

PLATO, Madison, Wisconsin

October 16, 2018

“Foxconn from 30,000 feet: Greater Net Benefits Over Future Years?”

Knowns: Taxpayer subsidies

Known unknowns: Return on investment in direct jobs

Unknown unknowns: Net benefits over future years (focus of discussion)

Never to be known: Getting Foxconn for less and return on subsidies invested differently

Practical reality: The dog caught the Foxconn car. What to do?

Based on history, results depend upon: Government, business, education

Wisconsin has been here before:

Wheat to Dairy

Saw timber to pulp timber

Agriculture to manufacturing

Foxconn as an intervention: aka “The Foxconn Effect

- History: Economy, race, transportation, housing, education
- Culture: Conservative, local, low self-esteem, frugal, contentious

What’s happened institutionally? Collaboration and cooperation

- Business (M7)
- Government (counties)
- Higher education (UW, private, tech colleges)

What’s happened specifically? New investment, planning, engagement, reach

- Multi-party Venture fund for entrepreneurs
- UW research fund
- Smart cities competition
- SEWRPC transportation update

- Housing in Racine
- Beyond SE reach: supply chain, contractors, Eau Claire, Green Bay
- Second order effects (construction now; health cluster, goods, services later)

Does it matter?

- Less so for the known unknowns: ROI in jobs
- More so for the unknown unknowns: Well-being over time

It has happened before in Wisconsin: Creating a transformative cluster: Wheat to dairy

- Regulatory certainty: Security law, food safety
- Transportation: Farm to market roads
- Science: Babcock test, silos
- Data: Crops, animals, prices, health
- Education macro: CALS, UW-RF, UW-PL, Short course, Extension, experiment farms
- Education micro: Rural Soc, Dairy Food, Dairy Science, Biochemistry, Genetics, Ag Econ, Rural Soc, Home Economics, Veterinary Science
- Environment: Legumes
- Institutions: Cooperatives, fairs, 4-H, FFA
- Spinoffs: Equipment, food processing, artificial insemination, Hoard's Dairyman
- Brand: America's Dairyland, World Dairy Expo

Who did it for dairy: Transformation institutions

- Business
- Education
- Government

What did it for dairy: Transformation ingredients

- Science
- Policy
- Practice

Same for Foxconn!

Timing: Foxconn did not happen in a vacuum. WI is not in a vacuum.

- Evicted, Janesville, Politics of Resentment, (soon) McCarthy
- Bowling Alone, Our Kids, Fractured Republic, Collapse of Complex Societies
- Eyes on Wisconsin: Trump, Walker, Ryan, Gou; foreign investment in US of consequence; Wisconsin record vs. China record

The “And So?”

The dog caught the Foxconn car: What to do?

Governor Walker or Governor-Elect Evers

An executive’s key result indicators: Capital, talent, hope

An executive’s key leadership/management tools: Systems, symbols, behaviors

A government’s key duties: Convene, data, revenue, infrastructure, justice, defense

Questions for leveraging The Foxconn Effect

1. How to describe “overall well-being over time” as a plausible public policy objective, a broader measure than growth in gross domestic product?
2. How to convene people and interests to consider the complexity and importance of the question and make early choices -- be they in education, equity, environment, health, mobility, etc.?
3. How to turn those choices into actionable plans with concrete goals given continuing disagreement and even discord around Foxconn?
4. How to establish a data system that supports decisions on the choices and tracks progress to validate or adjust direction over time?
5. How to think macro and micro simultaneously: i.e. *institutions* as in a WI version of research triangle park; *ingredients* as in recommendations for “Getting Men Back to Work” (AEI-Brookings)?
6. AND, how to be an advocate for and defender of the initiative against inertia, the forces of the status quo and the skeptics who may hope for or work for Foxconn’s failure with collateral damage resulting and “overall well-being over time” assigned to random acts of philanthropic kindness and self-promoting opportunism?

Thanks to Robert Camfield for advice and assistance. Robert is vice president with Laurits R. Christensen Associates with concentrations in macroeconomics, regional economics, financial markets with an interest in public policy.

Jeff Smoller, October 16, 2018

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