

Government gives Amazon millions in free money for Romulus, Michigan warehouse

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Amazon has announced that it plans to move forward on the construction of a new warehouse in Romulus, Michigan after being confirmed for a grant by the State of Michigan's "Strategic Fund Board" to the tune of \$5 million in public city funds. This comes on the heels of the recent decision to give \$7.5 million in corporate welfare for another Amazon construction project in the Detroit suburb of Livonia.

The new site plans on utilizing the existing metropolitan airport, which will also see large sums of capital invested as part of an economic partnership between the state and major corporate entities known as the Detroit Region Aerotropolis (DRA).

In addition, Amazon has its sights set on a third location in the Detroit Metro area in Shelby Township at the site of an old Visteon plant, an auto parts maker for Ford. The board of trustees for the Macomb County Brownfield Redevelopment authority and the township's planning commission gave approval for the project last week. As stated on the township's web site, a main component of the plan will be the granting of various tax incentives.

This past week, the Livonia City Council furnished Amazon with an industrial facilities exemption certificate approved unanimously by the board. The certificate would "provide an exemption from ad valorem real and/or personal property taxes on the property. The application turned in to the city earlier this summer requests the certificate for 12 years, the maximum amount allowed by the state," hometimelife.com reports.

Other cities in the US rust belt are also making similar deals. The city of Cleveland is considering a similar package of tax and other various financial incentives for the redevelopment by Amazon of the Randall Park Mall site, formerly a major shopping hub

whose retail anchors have been the main retailers put out of business by Amazon. Sears, Macy's, JCPenney and Burlington Coat Factory were all former tenants.

This kind of economic arrangement is similar to deals Amazon has extorted all over the world. In 2013, the UK newspaper the *Independent* reported that "Amazon's corporate tax bill was just £2.44 million – less than the £2.5 million it received from the Scottish Government in inducements to build a new distribution warehouse in Dunfermline." The report goes on to detail some of the methods that Amazon and other multinationals use to avoid paying taxes on profits to government authorities.

"Amazon manages to pay only a tiny fraction of its profits in corporation tax because all sales to British customers are routed through a Luxembourg affiliate, Amazon EU Sarl," the *Independent* writes. "It is funded by fees it receives from Amazon EU and since these only just cover operating costs, little is left over for Her Majesty's Revenue and Customs (HMRC) to tax. Amazon EU pays little tax in Luxembourg because it pays hundreds of millions of euros each year in fees to a tax exempt affiliate, also registered in Luxembourg."

The company that Jeff Bezos founded in 1995 as an online bookstore now increasingly controls the fundamental infrastructure of the economy. Its Amazon Web Services division currently provides the computing backbone for much of the country, including the CIA. Its massive network of distribution centers and warehouses in every major US city has displaced local shipping industries. Amazon sales also increased 23 percent in the first quarter of 2017, climbing to \$35.7 billion. On one day alone, July 11, 2017, the company reported that it sold \$2.9 billion worth of goods.

While the ruling class claims that there is no money available to meet the most critical social needs of

working people, state and local governments engage in a bidding war seeking to attract lucrative deals from large capitalist enterprises like Amazon and in the process drive down pay, benefits, and overall working conditions.

The online retail giant has received innumerable public grants from states seeking to lure the company into investing in capital in their regions. Fairfax County, Virginia has recently given a massive handout of \$43 million for construction of a new distribution center. Last year, Pennsylvania Governor Tom Wolf submitted a similar proposal, which was accepted by Amazon on behalf of Pennsylvania's Department of Community and Economic Development. The proposal included a \$5 million dollar "First Program" grant and \$15 million in tax credits. Massachusetts announced its own deal in April 2015 which included \$14.8 million incentives and credits for Amazon warehouses.

Financial papers and journals have meanwhile touted the deals by Romulus and Livonia as a supposed boon to job creation. The reality is that Amazon is notorious globally for paying poverty wages and severely exploiting and abusing its workforce. Workers are given a stick-and-carrot routine, promised bonuses and education assistance when signing on, promises which are postponed and then reneged on time and time again. Ironically, the repurposed former auto plants that are being purchased and refitted by Amazon will provide jobs that pay less than half as much in starting wages as were formerly paid to autoworkers at these facilities.



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