000 state salary in her position, which she formally began on October 1.

Hughes put her best spin on the project, dodging a reporter’s question as to whether the ongoing robbery of public funds was a “good deal or a bad deal.” Hughes made it clear whose interests she and Evers represent: “I don’t think it’s a black and white question like that,” Hughes said. “I think the question is how do we make it successful for Wisconsin and Foxconn?”

“I think that the vision of the leadership that I’ve met

with at Foxconn is super positive about being in Wisconsin and they’re really thinking far down the line,” Hughes said. “And the leadership in the state government is committed to working to make this as successful as we can and to make it successful for the taxpayers.”

There is no “making it successful for the taxpayers.” As countless studies from conservative and liberal bourgeois economists showed, this was never a good deal for the working class. In a society that wasn’t ruled by criminals, the architects responsible for the theft of billions of dollars to benefit the giant transnational corporation, including the use of eminent domain to strip families of their homes, would be sent to prison.

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