

Foxconn drastically scales back Wisconsin investment

Jacob Crosse
1 February 2019

On Wednesday, January 30, Louis Woo, special assistant to Foxconn CEO Terry Gou, confirmed in an interview with Reuters that the giant Taiwan-based electronics manufacturer is drastically scaling back its previously announced \$10 billion investment in economically depressed southeastern Wisconsin.

This is the second time the Foxconn investment, ballyhooed by then Governor Scott Walker and President Trump as proof that their right-wing policies of tax-cutting and deregulation of business were working, has been significantly reduced.

What was initially advertised as a Generation 10.5 state of the art factory, promising 13,000 jobs, of which “70–75 percent” would be “blue collar” workers, was then revised downward to a smaller Generation 6 facility with more engineers, scientists and “automation,” as it specialized in smaller screens.

Now even those proposals are being shelved, and instead of an LCD TV factory, Foxconn plans to construct a “technology hub,” with packaging and assembly operations.

In the interview Woo admitted that no TVs would be built in Wisconsin, in complete contradiction to what was announced two years ago. “In terms of TV, we have no place in the US,” he said, adding, “In Wisconsin we’re not building a factory. You can’t use a factory to view our Wisconsin investment.”

Woo cited prohibitively high labor costs as the main reason why no factory would be built. This is a barefaced lie—the labor cost difference between 2017 and 2019, as any factory worker can tell you by their paycheck, has not significantly increased.

The building of the massive factory in Mount Pleasant, Wisconsin, was announced with pomp and circumstance at a White House ceremony in July 2017. The “incentive” package used to lure the largest

electronics manufacturer on the planet, at times employing over 1 million workers, included over \$3 billion in “tax credits” and a plethora of environmental and tax waivers, including a sales tax waiver on construction materials and potentially illegal subversion of the Great Lakes Water Compact.

Within six months it was clear the \$3 billion dollar corporate handout was inaccurate and a revised figure of \$4.1 billion dollars would be disbursed to the company which manufactures the Apple iPhone, Nintendo 3Ds, Microsoft Xbox and Sony PlayStation. Further revised estimates now have the working class of Wisconsin paying up to \$4.5 billion dollars in “incentives.” While some of these incentives are tied to job creation, approximately \$1.6 billion is not contingent on jobs created according to an analysis completed by the Wisconsin Budget Project.

The \$4.5 billion in credits will take the form of checks, cut to the company by the Wisconsin Economic Development Corporation (WEDC), which was established during former Governor Walker’s tenure. Following the election of Democrat Tony Evers this past November, the Republican-dominated legislature passed a series of “lame duck” laws, which were signed by Walker, that cemented WEDC oversight of the Foxconn project for an additional nine months into Evers’ first year.

Despite this undemocratic power grab, Evers has pledged to compromise and seek “common ground” with both the legislature and the infamous corporation, imploring Foxconn to be “good corporate citizens.” The continued theft of social wealth created by the working class would continue unabated under an Evers administration, despite his campaign proclamations.

Following the Reuters interview, the *Nikkei Asian Review* reported on Thursday, January 31, based on

internal documents it obtained, that Foxconn was not only scaling back operations in Wisconsin, but also putting on hold a \$9 billion display panel project in the southern Chinese city of Guangzhou for at least six months. The Guangzhou factory was slated to be a Gen 10.5 facility similar to the one originally promised to be built in Wisconsin.

Declining profits in the last quarter of 2018, including an 8 percent drop in iPhone sales, prompted Foxconn to lay off 100,000 contract workers in China before the end of the year. Other workers reported being offered extended unpaid “vacations” that could last until March 31, 2019.

In the *Nikkei* report an anonymous source confirmed the company is delaying its plans due to “weakening macroeconomic conditions and the uncertainties brought by the trade war.” The source further stated, “If Foxconn expands as planned regardless of rapidly changing market dynamics, it could eventually hurt the company’s business. It’s much safer to wait and carefully reconsider the next step.”

The *Nikkei* report also stated that three separate sources confirmed that the Evers administration had approached Foxconn to renegotiate some of the “side deals” his predecessor, Walker, had made with the company. A Foxconn document obtained by *Nikkei* purports to show that the scaling back of operations is also due in part to these “failed” negotiations with the Evers administration in regards to renegotiating “side deals.”

Wisconsin Assembly Speaker Robin Vos and Senate Majority Leader Scott Fitzgerald used the opportunity to blame Tony Evers and his “anti-jobs agenda” for Foxconn’s vacillation. The company, the Republican politicians claimed, is simply “reacting to the wave of economic uncertainty that the new governor has brought with his administration.”

Foxconn and Mark Hogan, CEO of WEDC, have disputed this report. In a statement released Thursday, Hogan asserts, “I have been involved with the Foxconn project from day one and there never have been any side deals and the contract stands on its own, in addition there have been no attempts by either the company or the Evers or Walker administrations to renegotiate WEDC’s contract.”

Foxconn issued its own statement disputing the report, “All interactions to date with Governor Evers

and his team have been constructive and we look forward to further discussions.”

As Foxconn continues to hide its intentions, the village of Mount Pleasant continues to clear room for a factory that might never materialize. Some 2,200 acres of land have been made available for the company. An entire subdivision of homes is in the process of being demolished as families and local businesses are forced to uproot and relocate against their will.

The fabled “13,000 jobs” promised by politicians and corporate executives is also looking more precarious by the day. While Foxconn has maintained that the 13,000 jobs will be forthcoming, it has revised its hiring milestones.

In 2018 Foxconn fell short of the hiring requirements outlined in the deal, failing to hire 260 employees by the end of year. The company will miss out on \$9.5 million in tax credits, having only hired 178 employees. The company had initially stated that it expected to employ 5,200 people by the end of 2020; according to a company source that number has been revised to approximately 1,000 workers.

Despite the lack of jobs forthcoming Foxconn can still retain many of the tax credits that are tied to hiring as long as it meets certain payroll checkpoints. By hiring fewer “knowledge workers” who will start at a higher salary than the proposed \$53,900, Foxconn would still qualify for credits, essentially offsetting the cost of payroll at the expense of the working class.



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