

# Foxconn gets \$3 billion in tax subsidies to build plant in Wisconsin

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The Taiwanese electronics supplier Foxconn—known for its brutal exploitation of workers in sweatshop factories in China and internationally—recently announced it would open a plant in the economically depressed area of southeast Wisconsin. Republican Governor Scott Walker and the Trump administration worked out the deal with Foxconn in exchange for massive tax subsidies.

Foxconn, the iPhone manufacturer and world's largest consumer electronics maker, stands to receive nearly \$200 million a year in state tax incentives over 15 years. While numerous states, including Michigan, were in a bidding war to get Foxconn to build a factory in their states, Wisconsin offered the most lucrative package that would effectively siphon off public funds to allow the company to exploit a low-wage workforce.

It is telling that the corporations and the government, with the full backing of the unions, have reduced the wages of American workers to such a low level that cheap labor specialists like Foxconn are now investing in America's "Rust Belt" states.

In total, Foxconn will receive nearly \$3 billion in tax subsidies with \$150 million in sales tax exemption. The state of Wisconsin is only expected to receive about \$116 million in tax revenue in return annually, effectively handing the multinational corporation over \$74 million a year. These figures exclude the details of the local funding for infrastructure spending for roads and sewers that have yet to be released.

According to Walker, the deal worked out with Foxconn comes with lofty promises that 3,000 jobs will be created by 2020. Wisconsin officials and the Trump administration also boasted last week that Foxconn could hire as many 13,000 at the plant and create more than 20,000 jobs indirectly.

Governor Walker was elected in 2010 on the promise

that he would create more than 250,000 jobs in the state through the slashing of corporate taxes, deregulation and the gutting of social programs. In 2011, these attacks sparked a mass movement against Walker, which was sabotaged by the unions, which diverted opposition behind a fruitless campaign to recall Walker and elect a Democratic governor.

While Foxconn claims its 3,000 workers will have all-in pay of \$53,000 a year—which includes health care and other benefits—that is only 50 cents an hour higher than the average wage in Wisconsin. Incredibly, the state of Wisconsin will pay Foxconn \$66,000 per employee based on tax breaks and other incentives.

The grand promises of Walker, Trump and Foxconn of job creation and economic growth are belied by the reality of state-funded deals made with such corporations. In 2013, Foxconn promised to build a \$30 million factory in Harrisburg, Pennsylvania, which would employ over 500 workers. In fact, no such plant was built nor a single job created. Similar deals were made by Foxconn in other countries, such as Brazil and Vietnam.

Similarly, General Motors once promised to build its Saturn plant in return for state funding. It played 24 states against each other for public money. The bidding war resulted in the state of Tennessee forking over \$240 million to the corporation, or paying nearly \$26,000 for each job created. Other corporations, including Mercedes Benz, have also looted public funds to build factories in other states.

Foxconn says the Wisconsin plant will produce flat-screen liquid crystal display (LCD) panels—including computer screens, televisions and car dashboards—for the American market. The proposed Foxconn manufacturing complex is expected to be one of the biggest in the world with nearly 20 billion square feet,

covering over 1,000 acres of land, or nearly 1.56 square miles.

Even if Foxconn builds the plant, it is possible the company will use automation and robotics, along with temporary workers, to employ fewer permanent workers than promised. In China, Foxconn replaced nearly 50 percent of its restive workers at one iPhone manufacturing plant in Kushan and replaced them with robots—making the remaining workers work twice as hard. Chinese workers have repeatedly gone on strike and carried out other militant actions at Foxconn plants where conditions are so brutal the company installed nets after a series of suicides in 2010.

Working closely with the state, corporations like Foxconn and Amazon eye economically depressed areas such as Racine and Kenosha counties in southeast Wisconsin as an opportunity to exploit desperate workers. The city of Kenosha, located between the cities of Chicago and Milwaukee, is one of the areas proposed for the location of the future Foxconn factory. After decades of deindustrialization, the city and the surrounding area faced thousands of job losses in auto manufacturing and other industries. The highest paying jobs in the region are at an Amazon warehouse where workers barely make enough to live.

These conditions are also an indictment of the United Auto Workers, the Teamsters and other unions, which colluded with the corporations while touting “Buy American” nationalist campaigns that pit workers in the US against workers in other countries.

Kenosha was once home to a large auto industry that employed more than 16,000 employees at its peak in the 1950s and 1960s. The American Motor Corporation (AMC), headed by George Romney (later governor of Michigan, father of Massachusetts governor and Republican presidential candidate Mitt Romney), employed thousands of workers at its auto and engine manufacturing plant.

After AMC was sold to Chrysler in 1987, employment at Kenosha engine plant fell sharply with less than 1,300 workers, until Chrysler declared bankruptcy in 2009. Following a fraudulent rally by the UAW, which urged workers to place their confidence in the Obama administration to defend their jobs, the plant in Kenosha, along with the Janesville, Wisconsin plant, was closed in 2010.

Today, 21.5 percent of Kenosha’s population is

living below the official poverty line—compared to 16 percent in the rest of the state—and more than a quarter of children live below the poverty line. Only 7 percent of poor families worked full time, year round. Similar poverty rates are to be found in nearby Racine, another potential location for Foxconn’s new factory.

Foxconn’s move from China to the United States is part of a leveling in wages that has been taking place following the financial crisis of 2008, which include the policies of “insourcing” championed by the Obama administration. According to a recent report by the Boston Consulting Group, “Factoring in the differences in productivity and energy costs, China’s manufacturing cost advantage over the US shrank from 14% in 2004 to an insignificant 1% in 2016...When indirect costs for shipping, inventory, and other expenses are included, it is now less costly to manufacture a wide variety of goods in the US if that is where they will be consumed.”

As Chinese workers have grown increasingly combative, demanding higher wages and better working conditions, firms like Foxconn have sought to find profitable outlets in countries like the United States. While Chinese wages have grown between 10 and 15 percent every year, wages in the US have only increased by 2.5 percent.



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