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What are the risks of the Amazon deal? Ask Scott Walker.

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The more than \$3 billion in taxpayer subsidies being lavished on Amazon's new East Coast headquarters are dredging up a cautionary tale from the heartland — the fate of Wisconsin's once-hyped Foxconn deal.

It was just last year that the Taiwan-based electronics manufacturer landed an initial \$3 billion in economic incentives to open a plant in Wisconsin, in a seeming triumph for Republican Gov. Scott Walker and President Donald Trump. "This is a great day for American workers," the president enthused from the White House at the [announcement](#) 16 months ago, portraying Foxconn's arrival as a vindication of his "Made in the USA" economic agenda.

But then came more than a year of sour aftertaste about the tax breaks, regulatory rollbacks and other favors that Wisconsin was handing Foxconn. The cost of the state incentives continued to climb while the size of the factory and number of new jobs appeared to be shrinking — a reality that may have contributed to Walker's ouster at the polls last week.

Opponents of Amazon's public giveaways say the leaders governing Virginia and New York should take heed.

"The fact that Walker didn't get reelected after announcing the biggest potential state deal in history speaks volumes," said Greg LeRoy, executive director of the nonpartisan watchdog group Good Jobs First, which promotes accountability in economic development.

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Major differences between Amazon and Foxconn may help the new deal avoid the fate of the Wisconsin project: Foxconn is a foreign company with a past of backing out of development projects, including a high-tech facility in Pennsylvania that was promised in 2013 but was never built. By contrast, Amazon is an American outfit whose rapid expansion across the country has been well documented.

But the massive cost of the tax credits, cash grants and other incentives that lured Amazon to place its [new headquarters](#) in Crystal City, Va., and New York City's Queens borough is sparking fierce pushback against "corporate welfare" from both ends of the political spectrum.

Skeptics say the negotiation process with the company lacked community input, and they argue that taxpayer money would be better spent on crumbling infrastructure.

“I am opposing this deal as it stands, and will do all in my power to fight its implementation,” Jumaane Williams, a New York City council member representing Brooklyn, pledged in a statement Tuesday.

“Public review is absolutely essential to assess the promised benefits of such a large project, its impact on the community, public transit and infrastructure and to ensure that commitments to the community are kept,” said Rep. Carolyn Maloney (D-N.Y.), who represents the district to which Amazon is moving. “That now must happen and I intend to make sure it does. A beneficial deal will withstand public scrutiny.”

Democrats who brokered the deals nevertheless praised their potential impact. New York Gov. Andrew Cuomo said Tuesday that Amazon's arrival will make Queens “part of the economy of tomorrow,” while Virginia Gov. Ralph Northam “proudly” declared that his state's “proposal represents good fiscal stewardship.”

Economic development officials project that the arrival of Amazon will contribute incremental tax revenue of \$3.2 billion in Virginia and \$10 billion in New York over the next 20 years. The influx of highly skilled workers could also attract other companies to their regions or spawn spin-off companies or tech startups in the future.

Amazon declined to comment for this story. The company said as part of its announcement Tuesday that “economic incentives were one factor in our decision — but attracting top talent was the leading driver” in its choice of Northern Virginia and New York City over 18 other finalists.

It's difficult to track the final cost of corporate subsidies and how many companies follow through on promises because reporting requirements vary across the country. But more than 20 companies have received government handouts worth \$1 billion or more since 1976, including Boeing, Alcoa, Ford, General Motors, Nike and Intel, according to Good Jobs First.

“If politicians think these deals are going to help them, I think they should think twice,” said Chris Edwards, the director of tax policy studies at the right-leaning Cato Institute.

Governments can structure the deals to hedge against some of the risks. In Virginia and New York, the financial perks that go directly to Amazon's bottom line will be paid over time and require the company to fulfill its promise of hiring 25,000 people with an average salary of \$150,000. If Amazon fails to deliver, it won't get all the money.

The investments in education and transit will, in theory, benefit other businesses and area residents, though they're funded on the premise that Amazon will generate increased tax revenue. Virginia, for example, is putting millions into expanding science and technology education, and Virginia Tech will shell out \$1 billion to build a graduate school just two miles from Amazon's new offices there.

“It's a start but ... the devil is in the details,” said Aaron Chatterji, a former senior economist on President Barack Obama's Council of Economic Advisers. Chatterji, now a professor at Duke University, has proposed replacing corporate subsidies with investments in entrepreneurship.

“How are they going to measure these milestones and are these things going to be transparent?” he said.

Amazon had the upper hand throughout the negotiation process for its new headquarters, starting with a public call for bids from cities across North America. It received 238 proposals within months, giving the company a broad view of how much cities were willing to offer in an effort to top one another.

“Companies control all of the information,” LeRoy said. “That makes our public officials incredibly passive and helpless trying to play a fair game of poker.”

In Foxconn's case, federal leaders including Trump and House Speaker Paul Ryan privately urged the company's executives to consider a site in Wisconsin. The appeal of such arrangements for politicians is strong: Voters will view them as fighting for and delivering jobs to their state.

But the criticism heaped on the deal with Foxconn — and now Amazon — could be “a harbinger of things to come,” Chatterji said.

“I do think we’ll enter an era where incentives will be under more of a microscope,” he said, “but at the same time companies are going to keep pushing for them.”