

Scot Ross: Diligence required on Foxconn job

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Gov. Scott Walker wants state taxpayers to dole out up to \$250 million annually in incentives to Taiwanese electronics manufacturer Foxconn to lure a manufacturing plant to Wisconsin that he claims will generate \$181 million in tax revenue.

Think about that. Gov. Walker proposes we pay about \$70 million more a year in incentives to a foreign corporation than will flow back to our state coffers. Does that sound like a good deal to you?

And this is just one detail that requires us to be wary about what is being described by proponents as the largest job announcement in Wisconsin history.

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There are plenty more.

The actors involved in this deal, negotiated in secret, have the kind of track record that inspires suspicion, not trust.

Foxconn has a long history of overpromising and under delivering on their claims of investments and job creation. For example, Pennsylvania is still waiting on hundreds of promised jobs created at a \$30 million facility announced in 2013 that has yet to materialize.

Are they really preparing to invest such huge sums in Wisconsin and create well paying jobs when they are lowering costs in factories in China by replacing workers making less than \$4 per hour with robots?

According to reports, in this year alone Foxconn has announced more in commitments for capital spending than their parent company has made in the last nearly quarter century.

It certainly seem to be a stroke of luck that they found our Gov. Walker in full re-election mode, desperate to distract from his subpar jobs record, including a 2009 promise to create 250,000 jobs in four years that remains unfulfilled in 2017.

Now the same administration whose economic development agency has bungled keeping track of its own funds, given state dollars to companies outsourcing Wisconsin jobs and failed to recover money given out for jobs not created is asking us to trust them to hold accountable a massive international corporation in a \$3 billion deal.

Not a comforting thought.

In this situation any rational, objective person would demand due diligence and straight answers before giving this proposal their blessing.

Wisconsinites are being asked to contribute massive resources that could otherwise be invested repaying funds taken from our K-12 public schools on Gov. Walker's watch, fixing crumbling roads and bridges across our state, funding job training for workers to fill the jobs that already exist, or even helping the borrowers with student loan debt who invested in themselves.

With so much of our money at stake, we ought to have iron clad assurances that those of us who are being asked to pay for Foxconn will be working at the jobs being promised. Wisconsin taxpayers shouldn't have to pay to put people from Illinois or even other countries to work.

There has been much talk about the wages of potential employees, with deal proponents touting "average salaries" over \$50,000 per year. But averages can be massively skewed by huge executive salaries that more than make up for the majority of workers earning substantially less. Why have they not instead disclosed the median salary, the number that half of the workers will earn more than and half will earn less than?

And what about assurances on working conditions, health care and other benefits from an employer that has, shall we say, a less than stellar reputation in this area?

As one expert noted of Foxconn, when negotiating incentives, “They extract everything they can.” Due diligence is essential, because it looks like that is just what they are preparing to do to Wisconsin.

— *Ross is the executive director of One Wisconsin Now.*