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Another Voice: Government subsidization requires representation

Another Voice

Aug 8, 2020

By Russell Weaver

“No taxation without representation” is the definitively American principle that no government shall impose taxes on any population that lacks a voice in that government. Steadfast commitment to this principle among American colonists proved revolutionary in 1765, contributing to the campaign for American independence.

It’s surprising, then, that more than 250 years hence, American society has not collectively embraced the equivalent principle, “No subsidization without representation.” After all, subsidies are negative taxes that transfer public wealth to government-designated recipients.

Subsidies are hallmarks of economic development in the U.S. Altogether, local and state governments spend around \$70 billion annually to lure employers to their jurisdictions or to underwrite firm expansions. To support their decisions to turn over public resources to private corporations, government officials and their partners in business tout metrics from a project.

For instance, Western New Yorkers recently learned that the Amazon warehouse proposed for Grand Island stands to be a \$300 million, 4 million-square-foot structure that will house at least 1,000 jobs. These big, impressive-sounding numbers tend to convince us that some projects are so large in scale that we can't live without them – that we should accept the public costs, including any subsidies, needed to make them happen.

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But size and scale are not reliable predictors of a project's ability to generate shared wealth for an affected community. And subsidization should not occur without representation. Communities must have a voice in their government's use of negative taxation.

Toward that end, I pose a list of questions that belong in any negotiation over public subsidies for private development.

- Does the community have a comprehensive and/or land use plan that resulted from a community-engaged planning process? Is the project consistent with these plans?
- What combination of wages, working conditions and benefits make a job a “good job” in this community?

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- Will the project lead to a net increase in “good jobs”? Will it displace “good jobs” from elsewhere in the economy?
- What is a reasonable maximum subsidy for each “good job” the project commits to creating?
- How often will public costs and benefits be disclosed? Does a mechanism exist to recapture funds if reported benefits do not meet agreed-upon expectations?
- How might future community residents describe this project?

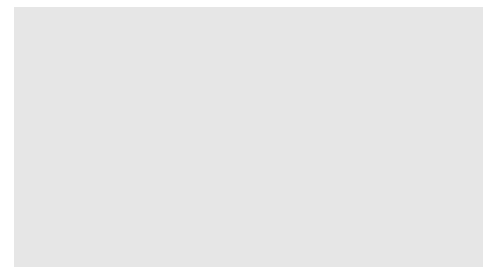
Russell Weaver, Ph.D., is a geographer and research director at the Cornell University School of Industrial Labor Relations Buffalo Co-Lab.

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