

Two years on, Foxconn's Wisconsin boondoggle continues under Democrats

Jacob Crosse
16 September 2019

Over two years have passed since the state of Wisconsin's Republican Governor Scott Walker and Foxconn CEO Terry Gao signed an initial memorandum of understanding, detailing at the time the largest state government subsidy ever given to a private corporation. With a stroke of the pen, over \$3 billion in public funds was to be handed over to the largest contract electronics manufacturer in the world and the fourth-largest information technology company.

Despite multiple documented cases of Foxconn reneging on government subsidized deals in the past, including in Pennsylvania, Brazil and Indonesia, this did not seem to trouble the Republicans or Democrats in the state.

Permits were quickly granted and government oversight committees ensured nothing would short-circuit the deal. While Walker and Gao are no longer in their positions—Democrat Tony Evers defeated Walker in the 2018 election, while Liu-Wong Way replaced Gao as CEO after he left the company to run for the presidency of Taiwan—the continued pilfering of Wisconsin coffers by Foxconn, overseen by government officials, shows no signs of slowing down.

Workers and residents were told that the initial \$3 billion handout, which has since ballooned to over \$4.1 billion, was needed for Foxconn to begin investing \$10 billion in the state.

This multi-billion dollar investment would be in the form of a massive 20-million-square-foot manufacturing and technology campus. This complex, touted as a "Generation 10.5 factory," would feature a manufacturing facility capable of producing the latest in LCD screen technology; massive screens for use in airports, stadiums and auditoriums as well as ultra-thin and light screens for smaller consumer products. It would be the first factory of its kind in the United States, the "eighth wonder of the world" according to President Donald Trump.

While a few alternate locations were proposed, it was quickly settled that the "eighth wonder of the world" would reside in Mount Pleasant, a small farming community just outside economically depressed Racine, a deindustrialized

city located between Milwaukee and Chicago.

As precious few details about what was actually being built emerged, Foxconn executives presented to media and government officials futuristic renderings, maps and models, featuring a sprawling multi-building campus, constructed on 2,200 acres of land. On this farmland, "13,000 blue-collar jobs" were to be created, according to the contract signed between the state and company. In order to build this technological utopia, Foxconn planners, with the assistance of state and local officials set, about expropriating land from farmers and homeowners to satisfy the multinational corporation's nebulous plans. Within months certain property owners were made millionaires overnight, selling their unused land for \$50,000 per acre, ten times what it was worth.

While a select few have been more than properly remunerated for their trouble, this hasn't been the experience for several homeowners previously residing within the construction zone who have been forced to uproot.

Cathy and Rodney Jensen, Mount Pleasant residents who have lived in their home for over 20 years, filed a lawsuit after Foxconn's plans were revealed, in an attempt to keep their home. An article published by *Wisconsin Watch*, cites their lawsuit, which is working its way through federal and state courts, alleging that homeowners like themselves were only offered "1.4 times" the value of their property and that the village of Mount Pleasant was using the threat of use of "eminent domain," which involves the seizure of private lands for public use, in order to turn it over to Foxconn.

This attempt at circumventing the prohibition of taking private land for non-public use has been raised by several other families located within the construction zone. However, most have been forced to settle lest they be left with nothing. This is despite the fact that Foxconn's proposal for a "Generation 10.5 factory" has since been scuttled and the now-proposed factory is less than 6 percent of the initially proposed 20 million footprint, approximately 1.1 million square feet.

The cost of building a smaller “Generation 6” factory, if that is what Foxconn ends up building, is only a third of the cost of Generation 10.5 factory, approximately \$2.5 billion. However, Foxconn has recently only guaranteed \$1.4 billion towards the project, casting doubt on what exactly, if anything substantial at all, will ever be built.

Kim Mahoney and her family reside in the last of 13 houses that used to populate her subdivision. She, like several others, suspects the village of working on behalf of the corporation to deprive her and her family of their home. “The village made millionaires out of the vacant land owners but threatened all homeowners with eminent domain, sometimes based on fake road plans, in order to force them to sell on its terms,” Mahoney told *Wisconsin Watch*.

As is the case under capitalism, private property in the hands of the ruling class is unassailable and if a worker violates this holy charter the “special armed body” has been granted supreme authority to enforce their rule. However, when a worker’s home is an impediment in any way to the accumulation of profit for the ruling elite, all means of subterfuge and coercion, legal or not, will be used.

As of late July the village of Mount Pleasant had spent over \$152 million to acquire 132 properties for Foxconn, which had a profit of over \$542 million for the second quarter of 2019. In addition to the millions the village has paid for homes and farmland, over \$7.2 million has been made available for relocation costs as well. So far, Foxconn has completed construction on one building within the “Wis-Conn Valley” zone, a single-story warehouse. Several “satellite innovation hubs” located in Green Bay, Madison and Milwaukee remain empty two years later.

Foxconn’s continually evolving and fluid business plans, which were always made with an eye towards the trade war between China and the United States, have not prevented it from securing millions of dollars in funding from the state of Wisconsin. While Foxconn has missed out on some smaller hiring-related subsidies, falling short of hiring projections for the second year in a row, the electronics giant has secured anywhere from \$550 million to \$1.4 billion for various upfront infrastructure costs.

Unlike some of the smaller jobs-related subsidies, the state has no clause in the contract that allows the “clawing back” of the funds that have been used for construction costs around the site. This includes between \$160 and \$170 million for new roads that lead to nowhere and an additional \$155 million for upgraded sewage and water service, necessary for a massive LCD factory which will never be built.

What appears to be one of the only concrete proposals that has a chance of coming to fruition, at the Mount Pleasant assembly, which has yet to be built, will be the

manufacturing of “fully automated robotic coffee brewing machines.” Brigo, an Austin-based company which designed the machines, announced their partnership with Foxconn earlier this month. It is unclear when production of the “automatic robotic coffee machines” will begin in Wisconsin, nor how many “blue-collar jobs” this will create.

Despite it being a transparent con job from the beginning, Governor Evers, who campaigned on being “critical” of the Foxconn deal, has continued in his Republican predecessor’s footsteps of doling out millions in subsidies. Evers has done nothing to stop the deal, instead constantly reaffirming his, and the government’s commitment, to continue to work with the duplicitous corporation even as the company continues to backslide on the contract.

Speaking to CNBC in July, Evers, while proclaiming he finally had “clarity” on what was going on in southeastern Wisconsin, admitted that the “13,000 jobs” myth, repeated ad nauseam for over a year, was never going to happen. Evers admitted that only 1,500 to 1,800 new jobs could be expected. Despite this being over eight times less than what was agreed upon, Evers continued to sell the bogus handout as “important for Wisconsin.”

What is also “important for Wisconsin” is the cost the working class is subsidizing the multibillion dollar corporation for every “job created.” It is not enough apparently that workers create of all society’s wealth, workers must also pay for the privilege of capitalist exploitation! According to a report written by the Upjohn Institute for Employment Research, which was commissioned by the Wisconsin Department of Administration, the revised “1,500 to 1,800” jobs created benchmark would mean that each job created would cost between \$172,000 to \$290,000.

Even as the Democrats continue to leave the spigot of funds open for Foxconn, the company has yet to follow through on a promise of \$100 million for the University of Wisconsin-Madison it pledged last year. The pledge was part of publicity tour the company was embarking across the state in order to shore up concerns regarding Foxconn’s intentions. Needless to say, two years later, those concerns and many more remain.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact