ANGLAIS IENA 2019 - Dialogue 1 High price of tech jobs **CPGE ECT1 9-16/12/2019**

A. Did you see the news about the new Foxconn factory, Luca?

B. What's Foxconn?

A. They're a Taiwanese company, and the makers of the iPhone, among other things. They're going to install a factory here in Wisconsin, creating 13,000 new jobs in total, with 3000 to start.

B. 3,000 jobs sound good to me, Cindy, especially if they are good, stable jobs, and more come later.

A. Maybe you're right. But I haven't told you the worst part: to entice Foxconn to come, the Wisconsin state government is giving away $4.5 billion in subsidies and tax breaks!

B. $4.5 billion sounds like a lot of money, but unfortunately, the only way to get these big companies to come to areas like ours is to offer them tax incentives. You see it all the time now: a large corporation says that they want to build a new headquarters or factory, and politicians jump at the chance to give incentives to the company to come to their area.

A. The state of Iowa gives $214 million to Apple for their data centre there. Even Tesla gets money from Nevada, $1.3 billion, for making their batteries in that state. Corporations have become so big they can even force the government to reduce their taxes – regardless of whether this is good or bad for the economy. I think it's wrong, on principle, in a democracy. The situation is changing now, though: New York originally agreed to give huge incentives to Amazon to move there, but the elected representatives protested, and Amazon pulled out.

B. Ok, but if the subsidies bring jobs to places that need them, what's the problem?

A. There are lots of problems with it. First of all, they don't always bring as many jobs as they say they will.

B. But surely some jobs are better than no jobs?

A. Not if the types of jobs they bring don't match the type of worker the state has to offer. Some companies need specifically trained, highly-educated staff, and they will hire them from out of the state if there isn't enough supply in-state to meet their demand.

B. That might be true for Amazon or Google, but won't Foxconn provide jobs at all levels, from factory workers to research and development to executive positions? That can only be good for the average Wisconsin citizen.

A. Not if you do the math on it. Besides, Foxconn has been heavily criticized in the past for its poor working conditions, and even its staff suicide rates, mainly in China.

B. That's China. Working conditions will be better here in the US. And what do you mean by 'the math'?

A. For example, even if Foxconn brings 13,000 jobs to the area, at $4.5 billion in tax incentives, each of those jobs will cost the tax payers over $346,000! If they only bring 3,000 jobs like they're hinting at, it's closer to $1.5 million per job. So, some people will have a nice new salary, but all the Wisconsin tax payers will end up paying for it – not Foxconn, who will only reap the profits.

B. Eventually that will balance out though, won't it?

A. It will take a long time – this won't be profitable for the state until 2042. Deals like this make the current administration look really good, but it's often really bad for the average tax payer. It's not just the higher taxes that will hurt them.

B. How's that?

A. Well, when one of these big companies comes to town, they can bring an influx of money to an area that didn't have it before. That means that the cost of living and housing prices go up. Seattle, the home of Amazon, used to be a pretty average place to live, cost-wise. But since Amazon got so big, it's become the 3rd most expensive housing market in the US. Renting alone costs an average of $2,400 per month, and a single-family home can cost over $750,000.

B. I think that happened in San Francisco too, with Google and other tech companies.

A. Exactly. I think these companies already have it pretty good, and having tax payers subsidize them just boosts their profits.

Outline The Taiwanese company, Foxconn, is establishing a factory in Wisconsin, and has succeeded in persuading the state government to provide them with major financial advantages and tax breaks. Other companies have succeeded in doing the same, although Amazon's plan to establish a second base in New York met with too much local opposition. The high long-term cost of these subsidies makes it a questionable investment for states and cities, who use large sums of taxpayers' money to create often a small number of jobs. The arrival of a major company can also have significant consequences for the local community, increasing the cost of living and house prices.

Questions: 1. Do you agree that giving tax incentives to a company to establish a factory is a waste of taxpayers' money? 2. What do you think were the objections of members of the New York state government to Amazon moving there? 3. What are some of the dangers of having one very large local employer? 4. Why do so many of the largest companies seem to pay low wages?