

The Boston Globe

Congress could ensure tax money is put to better use



Michael Melia/Associated Press

While the latest move has Boston happy, subsidies take away jobs from people in Fairfield, Conn.

By **Richard Florida** January 30, 2016

General Electric is the latest company to give up the suburbs for the city. News of GE's move from its campus in suburban Fairfield, Conn., to Boston's Seaport District has urbanists like me swooning. After all, it confirms what we've been saying for years: a dense, vibrant, walkable city with abundant transit, lots of talent, and superb universities is the place more and more companies want to be.

Apparently, that's not enough for General Electric. Together, the city and state offered an estimated \$145 million in business incentives (\$120 million in grants and other programs from the state and another \$25 million in property tax relief from the city) to secure the deal. By my calculation, that means that the city and state are doling out a whopping \$181,250 in public subsidy per job, given GE's statement that its new headquarters will employ 800 people.

And that doesn't even include additional incentives such as grants for workforce training (another \$1 million or so), a new "innovation center" designed to better tie GE to local universities and research institutes (\$5 million more), assistance for employees to relocate to Boston, and transportation improvements in the Seaport District, including \$100 million to reopen the Northern Avenue bridge.

What's even more shocking is that Boston and Massachusetts have historically been reluctant to engage in this kind of corporate welfare. GE's subsidy package is the largest ever assembled in the state's history, according to Good Jobs First, an organization that tracks corporate incentives.

GE is also one of the largest recipients of incentives in the country, numbering among the top 20 recipients of corporate welfare, hauling in a total of \$1.5 billion in subsidies since 1992 — most in the last five years. (In 2014 alone, GE received nearly \$100 million in subsidies from Cincinnati and the state of Ohio to locate its US Global Operations Center in Cincinnati.)

This is not the first time GE has picked up and moved its headquarters. A little more than 40 years ago, GE left its earlier headquarters in Schenectady, N.Y., for a then-new corporate campus in Fairfield. While this latest move has Boston politicians and boosters cheering, these subsidies take away jobs from people back in Connecticut. As Henry Pires, a worker and union representative at a soon-to-be-shuttered GE valve factory in Avon told Radio Boston: "It hurts me to know that my tax money is an incentive to take jobs from someplace else."

The reality is these incentives are a drop in the bucket for a \$250 billion company like GE. In fact, GE reportedly turned down bigger incentive packages from other states such as New York. Ultimately, what all these incentives really do is take money out of the pockets of Boston and Massachusetts taxpayers — money that could and should be used to improve education in the city and state's many disadvantaged communities.

Perhaps it's finally time for Congress to step in and stop the incentive arms race among states by invoking its constitutional power to regulate interstate commerce. In the meantime, GE could always do the right thing and give taxpayers back their money. For a company that wants to be seen as both cutting edge and a good corporate citizen, such a move would set an important precedent.

Richard Florida is the director of the Martin Prosperity Institute at the University of Toronto's Rotman School of Management, research professor at NYU, and editor-at-large of The Atlantic's CityLab, where an earlier version of this piece appeared.