

Foxconn factory jobs touted by Trump will not come to pass

January 30 2019, by Scott Bauer



In this June 28, 2018, file photo, President Donald Trump, center, along with Wisconsin Gov. Scott Walker, left, and Foxconn Chairman Terry Gou participate in a groundbreaking event for the new Foxconn facility in Mt. Pleasant, Wis. Foxconn Technology Group said Wednesday, Jan. 30, 2019 it is shifting the focus of its planned \$10 billion Wisconsin campus away from blue-collar manufacturing to a research hub, while insisting it remains committed to creating 13,000 jobs as promised. (AP Photo/Evan Vucci, File)

Electronics giant Foxconn reversed course and announced Wednesday

that the huge Wisconsin plant that was supposed to bring a bounty of blue-collar factory jobs back to the Midwest—and was lured with billions in tax incentives—will instead be primarily a research and development center staffed by scientists and engineers.

The move was decried in some quarters as a case of bait-and-switch by the Taiwan-based company, which originally planned to build high-tech liquid crystal display screens in a project President Donald Trump had proudly pointed to as a sign of a resurgence in American manufacturing.

In a statement, Foxconn said it remains committed to Wisconsin and the creation of 13,000 jobs as promised. But because the global market environment that existed when the \$10 billion project was announced in 2017 has shifted, "this has necessitated the adjustment of plans for all projects."

"This news is devastating for the taxpayers of Wisconsin," said Wisconsin Assembly Minority Leader Gordon Hintz, a Democrat. "We were promised manufacturing jobs. We were promised state-of-the-art LCD production. ... And now, it appears Foxconn is living up to their failed track record in the U.S.—leaving another state and community high and dry."

Economic development officials and other supporters of the project urged patience, saying Foxconn still plans to invest what it promised. The White House had no immediate comment.

Foxconn, a major supplier to Apple, is the world's largest contract maker of electronics.

Louis Woo, special assistant to Foxconn's CEO, was quoted as telling Reuters that it is scaling back and possibly shelving plans to build display screens in Wisconsin because "we can't compete."

Woo said that instead of a factory, Foxconn wants to create a "technology hub," with about three-quarters of the jobs in research and development and design. Those jobs typically go to college graduates. The plant is under construction and scheduled to open in 2020.

Marc Levine, senior fellow and founding director of the University of Wisconsin-Milwaukee's Center of Economic Development, called it "one enormous bait-and-switch." And he scoffed at the idea that Foxconn, known for manufacturing, could transform into a research and development giant.

"That's simply not what Foxconn is," Levine said in an email. "So the notion that there will be 13,000 research jobs at Foxconn is highly, highly unlikely."

The company initially billed the massive 20 million-square-foot (1.86 million-square-meter) Wisconsin complex as its first North American manufacturing site for the next generation of display panels to be used in a wide variety of products, including large-screen TVs, self-driving cars, notebooks and other monitors.

Wisconsin state and local governments promised roughly \$4 billion to Foxconn, the richest incentive package in state history and the biggest pledged by a state to a foreign corporation in U.S. history. Foxconn was required to invest \$10 billion and create 13,000 jobs to get the full incentives.

It had already fallen short last year, hiring 178 full-time employees rather than the 260 targeted, and failed to earn a state tax credit worth up to \$9.5 million.

Former Gov. Scott Walker, the Republican who brokered the deal, emphasized in a tweet Wednesday that Foxconn earns tax credits only

for actual investment and job creation. "No jobs/investment? No credits. Period," Walker tweeted.

Republican legislative leaders who pushed the project blamed new Democratic Gov. Tony Evers for Foxconn's change in plans. They said he had created an air of economic uncertainty by supporting elimination of a manufacturing tax credit program.

Evers was critical of Foxconn in the campaign against Walker but did not pledge to undo the deal. His top aide Joel Brennan said that the administration was surprised by the news from Foxconn. He did not address the accusations Evers was to blame.

Democratic critics said the incentives promised to Foxconn were too rich, and they questioned whether the company would ever fulfill its promises.

The president of Wisconsin's Technology Council, Tom Still, said he is not surprised Foxconn wants to change course since televisions are becoming less expensive and iPhone sales are declining.

Still, whose group nurtures technology in Wisconsin, said Foxconn can succeed if the plant becomes more research-oriented because its areas of interest match up with Wisconsin's strengths, such as robotics, medical imaging and industrial imaging.

Last summer, Trump highlighted his economic policies at a groundbreaking event for the Foxconn complex.

"Made in the USA: It's all happening and it's happening very, very quickly," the president said in June after visiting the Foxconn site. "Today we're seeing the results of the pro-America agenda."

© 2019 The Associated Press. All rights reserved.

Citation: Foxconn factory jobs touted by Trump will not come to pass (2019, January 30)
retrieved 25 April 2024 from

<https://phys.org/news/2019-01-foxconn-focus-massive-wisconsin.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.