



## **Column: We lost Amazon, so end corporate welfare**

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January 30, 2018

There's a lesson to be learned from Detroit's failure to make the 20-city short list for Amazon's "HQ2" project: Let's not do this any more.

The national frenzy over Amazon's second headquarters should teach us it's time to stop being one of 50 states or one of 200-plus cities getting played against each other by giant companies. Rather, let's opt out of the corporate welfare hustle altogether, stop our politicians and bureaucrats from trying to micromanage the economy and make them put the money back into our communities where it came from in the first place.

We need to compete to grow our state's economy, we're told. But why compete by doing the same thing everybody else is doing? Instead, if we can't make the top 20 in handouts, let's be No. 1 in not doing handouts. One common estimate by economists is that just 1 out of every 500 companies or so ever receives some sort of economic development subsidy.

Groups that try to study and quantify corporate welfare such as Good Jobs First and the Cato Institute believe roughly three quarters of all subsidy checks are cashed by the thousand largest companies in the nation — the companies that have the most access to other capital and need this help the least.

Corporate welfare supporters talk about how they're doing "economic gardening." Rather than digging ourselves into huge holes to transplant a few big corporate projects, we can instead sit back and welcome all the businesses who don't qualify for the big-ticket deals and don't want to get weeded out or find themselves in a subsidized competitor's shade if they don't fit into the "economic gardener's" plans.

Those plans rarely work, anyway. In business, it's a truism that, "There's always someone with a lower price." In economic development, as we saw with Amazon, there's always some other state or city with a bigger subsidy. We saw this play out in recent history with movie subsidies in Michigan. We spent hundreds of millions of dollars writing checks to Hollywood, but ended up with fewer people employed in the film industry in the state than when we'd started.

Whether we're building the Batcave, the tallest skyscraper in Detroit, a battery plant or an e-commerce corporate headquarters, this money isn't free. Governments can only give companies like Amazon free money if they first take it from someplace — or someone — else. But every dollar taxed away from an existing business is a dollar it can't use to grow. Every dollar we take from a family to fund a corporate project is one they're not going to be able to spend at an existing local grocery store or restaurant where their neighbors are employed. That's real money — academic research from the University of Missouri at St. Louis suggests that nationally, “economic development” costs us each individually about \$250 a year, close to an average week's income for a family of four — and it's coming right out of the economy it's supposed to be “developing.”

That equation only works if politicians and bureaucrats are better at generating economic activity than business owners competing on a level playing field to keep their customers happy. (Anyone who wonders whether this is generally true may want to take a fact-finding trip to Venezuela or North Korea.)

Michigan's history is rich with the stories of entrepreneurs who built great companies and enriched their communities through good jobs and philanthropic engagement. We see their names on companies across our state and around the world: Ford. Dow. Meijer. Upjohn. Carhartt. Kellogg. Penske. Stryker.

Let's launch the next generation of great business success stories by becoming known as the state where every company is treated equally, reasonable taxes support the common good instead of private profit and business success comes from keeping customers happy instead of politicians.

If we can't even be No. 20 for Amazon, let's be No. 1 for everyone else.