

# The 8th Wonder of the World: Inside Foxconn's empty buildings, empty factories, and empty promises in Wisconsin

Josh Dzieza, Jenny Chan, Mark Selden

By 2019, Foxconn Guangzhou Gen 10.5 factory had been running for 168 days in Guangdong province, China.

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## Introduction

Jenny Chan and Mark Selden

In the context of transnational production, China remains the heart of Foxconn's global electronics empire and its profitability. For seventeen consecutive years between 2002 and 2018, Taiwanese-owned Foxconn ranked number one as China's largest exporter.<sup>1</sup> Today it operates more than thirty industrial parks across coastal and interior China,<sup>2</sup> creating a 24-hour, high-speed production network predicated on vertical integration and flexible coordination. Most of the world's TVs, desktop monitors and laptops are assembled in China. The United States remains by far its largest export market, as well as a major source of the US trade imbalance with China.

In late 2016, Foxconn attended a deal-signing ceremony with government representatives in Guangzhou, provincial capital of Guangdong, South China.<sup>3</sup> The company planned to set up a Generation 10.5 ultra-high-definition panel facility (the highest grade of its kind at 294cm x 337cm) by transferring the technical know-how of the newly acquired Japanese electronics company Sharp. Critical to this move was the Guangzhou municipal government's agreement to sell "a plot of land covering 1.26 million square meters" to Foxconn "for 989 million yuan—a price that was only a fraction, about 5%, of the price charged to other developers."<sup>4</sup> While China's working-age population is shrinking, the plant would give Foxconn privileged access to locals as well as rural migrants and lower-cost student interns to cope with high-volume production, with recruitment supported by local governments and vocational schools. In August 2019, Foxconn Guangzhou began to operate, with a high production target of 90,000 display glass substrates per month.<sup>5</sup>



Over the years, the global supply of LCD TV panels—manufactured by Foxconn and its competitors (in China, Taiwan and South

Korea, for example)—has been increasing. As a result, LCD panel prices have fallen. Coupled with the coronavirus pandemic and the ongoing US-China trade conflict, the business environment is worsening. As early as February 2020, “a portion” of Foxconn Guangzhou’s expansion plan had been cancelled.<sup>6</sup> It is not the only Foxconn global operation facing cancellation.

While Foxconn runs research centers and manufacturing hubs outside China in the Czech Republic (among the top five companies<sup>7</sup>), Slovakia, Hungary, Japan, Vietnam, India, Mexico, Brazil and the United States, these are dwarfed by its production in China.<sup>8</sup> The boldest Foxconn international plan projected in recent years was a direct response to the US tariff war with China and pressure to bring manufacturing enterprise back to the United States. It turns out, however, as The Verge’s Josh Dzieza reports, that Foxconn has no plan to build a thin-film-transistor liquid-crystal display (TFT LCD) project employing 13,000 people in Wisconsin as proclaimed three years ago. The reality is that Foxconn, having presented a plan for a world-class, state-of-the-art glass fabrication facility, has purchased no production equipment, nor is there “any indication that such orders are imminent.”<sup>9</sup>

### **Foxconn Wisconsin—the “8th wonder of the world”— wonder not guaranteed**

In the spring of 2017, with support from then Wisconsin Governor Scott Walker and House of Representatives Speaker Paul Ryan, President Trump was quick to hail Foxconn’s Mount Pleasant project. Boosters envisioned Wisconsin’s industrial transformation into a mid-western high-tech hub. From land acquisition to road improvements to support services, Wisconsin committed more than \$4 billion in subsidies to close the Foxconn deal. It

was the largest public subsidy package for a foreign corporation in American history.

In November 2017, Foxconn announced plans to manufacture flat panel displays for large-screen TVs in North America, with a prospective budget of more than \$10 billion. In return, Mount Pleasant’s Village Board of Trustees secured 2,800 acres of farmland, roughly four square miles, to build the Foxconn manufacturing hub. Foxconn would also be entitled to tax credits under the agreement.

From 2018, Foxconn broke ground for the Wisconsin Valley Science and Technology Park. By December, however, Foxconn had hired only 178 full-time employees in Wisconsin, along with 854 workers involved in the construction, falling far short of the hiring target for the year. The original production plans were significantly reduced, even as Foxconn held job fairs in Mount Pleasant, Racine, Green Bay, Eau Claire, Milwaukee, and elsewhere.

In January 2019, Wisconsin Governor Tony Evers took office. During the year, Foxconn asserted that it was building a Generation 6 facility (rather than the originally proposed more advanced Generation 10.5 plant that would be capable of producing large screens). The company recruited merely 281 employees by December—failing yet again to reach the minimum number stipulated in the contract (that is, at least 520 full-time employees in 2019 to receive tax credits<sup>10</sup>). As of October 2020, the proposed “Gen 6” factory was all but empty. In fact, Foxconn got permission to use the manufacturing building for storage! The state of Wisconsin has now proceeded to deny Foxconn’s application for tax subsidies related for the manufacturing project.

Who is going to pay the price for the adversely affected (former) Foxconn employees, residents, and the environment at Wisconsin? In the following well-researched article, “[The 8th Wonder of the World](#),” Dzieza chronicles the disaster over the past three years and concludes that Foxconn’s factory—and the jobs it promised—don’t exist, and they probably never will. It is a story that reverberates with the Trump administration’s claims to bring back lucrative manufacturing jobs to the United States, leaving Wisconsin and other states without an economic policy at a time when the Covid-19 pandemic has produced unemployment rates comparable to those of the Great Depression of the 1930s and greater than those of the 2008 recession.

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## THE 8TH WONDER OF THE WORLD\*

wonder not guaranteed

Josh Dzieza

Reprinted from [The Verge](#), 19 October 2020





**In 2017, President Donald Trump and the Wisconsin GOP struck a deal with Foxconn that promised to turn Southeastern Wisconsin into a tech manufacturing powerhouse. In exchange for billions in tax subsidies, Foxconn was supposed to build an enormous LCD factory in the tiny village of Mount Pleasant, creating 13,000 jobs. Three years later, the factory — and the jobs — don't exist, and they probably never will. Inside the empty promises and empty buildings of Wisconsin Valley.**

Hopes were high among the employees who joined Foxconn's Wisconsin project in the summer of 2018. In June, President Donald Trump had broken ground on an LCD factory

he called "the eighth wonder of the world." The scale of the promise was indeed enormous: a \$10 billion investment from the Taiwanese electronics giant, a 20 million-square-foot manufacturing complex, and, most importantly, 13,000 jobs.

Which is why new recruits arriving at the 1960s office building Foxconn had purchased in downtown Milwaukee were surprised to discover they had to provide their own office supplies. "One of the largest companies in the world, and you have to bring your own pencil," an employee recalls wondering. Maybe Foxconn was just moving too fast to be bothered with such details, they thought, as they brought their laptops from home and scavenged pencils left behind by the building's previous tenants. They listened to the cries of co-workers trapped in the elevators that often broke, noted the water that occasionally leaked from the ceiling, and wondered when the building would be transformed into the gleaming North American headquarters an executive had promised.

The renovations never arrived. Neither did the factory, the tech campus, nor the thousands of jobs. Interviews with 19 employees and dozens of others involved with the project, as well as thousands of pages of public documents, reveal a project that has defaulted on almost every promise. The building Foxconn calls an LCD factory — about 1/20th the size of the original plan — is little more than an empty shell. In September, Foxconn received a permit to change its intended use from manufacturing to storage.

Even the handful of jobs the company claims to have created are less than real: many of them held by people with nothing to do, hired so the company could reach the number required for it to get tax subsidy payments from Wisconsin. Foxconn failed at that objective, too: last week, Wisconsin rejected the company's subsidy application and found it had employed only 281



people eligible under the contract at the end of 2019. Many have since been laid off.

Foxconn did not return repeated requests for comment.

It's not unusual for either the Trump administration or Foxconn to make announcements that prove hollow. But for Foxconn, the show went on — for two years, the company, aided by the vocal support of the Wisconsin GOP, worked to maintain an illusion of progress in front of a business venture that never made economic sense.

## Key Findings

Foxconn said it would build a 20 million-square-foot LCD complex. Instead, it constructed an empty building 1/20th that size it calls the “Fab.” Records show Foxconn recently changed the intended use of the building from manufacturing to storage.

The company said it would aim to employ 5,200 people at the end of 2020, a number that was to grow to the promised 13,000 jobs. At the end of 2019, Wisconsin found Foxconn employed only 281 people eligible under the terms of the contract.

Foxconn attempted to exploit a loophole in its contract with the state by hiring a sufficient number of employees to receive subsidies just before the end of the year. Employees were hired with no actual work to do. Many were laid off after the deadline passed.

One recruiting program targeted foreign recent graduates on student visas. Employees say these workers were targeted because they would work longer hours for lower pay, and their immigration status was used as leverage.

Employees describe a toxic workplace, where

supervisors often berated and publicly humiliated employees. Many of the original Wisconsin hires have quit or been laid off.

Despite publicly insisting it was building an LCD factory, as early as 2018, Foxconn employees had been asked to figure out a business plan for the company in Wisconsin.

Foxconn's search for a viable business led it to consider everything from fish farming to exporting dairy to renting storage space. Almost every idea collapsed in corporate infighting and a reluctance to spend money.

Very little manufacturing ever occurred with the Foxconn project. Recently, the company set up a small manufacturing line for servers.

Foxconn raced to finish buildings and set up an assembly line in time for a visit from Trump during the 2020 campaign. It obtained a temporary occupancy permit for the empty factory building and tried to finish a glass sphere, which had no clear business purpose, before falling behind.

That illusion has had real costs. State and local governments spent at least \$400 million, largely on land and infrastructure Foxconn will likely never need. Residents were pushed from their homes under threat of eminent domain and dozens of houses bulldozed to clear property Foxconn doesn't know what to do with. And a recurring cycle of new recruits joined the project, eager to help it succeed, only to become trapped in a mirage.

Months after the 2018 groundbreaking, the company was racing to hire the 260 people needed to receive the first tranche of payments from the lucrative subsidy package passed by then-Gov. Scott Walker. Recruiters were told to hit the number but given little in the way of job descriptions. Soon, the office began to fill with people who had nothing to do. Many just sat in their cubicles watching Netflix and playing games on their phones. The reality of their situation became impossible to ignore. Multiple employees recall seeing people cry in the

office. “The best is when you’re in the elevator with somebody and then they just scream out of nowhere,” said an employee who experienced this several times. “They’ve had enough, because things don’t make sense here.”

“Imagine being in a job where you don’t really know if it’s real or not. Or you know it’s not real, but you don’t know it’s not real. It’s a constant thing you’re doing in your head day after day,” said one employee, who returned to the rented building Trump had spoken at, where workers had been assembling TVs, only to find the line shut down and the lights dimmed a couple of weeks after the photo op was over. “I think all of us were on the verge of a major breakdown.”

It was just the beginning. Foxconn would spend the next two years jumping from idea to idea — fish farms, exporting ice cream, storing boats — in an increasingly surreal search for some way to generate money from a doomed project. Frequent leadership changes, a reluctance to spend money, and a domineering corporate culture would create an atmosphere employees described as toxic. Many of the employees The Verge spoke with have since left the company, and all of them requested anonymity out of fear of retaliation. It has been a baffling ordeal for the people who thought they were building the Silicon Valley of the Midwest — “Wisconn Valley,” Walker called it — all the more so because so many others still believe the vision.

“All people see is the eighth wonder of the world,” said an employee. “I was there and it’s not real. I mean, it’s not. This is something I can’t talk about ever again, because people think you’re crazy, like none of this could ever happen. How could this happen in the US?”



**Foxconn CEO Terry Gou holding a FOXCONN license plate at a 2017 event in Racine, Wisconsin. Foxconn CEO Terry Gou at a 2017 event in Racine, Wisconsin.**

**Photo by Daniel Acker / Bloomberg via Getty Images**

Foxconn’s Wisconsin saga began two days after Trump’s inauguration, when the company’s founder and CEO, Terry Gou, told reporters he was considering building a \$7 billion factory in the US and employing as many as 50,000 people.

### **Cast of characters**

Who’s who in the chaotic Foxconn deal.

#### **Foxconn**

Foxconn is a global technology manufacturing company headquartered in Taiwan. It manufactures everything from the iPhone to the Xbox, and it owns a number of consumer technology brands, including Belkin and Sharp. It is organized as a collection of competitive business groups that do not always agree.

#### **Terry Gou**

The founder and former chairman of Foxconn

who made the deal with President Trump and former Wisconsin Gov. Scott Walker. Gou stepped down from Foxconn after claiming a sea goddess had appeared to him in a dream and told him to run for president of Taiwan. (He came in second in a primary election and dropped out.) He remains active with Foxconn and has toured the Wisconsin site as recently as October 2020.

#### Louis Woo

The special assistant to Terry Gou who was in charge of the Wisconsin deal until he stepped down for personal reasons. Woo has said the scrutiny of the deal was like “living in a glass fishbowl.”

#### FEWI

Flying Eagle Wisconsin, the Foxconn subsidiary run by Alan Yeung initially tasked with laying the foundation for the Wisconsin project.

#### Fii

Foxconn Industrial Internet, a Foxconn spinoff run by Jay Lee and Brand Cheng that was placed in charge of the Wisconsin deal in May 2019 after the LCD group stalled. Importantly, Fii is not part of the original contract with the state of Wisconsin.

#### Alan Yeung

The head of FEWI and one of Foxconn’s point men in Wisconsin, who famously insisted that the empty buildings Foxconn was purchasing around the state to use as “innovation centers” were not empty. (They are still empty.)

#### Jay Lee

The chairman of Fii, brought in to revitalize the Wisconsin deal in May 2019, making him the third leader to helm the project in a year.

#### Brand Cheng

The CEO of Fii, described by employees as a “tyrant” and a “bully.”

#### WEDC

Wisconsin Economic Development Corporation,

a state-run organization that administers the Foxconn deal and approves the tax subsidies if the hiring quotas are met.

#### Scott Walker

The former Republican governor of Wisconsin who famously wrote the original Foxconn contract on a single piece of stationery. That approach has not worked out.

#### Tony Evers

The current Democratic governor of Wisconsin. Evers ran against Walker in part by promising to bring accountability to the Foxconn project. His oversight has been thwarted by fierce Republican opposition.

#### Robin Vos

The Republican speaker of the Wisconsin Assembly, who represents the district the promised factory is in. A staunch defender of the deal.

#### Joel Brennan

Wisconsin secretary of the Department of Administration, appointed by Evers. The state’s main official tasked with the Foxconn deal outside of WEDC.

#### Peter Navarro

President Trump’s top trade adviser, who has been actively involved in figuring out what Foxconn should do in Wisconsin.

Such announcements are far from unusual for Gou, and often, nothing comes of them. In Vietnam in 2007, in Brazil in 2011, in Pennsylvania in 2013, and in Indonesia in 2014, Foxconn announced enormous factories that either fell far short of promises or never appeared. Just this year, the industries minister of Maharashtra, India, which aggressively pursued one of Gou’s multibillion-dollar projects in 2015, finally confirmed the factory isn’t coming, saying the state had learned a lesson about believing businesses promising big investments.

In China, where Foxconn employs the vast majority of its million workers, these sorts of announcements are called “state visit projects,” according to Willy Shih, a Harvard business school professor and former display industry consultant. Officials get a ribbon-cutting photo op, the company gets political goodwill, and everyone understands that the details of the contract are just an opening bid by a company that will ultimately do whatever makes economic sense. And in 2017, Gou, like many manufacturing companies with a dependency on China, had an obvious need for goodwill from Trump, who was threatening a trade war that Gou later told shareholders was Foxconn’s “biggest challenge.”

From a political perspective, Gou could hardly have done better than the Wisconsin deal: a factory in a swing state Trump narrowly won, where the Republican governor was campaigning for reelection on job creation, in the district of then-Speaker of the House Paul Ryan and Wisconsin State Assembly Speaker Robin Vos. From a business perspective, the project made less sense. Experts noted an impending glut in LCDs that would drive down prices, high local labor costs that would obliterate the industry’s thin margins, and a lack of key suppliers like the glass-maker Corning that would have to be paid to come to Wisconsin as well. Undeterred, the Trump administration arranged an April meeting between Gou and Walker, who proceeded to pursue Foxconn aggressively.

Even then, Foxconn was highly fluid about what exactly it was going to build. The company had originally floated two possible factories, a “generation 10.5 fabrication facility,” or “Gen 10.5 Fab,” which would manufacture large LCD screens and employ 8,800 people, or a smaller Gen 6 to make smaller LCDs and employ 5,200 people, according to a request for proposal obtained by The Verge. But Foxconn wanted \$3 billion in subsidies, according to a source involved with

the project, and Walker wanted a five-figure jobs number.

As Gou and Walker met over an early July visit to Wisconsin, the plan grew to nearly the size of both proposed factories combined, employing 13,000 people, and the state’s subsidy swelled from \$1.5 billion to \$3 billion, according to WEDC correspondence obtained in a records request. No one, according to the source, examined whether what Foxconn was proposing was commercially viable. “There was this assumption that they’re one of the biggest companies out there,” the source said. “Surely they know what they’re doing.” Those were the numbers written onto the single sheet of stationery Walker signed on July 12th to kick off the deal.



A contract with WEDC signed in November made it official: nearly \$3 billion in “refundable” tax credits, most likely to be made in the form of direct payments to Foxconn. Combined with infrastructure the state promised to build, approximately \$800 million in additional incentives mostly from the small town of Mount Pleasant, where the “Fab” was to be located, and other contributions, the package totaled more than \$4 billion. In a best-case scenario, the Legislative Fiscal Bureau found the state wouldn’t break even until 2043. Depending on how many people Foxconn hired, each job would cost taxpayers somewhere between \$200,000 and more than a million dollars. The average subsidy in the US is around \$24,000 per job.

By the time Trump, Ryan, Walker, and Gou convened for the groundbreaking ceremony in Mount Pleasant on June 28th, 2018, Foxconn



had already begun to waver. Days before, the company admitted that rather than building the Gen 10.5 Fab specified in its contract, it would instead build the smaller Gen 6, but still create 13,000 jobs. Two months later Foxconn executive Louis Woo told the local press there was another change: rather than manufacturing jobs, 90 percent of the roles would be researchers and engineers, a number that would mean Foxconn was creating a research campus in Southeastern Wisconsin three times the size of MIT. Woo said these researchers would be developing Foxconn's "AI 8K+5G ecosystem," something that, other than being a list of different technologies, has never been coherently explained.

Though Foxconn's plans appeared in flux, state and local governments continued work on the infrastructure Foxconn had said it would need. Mount Pleasant's village board voted to blight the area slated for the factory and threatened residents with eminent domain if they didn't move.

By the end of the summer, Walker found himself in a tight reelection race against state school superintendent Tony Evers, a critic of the deal. Polling showed that few people felt the project would benefit their local economy, so Walker campaigned to show that all of Wisconsin would feel the effect of the "Foxconn bonus." He was aided in this message by a string of announcements from Foxconn: a promised gift of \$100 million to the University of Wisconsin-Madison; partnerships with local companies; and the purchase of buildings in far corners of the state that would become "innovation centers," which Walker quickly featured in campaign ads. In September, Foxconn released a video rendering of its plans for Mount Pleasant: a futuristic corporate campus where employees read books as they took self-driving cars to work in glass orbs.

It wasn't enough. Walker lost.



**A bulldozer at the Foxconn site in Mount Pleasant. Foxconn routinely brags about how much dirt it has moved in Wisconsin. It has yet to produce any LCDs. Photo by Joshua Lott for The Verge**

The election results fell like "a dark cloud" over Foxconn's Milwaukee headquarters, in the words of one employee. The company had little progress to show the new administration. Rather than the 1,040 people Foxconn intended to hire by the end of 2018, per its contract with the state, or even the 260 needed in order to receive subsidies, an audit found the company had managed to hire only 113. At the Mount Pleasant campus, it had erected a single structure, a 120,000-square-foot space that sat virtually empty. Its very name, "the multi-purpose building," seemed noncommittal. As for the promised LCD factory, the "Fab," Foxconn boasted in a letter that a contractor had moved 4 million cubic yards of dirt. As 2018 came to an end, the company froze budgets and canceled planned career fairs. The project entered a complete stall.

The problem, employees soon learned, was that Foxconn's planning did not extend far beyond the broad promises made to Wisconsin officials: an enormous LCD plant, some other manufacturing, lots of jobs. There appeared to be no research into the market for products Foxconn might make or the costs of producing those products in Wisconsin. Employees know this because many of them, no matter what role they had been hired for, were told to figure out what Foxconn should do in Wisconsin themselves.

"They asked me to create a business in Wisconsin, to come up with a business model, whatever I thought would make money," said

one of several engineers who was training in Taiwan when Foxconn called him home to help figure out what to do. He came to a conclusion shared by many who joined the project: “The most common misunderstanding with Foxconn is people here thought Foxconn had a strategy and a business plan when they were coming into Wisconsin. They did not. They had no plans at all.”

This state of affairs was obscured by the fact that Foxconn did seem to be doing something. It had bought buildings, moved dirt, and hired people. But this apparent progress, as well as much of the chaos that followed, can be explained by the company’s distributed power structure. While Gou has likened good leadership to dictatorship, his empire is too vast to be governed alone. The company is composed of a fluctuating number of around a dozen “business groups,” each responsible for a range of products, according to Jenny Chan, assistant professor of sociology at the Hong Kong Polytechnic University and co-author of *Dying for an iPhone*, which examines Foxconn working conditions following a string of employee suicides in the 2010s. These business groups have a large degree of autonomy and are responsible for their own profitability, and are themselves made up of smaller units that also operate quasi-independently, even doing business and competing with other Foxconn entities.

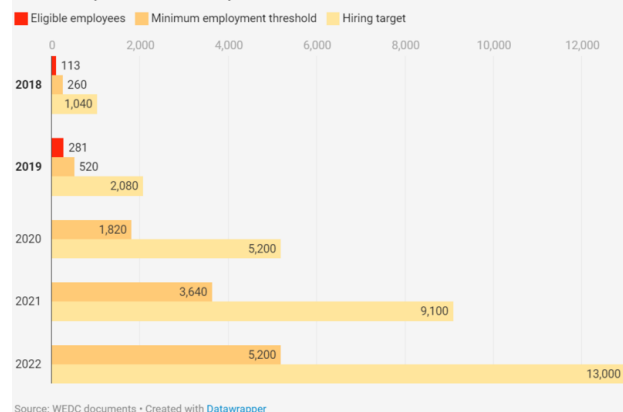
Much of what had looked like progress in Wisconsin had been done by a Foxconn subsidiary called Flying Eagle Wisconsin, or FEWI, which had been created to lay the groundwork for the business groups that were supposed to actually manufacture things. And when it came time for Foxconn’s other business groups to invest in Wisconsin, they balked.

The first half of 2019 was, in the words of one employee, a “shoving match” between Gou and Foxconn’s business leaders over committing to what employees say seemed to be viewed as a

money-losing debacle. “I was told on my first day, the only reason my business unit was there is because Terry Guo told them to go,” said an employee. Another employee was told by their supervisor that they were only in Wisconsin because the Trump administration wanted them to be, while three others recall a meeting where Woo, Gou’s special assistant, said that if it were up to him, Foxconn would immediately leave the state, but that they had to make Gou’s commitment work.

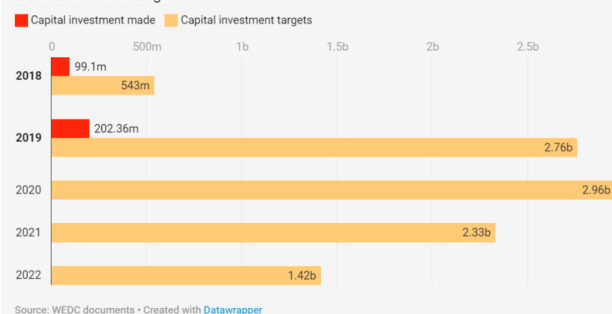
## Jobs

The tax credits, likely made in direct payments to Foxconn, were to be released when Foxconn hit certain minimum employment thresholds, which were themselves a fraction of its hiring targets. It fell drastically short in its first two years.



## Capital Investments

Foxconn had also laid out a schedule showing rapid investment in its manufacturing complex, with over \$6 billion spent by the end of 2020. As of last year, the company was on track to hit less than 10% of that goal.



At one point, people were stuck without desks at the Milwaukee headquarters because the Foxconn subsidiaries they worked for refused to pay rent to FEWI, according to one employee. Recruiters say the Foxconn subsidiary charged with LCD manufacturing was slow to hire and seemed uninterested in moving the project forward. “They were never really there,” said one recruiter. “Then it just kind of fizzled.”

Foxconn’s vacillations spilled into public view in January 2019, when Woo told Reuters, “In Wisconsin we’re not building a factory,” having finally discovered it was unprofitable to make LCDs in the US. The comment caused an uproar. State Republicans swiftly blamed Evers for driving Foxconn out; the administration expressed surprise at the change; Trump spoke with Gou, and Foxconn immediately announced that LCD production was back on. “Great news on Foxconn in Wisconsin after my conversation with Terry Gou!” Trump tweeted, claiming credit for bringing Foxconn to Wisconsin a second time.

If the factory was meant to earn Trump’s goodwill, the January incident showed that the company couldn’t simply vanish as it had elsewhere. Foxconn was stuck in Wisconsin, and it needed to find a way to cut its losses. Employees at every level of the project were enlisted in a search for something — anything — Foxconn could do to generate revenue.

Alan Yeung, Foxconn’s director of US strategic initiatives, had a head start. As chief of FEWI, he had relatively free rein before budgets were frozen and Woo took on a greater role. But Yeung, employees say, had always been more interested in various eccentric side projects than manufacturing. Chief among them were the “innovation centers.” An innovation center, Yeung explained, would “help inspire innovative ideas,” “catalyze cutting-edge solutions,” and “play a key role in building a vibrant AI 8K+5G ecosystem.”

In reality, the “innovation centers” were meant to be co-working spaces. “Alan constantly referenced WeWork and how we should be following that model, thinking it was brilliant,” said an employee. It was branded “Blaze.”

But WeWork, as WeWork itself would soon prove, is a difficult business model to make profitable, particularly with buildings that required major renovations and were located in far-flung corners of Wisconsin. Foxconn did not approve funds to remodel the buildings. Still, Yeung persisted in trying to make Blaze happen. He solicited designs and awarded bids to contractors, who then sat for months waiting for instructions. (One is still waiting to be told what to do with an HVAC unit he bought more than a year ago.) He hired a Blaze “concierge,” who, because Blaze did not exist, simply sat in the Milwaukee headquarters with nothing to do. The buildings remained empty, save for their original tenants — banks, an architecture firm, other small businesses — which made them, ironically, one of the only profitable ventures Foxconn had in the state.



### **Foxconn in Mount Pleasant: Aerial photography by Curtis Waltz**





**Multipurpose building:** A 120,000-square-foot building constructed in late 2018. It initially sat empty but has since been the main site of what little manufacturing has happened in Wisconsin.



**The Globe:** Initially meant to be a network operation center for a complex of data centers spelling out “Fii” from the air that was never built. The most recent plan is for the sphere to be an office and event space.

meant to be an enormous Gen 10.5 LCD factory, then scaled down to a far smaller Gen 6, and now an empty shell of a building. In September, Foxconn received a permit to use it for storage.



**Smart manufacturing center:** A 260,000-square-foot facility built by Fii, which says it will use it to manufacture server parts and employ 300 to 500 people.



**The Fab:** The centerpiece of the project. What was first

With Blaze stalled, employees began convening to discuss literally any other idea to make money. They searched for things in Wisconsin they could export to China: cosmetics, designer handbags, ice cream, carp. Yeung asked them to draw up a plan for building an aquaponic fish farm in Mount Pleasant, having been inspired by a company in northern Wisconsin and reasoning that Foxconn had access to cheap water the state provided for LCD manufacturing. They briefly explored doing something with esports, maybe sponsoring a gaming team that could use the empty innovation centers, according to one source. A



plan to export dairy to China got as far as a meeting with the Wisconsin Department of Agriculture before collapsing. The department confirmed it met with Foxconn representatives about the plan in the spring of 2019 but said Foxconn paused “to conduct more research” and no additional discussions have taken place.

Yeung referred a request for comment to a Foxconn media representative, who did not respond.

Yeung’s other major FEWI initiative was something called “smart cities,” and for a time, it seemed to be getting traction. Yeung had found an eager audience for his smart city pitch in Cory Mason, the Democratic mayor of Racine, a deindustrialized city with high unemployment near Foxconn’s Mount Pleasant campus. At an October 2018 announcement of a smart city-focused “innovation center” in Racine, Mason had invoked the city’s history as a manufacturing powerhouse and predicted a return of past glory. “I think people are going to be very surprised and impressed with what we have ahead of us,” he said.

In meetings at Racine’s City Hall, Foxconn representatives and city officials started developing a plan, elements of which Racine submitted to a competition called the Smart Cities Readiness Challenge in 2019: camera-festooned autonomous vehicles would patrol high-crime areas, the city said in its proposal, guided by 5G cells mounted on lamp posts. Self-driving vehicles — retrofitted golf carts at first, then shuttles as soon as 2020 — would ferry Racine’s workers to Foxconn’s campus. Foxconn, the city noted in the submission, was a “particularly important stakeholder” and would help provide financing and technology.

In March 2019, Mason and Foxconn’s Woo released a memorandum of understanding to make the vision a reality, and the next month, Racine won the competition, the smallest city ever to do so.

But when city officials started asking basic questions about the sort of infrastructure they needed to build in order to accommodate Foxconn’s technology, Foxconn employees found they were unable to get clear answers from the company. “They were losing confidence, and then we parade in more new shiny ponies, and more people who couldn’t answer what should have been easy questions,” an employee said.

“The whole thing was a facade,” said another employee. “It was an idea that Alan baked up and tried to commit the business to. The business eventually said no, it doesn’t make sense, it costs too much money. Poor Racine was left scratching their head and saying, ‘What just happened?’”

Shannon Powell, Mason’s communications director, said Woo later told officials that Foxconn had to focus on its manufacturing project in Mount Pleasant and that the Smart City project was being put on indefinite hold. The city appears to have moved on: last September, Racine announced a new Smart City initiative — with US Cellular.

Foxconn only ever got as far as buying the golf carts. They arrived from China disassembled, in orange, pink, and other festive colors. One employee described them as “the biggest pieces of shit,” like something “bought off Wish.com.” Unable to make them autonomous, Foxconn put them in storage in the multipurpose building. At one point, the company discussed outfitting them with lights and turning them into security vehicles, but the subsidiary in charge of security refused to pay FEWI for the carts, according to one employee. As the divisions bickered, bored employees would come down from the Milwaukee headquarters to race the carts around the empty building, until the batteries finally died.

AS FOXCONN WAS secretly careening from idea to idea, Wisconsin Republicans ferociously insisted that the project was on track and did

their best to derail any attempted oversight from the Evers administration. In April 2019, Vos swiftly attacked Evers after the governor mentioned that the contract with Foxconn would have to be revised, given that the company admitted it had changed plans from a Gen 10.5 factory to a Gen 6, with a likely reduced number of employees. “It is beyond my level of understanding to think that a governor of Wisconsin is basically rooting for the failure of the largest economic development in our state’s history,” Vos said, adding that he had met with Foxconn more times than he could count, and that “their goal has never wavered from creating 13,000 jobs.” Foxconn’s Yeung tweeted that Evers’ statement about the contract revision was “probably fake news,” adding a laugh-crying emoji.

It turned out that revising the contract had been Foxconn’s idea. Woo had proposed it to Evers the month before. Not that it mattered, because actually revising the contract would have required Foxconn to disclose its revised plans, and possibly because it had none, it refused to do so. Evers, whose control of WEDC had been limited by the Republican assembly during Walker’s lame duck period, appeared unable to penetrate the fog. Documents show an Evers administration official emailing Foxconn representatives repeatedly in June and July 2019, saying that employees in Wisconsin don’t seem to know when the factory will be finished, what it will make, or how many people will work there.

But a growing number of people who had tried to work with the company were starting to notice something wasn’t right.

By spring 2019, business owners who had tried to become Foxconn suppliers realized they had been ghosted. The year before, WEDC had held a series of events to connect Foxconn with local suppliers. One attendee The Verge spoke with entered his business into the supply chain system and never heard back; another had the

company go dark after several meetings; a third says he filled out an extensive survey only for a consultant to request approximately \$10,000 to have his business vetted for Foxconn’s mysterious project. (He declined.) One explanation for this is simple: Foxconn, not knowing what it was going to make, hadn’t known what suppliers it needed. “We’d take their name, and we’d never call them again,” acknowledged a Foxconn employee.

Wisconsinites who attended the company’s enormous hiring events fared little better. Especially during the late 2018 hiring spree, these events could have what employees describe as a “speed-dating”-like atmosphere, with applicants offered jobs on the spot and given 24 hours to accept. The problem was that the Wisconsin project never had a conventional budget: everything from printing business cards to hiring people had to be sent back to Taiwan for approval, a process that could last months and which often ended in a denial. (Precisely who had power to approve budgets was a mysterious and always shifting matter for the Wisconsin employees; for a time, they say expenses required the approval of a figure referred to exclusively as “Money Mama.”) This put recruiters in the position of hiring for jobs they thought were real, only to delay start dates and sometimes rescind offers entirely. “They destroyed a lot of lives with false hope and promise for something that never happened,” said an employee.

“It was such a charade, looking back on the whole thing,” said Chris, who attended a career fair in Mount Pleasant in late 2018 and asked that only his first name be used. Foxconn had heavily advertised its recruiting of military veterans like himself, and he was excited “as a lifelong cheesehead” about the prospect of Wisconsin becoming a tech hub. So he was thrilled when, after an interview with Yeung, he was handed a letter, viewed by The Verge, declaring the company’s intent to hire him in two weeks. He left his current job — he had

been planning to anyway — and waited. Two weeks came and went. He followed up and was told Foxconn was just trying to find the perfect role for him. Then he was told he would be placed on a different team, but the team leaders were in China and would be back in two weeks. Then he was told to come to Milwaukee to meet them. Then Foxconn canceled. Eventually, he found another job.

“I just realized there was no there there,” Chris said. “Now whenever I see them in the news, I laugh and flip the channel, because I just don’t believe any of it. I just wonder, at the end of the day, what was their endgame? What did Foxconn get out of it? Why the elaborate statewide charade?”

Many Wisconsin institutions had reason to ask that question. Earlier partnerships announced with local companies like Rockwell Automation had been followed by total silence. (Employees say they quickly fizzled; Rockwell did not return a request for comment.) Of the \$100 million gift Gou promised the University of Wisconsin-Madison, the school confirmed that only \$700,000 ever arrived.

Meanwhile, employees dispatched in search of business ideas had worked out deals and partnerships with local companies only to have Foxconn leadership not move forward. Eventually, they started running into bridges that prior Foxconn delegations had already burned. “Every place we tried to go, somebody from Foxconn had already been there and they’d already pissed them off,” said an employee.

Foxconn, according to two employees, turned to one of the few remaining friendly prospects: the Trump administration. Woo flew to DC to meet with Trump trade adviser Peter Navarro, who suggested Foxconn become a vendor to the US General Services Administration (GSA), the agency that procures products for the federal government, according to an employee with knowledge of the visit. Foxconn named the

initiative Project Red, White, and Blue.

Navarro did not respond to a request for comment, but on July 12th, 2019, he told CNBC that Foxconn representatives had visited his office and that “the White House is actively engaged” with the company and helping it overcome any obstacles it might face. (He also disputed the suggestion that the project had been scaled down and said Evers was “not a friend of ours, and he’s not a friend of the project.”)

The solution had a neat circularity to it — a government-subsidized project meant to earn government goodwill finding salvation in selling back to the government — but like almost everything Foxconn tried, it ended in failure. Employees searched for products Foxconn already made that were eligible for the GSA, but everything was either unprofitable or already being sold by major Foxconn customers like Dell and Cisco, according to a source with knowledge of the project, which would mean Foxconn would risk undermining actually profitable business relationships to salvage the Wisconsin project.

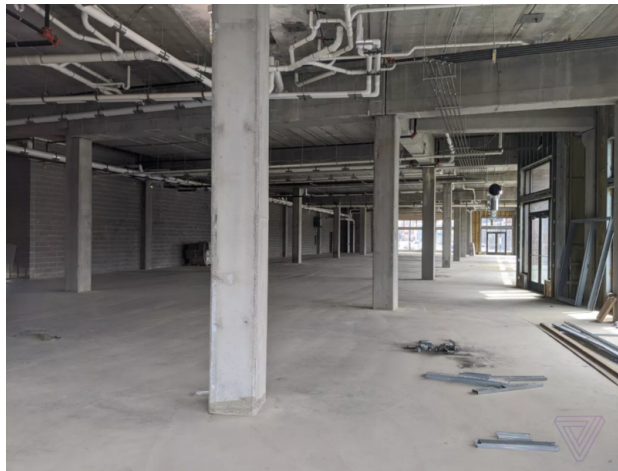
Increasingly desperate, Foxconn cast about for companies willing to move into the industrial park. Employees looked for local manufacturers that might rent space in the “Fab,” restaurants and cafes that might want to use its real estate, even companies that wanted to use its abundant land to store construction equipment, snowmobiles, or boats.

Every plan seemed to stall or get vetoed by Foxconn leadership. “All we did was create slide decks to get beat up by executives,” said an employee. “It was extremely frustrating,” said another. “I left a very good job to come there.”

In May, Gou returned to Wisconsin. Meeting with Evers on his way back from another visit to the White House, the founder, now running for president of Taiwan, said Foxconn’s plans

had “never changed” and that LCD production would begin in May 2020. Evers appeared to backtrack on his previous criticism, saying he didn’t doubt Foxconn’s word.

But employees saw that yet another pivot was afoot. They were told to gather in Mount Pleasant, and Gou introduced a new face: Jay Lee, a University of Cincinnati professor and vice chairman of Foxconn Industrial Internet (Fii), a Foxconn company that makes networking equipment. The third leader in less than a year had been dispatched to Wisconsin.



**The empty Foxconn “innovation center” in Eau Claire, Wisconsin, on April 10th, 2020. Photo by Matt Jewell**

Employees greeted Fii’s arrival with cautious optimism. Fii was ascendant in the Foxconn empire, having spun off from the main company and gone public in China in 2018, and its focus on automation made it less subject to the higher labor cost of operating in the US. Most importantly, Fii had money: it finally authorized funds to repair the Milwaukee office’s temperamental elevators. In September, Fii announced the first manufacturing deal of the Foxconn project, a temporary contract to make

coffee vending machines for a company called Briggo.

But Fii also brought a cultural shift to Foxconn in Wisconsin. Employees say that while Fii’s Jay Lee was preoccupied with starting a vague “AI Institute” and giving talks on automation, the real power lay with Fii CEO Brand Cheng. In interviews, employees referred to Cheng as “the tyrant,” “the bully,” and “mini-Terry,” for a managerial style he took from Gou, who himself cites Genghis Khan as a personal hero and whose book of quotations, which workers at Foxconn’s Chinese factories sometimes have to transcribe as punishment, includes aphorisms like “growth, thy name is suffering.”

“My god, the incessant screaming, it was like a Saturday Night Live skit,” recalled one employee. Two employees witnessed and others heard about an incident in which Cheng, leaving a meeting, saw the elevator open and began berating an employee for having failed to replace its carpeting, which Cheng found ugly. The employee, an early hire and a veteran, protested that he had only been using the byzantine expense approval process Cheng himself had demanded they follow; this process, employees say, seemed designed to not pay bills, and meant the nominal purchase of new carpet squares had to be sent overseas for approval.

“Brand just blew up, and said, ‘This is ridiculous, I could do it myself in a couple of hours, you don’t know what you’re doing, why are you here?’” one employee recalled. “Here’s a Navy officer being publicly embarrassed like that, and everybody felt horrible for him. And the next thing is ‘oh, shit, when’s it going to happen to me?’”

The employee quit shortly afterward, they said. (He did not respond to inquiries.) Afterward, others went out and bought the carpet themselves. “It was done just so Brand would stop screaming,” said an employee. “People were using a lot of their own money just to



avoid bad situations.”

“I thought that was mild,” another employee said of the elevator incident. What stood out to him and another employee was a meeting in which Cheng, yelling at a co-worker, made his hand into the shape of a gun. “He said, ‘If you don’t get your job done, I’ll get somebody who can, it’ll be just like this,’” the employee recalled. “He put it right to the guy’s temple and pulled the trigger.”

But everyone knew Cheng was hesitant to actually fire anyone because Foxconn still had to hit the subsidy threshold, so all there was to do was scream. Even Yeung came in for it, employees said, with Cheng making belittling comments about his bad business sense. The Wisconsin employees, accustomed to the more polite environments of Midwestern offices, were appalled by these outbursts. They learned to sit along the walls in meetings, far from Cheng; when Cheng was overseas, they jockeyed for seats out of the webcam’s frame. Someone from HR tailed Cheng around the office in an apparent attempt to intervene before disaster, one employee said. The new management seemed increasingly open in its disdain for the local workforce. “Why are Americans paid so much and do so little? I can’t tell you how many times we heard that,” said one employee. “It was certainly a toxic work environment,” said another. “There’s no reason you can’t be nice and respectful.”

Neither Cheng nor Lee returned requests for comment.

Perhaps sensing all was not well, Lee ordered everyone to watch the documentary *American Factory*, about a Chinese automotive glass company that buys a shuttered GM plant in Dayton, Ohio. But employees watched the film — in which hopes for a manufacturing resurgence in the Midwest founder amid culture clashes and differing labor standards, Chinese supervisors explain that Americans are lazy and need to be flattered (“Donkeys like

being touched in the direction their hair grows”), and in which American management is eventually fired and replaced with Chinese leadership — with the dawning horror of recognition.

“We were like, ‘Oh my god.’ That’s exactly what’s occurring at Foxconn,” said an employee. “This is not a good thing. This is bad! But he couldn’t tell.”

It wasn’t long before Fii encountered the same lack of direction and reluctance to invest that had beset the earlier iterations of the Foxconn project. In September, Fii submitted plans for two buildings: a 261,000-square-foot manufacturing center and a nine-story glass sphere the company said would be a network operations center for an adjacent server farm, only to withdraw the sphere plans later the same day.

The original plan had been grandiose: the sphere was to be the dot in the “i” of a complex of data centers spelling out “Fii” when viewed from the air. But according to three employees, Foxconn balked at the cost. An employee with knowledge of the project said that Foxconn finally moved forward with the sphere — and only the sphere — when the architect told the company it had to put a deposit down for the steel if construction was going to finish in time for a long-promised visit from Trump.

But the building without the data centers was just a glass orb in a field — at best, “really, really, really expensive office space,” in the words of one employee. Adding to Fii’s troubles, FEWI, also trying to cut its losses, had “tricked” Fii into buying more land than was needed for the sphere, according to a second employee. A Foxconn executive briefly entertained an elegant solution, according to two employees: starting a Foxconn tree farm, so the company could get free trees for the terrarium-like interior of the sphere that Gou wanted, and sell the excess trees for profit.

“It’s endless,” said an employee, noting with frantic exasperation that the sorts of tropical trees Foxconn wanted can’t even grow in Wisconsin’s climate. “When you’re desperate and you have no product to sell and the only asset you have is land, what can you do? You build on it or you grow crops on it.”

Hopes that Fii would right the ship were fading. There were the same shifting plans, the same reluctance to spend money. Fii itself was partly running on IT equipment an employee brought in from home, according to an employee, and the Mount Pleasant facilities had its internet temporarily shut off over unpaid bills, according to two others.

It was the same as it always was, but now with more yelling.



**President Donald Trump and Foxconn Chairman Terry Gou in one of Foxconn’s Wisconsin buildings in 2018. Photo by Brendan Smialowski / AFP**

There were always two hard deadlines under Fii: the Trump visit and the cutoff for hiring enough people to get subsidies. The Trump visit was codenamed the “505 project” because it was originally scheduled for May 5th, 2020,

before Foxconn’s delays and then COVID-19 turned it into the “909 project,” then postponed it indefinitely.

“There was supposed to be a big announcement and a ribbon cutting that would coincide with Trump coming to town, which would also coincide with his campaign trail,” said an employee. “The joke there was, what’s he going to be cutting the ribbon to?” There was talk of reviving the still-not-self-driving Smart City golf carts. Employees joked about having someone stationed behind a curtain, steering the president around via remote control.

Some employees hoped that a visit from the president would give Foxconn the impetus it needed to finally figure out a business and begin manufacturing. But as the date approached, the event became more of a trade show. With the “Fab” empty, and certainly not making LCDs, the plan became to use the smaller multipurpose building for the event.

A demonstration manufacturing line making circuit boards was to be set up, along with kiosks from tech companies that, while not currently buying products from Foxconn’s Wisconsin operation, theoretically might have done so in the future. In lieu of the data center Foxconn had scrapped, a shipping container-sized modular data center was to be brought in to sit beside the hastily constructed sphere, an odd disco ball-like rendition of the sleek domes built elsewhere by Amazon and Apple. It would be even less real than the groundbreaking Trump presided over more than two years before — as one employee pointed out, at least they sold some of the TVs made on the assembly line set up for that event.

“We were going to have a fake data center there, and all these brands that we don’t have relationships with, and we were going to plead that we were doing business with them,” said another employee involved in the planning. “Oh my god, that was distasteful.”

But it was the other goal, the subsidy hiring quota, that would come to consume Fii and ultimately crush what few remaining hopes Wisconsin employees had for the project.

As Vos and other fierce defenders of the Foxconn deal often point out, the state's contract is performance-based. The company only gets paid subsidies from the state if it employs a certain number of people each year. But this mechanism also creates a perverse incentive: because employees are only counted at the end of the year and their pay is annualized to see if it meets the minimum yearly salary, Foxconn could hire people in the final weeks of the year, get tens of millions in subsidies, and be free to lay them off once the quota filing deadline passed. (In an interview with *The Verge*, current Wisconsin Department of Administration Secretary Joel Brennan called this "one of the real weaknesses of the contract" and indicated it was something the state would like to revise.) Meeting the hiring quotas was Foxconn's best chance at recouping some of the losses incurred after two years spent flailing around Wisconsin and erecting empty buildings. It had failed in 2018; it couldn't afford to do so again.

Foxconn could hire people in the final weeks of the year, get tens of millions in subsidies, and be free to lay them off once the filing deadline passed.

By October 2019, the company was falling behind, and Cheng instituted a daily morning meeting. "Brand came in, and started screaming at the table and saying, your group, you're going to hire this many, so and so is going to hire this many, even if they didn't need them," said an employee. "It was purely nothing more than bringing people onboard to hit a number."

Foxconn devised two programs to meet the quota. The first, called Earn and Learn, was marketed as a way for students at nearby colleges to work at Foxconn as they finished

their degrees. There was no work for them to do, but provided they badged into Foxconn buildings they would count toward the company's employment quota. "Everyone was watching YouTube or doing homework," said an employee.

The other initiative, called Foxconn Future Leaders, targeted recent college graduates, preferably foreign students in the US on visas, according to multiple employees. "He pointed out several times that they were cheaper than US college graduates and they'll work harder," an employee recalled Cheng saying. There was a sense among employees familiar with the program that the need for an employer to sponsor their visa meant the recruits would be willing to relocate and work for less money. "These kids, they're just looking to stay in the country," said an employee.

Foxconn contracted with a recruiting service that found the students. A makeshift call center was set up, with employees hiring after cursory conversations, according to an employee who witnessed the operation.

An employee who went through the program received a message from the recruiting firm on LinkedIn. He already had a good offer in his home city on the East Coast, but in his brief phone interview, a Foxconn representative told him the company would sponsor his H1B application. He decided to take it and packed to move to Wisconsin.

When he arrived, he experienced the familiar Foxconn shock: there was no work to do. More alarming, managers said if he did not find a place in a business group in six months, he'd be let go. (The offer letter, viewed by *The Verge*, makes no mention of this, but other employees likened survival at Foxconn to a game of musical chairs in which they had to politick their way into whichever business group seemed to currently have money.) "This ruined my career," said the employee, who eventually found a new job in his home city and fled.

While the American employees were ridiculed for being lazy, the Future Leaders, many of whom were from China and India, were pushed to work overtime, sometimes without pay, according to employees. Two employees recalled an incident in which a manager at the multipurpose building, in which Foxconn was setting up a small circuit board manufacturing line, used a worker's immigration status as leverage in demanding overtime work, an event also corroborated by screenshots of employee correspondence. "He was yelling, 'You're an H1B, I'm an EB2, if you don't work hard enough, if you don't work overtime, I can get you back to Mainland China anytime,'" said an employee familiar with the incident.

An employee involved with recruiting estimates that by mid-October, 90 percent of the offers he dealt with were for visa holders who would need sponsorship. Department of Labor data shows Foxconn's Wisconsin operation filed 82 precursor applications for H1B visas in the final months of 2019 and the first half of 2020.

By December, Foxconn had hired so many students and graduates it had to put them in the multipurpose building and a nearby rented space, where they sat at folding card tables watching cooking videos and doing schoolwork. In the Milwaukee headquarters, cubicles were torn out and replaced with long tables where people sat shoulder to shoulder. "You needed a plunger to force people in the building, it was so packed with people," said an employee.

The program, from Foxconn's perspective, was a success. In December, Gou returned to Wisconsin following yet another visit to the White House, where he said Trump told him to "bring more jobs to Wisconsin." Lee claimed they had already done so, boasting that by the end of the year, Foxconn would have "well beyond" the 520 employees they need to receive subsidies.

According to the company's subsidy application, it employed 580 people at the end

of 2019. Sixty percent were hired in the final two months.

The layoffs began with the new year. Starting in January, when the promised LCD factory was originally scheduled to open, Foxconn instead began letting employees go in batches.

"It was a pump and dump," said an employee. Many of the Wisconsin residents were laid off, as were many of the local college students. Some of Foxconn's first hires had already left, including Tank Murdoch, who held a golden shovel alongside Trump at the groundbreaking ceremony, and Peter Buck, who often served as the public face of the project and employees say quit in frustration. (Neither returned requests for comment.) An employee involved with recruiting estimated in June that Foxconn's ranks had fallen by approximately half from its end-of-year peak, with foreign employees making up a large share of those who remained. "Mandarin is spoken more than English on my floor now," the employee said.

Gou returned in February, and there were rumors a White House representative would attend. The ranks of local workers from Wisconsin had diminished to the point where, according to two employees, Asian employees were told to stay out of an employee photo with Gou "to show diversity in the company."





**Foxconn employees pose for a group photo. Asian employees in Wisconsin were told to stay out of this staff photo with Foxconn chairman Terry Gou in order “to show diversity in the company” after many local workers were laid off.**

In many ways, the Foxconn debacle in Wisconsin is the physical manifestation of the alternate reality that has defined the Trump administration. Trump promised to bring back manufacturing, found a billionaire eager to play along, and now for three years the people of Wisconsin have been told to expect an LCD factory that plainly is not there. Into the gap between appearance and reality fell people’s jobs, homes, and livelihoods.

The buildings Foxconn has erected are largely empty. The sphere has no clear purpose. The innovation centers are still vacant. The heart of the project, the million-square-foot “Fab,” is just a shell. In what an employee says was a final cost-cutting measure, only the portion that was to host the Trump visit was ever finished. Recent documents show the “Fab,” once intended for use as manufacturing, has been reclassified as a massive storage facility.

WEDC, as part of its audit of the company’s 2019 subsidy application, had Foxconn survey its employees about what they were working on. Not a single respondent mentioned LCDs because no one is working on LCDs, and they never were.

The project has fallen orders of magnitude short of its hiring and investment targets. WEDC found Foxconn had only 281 eligible employees at the end of 2019, 13 percent of what it had originally aimed for. (Many of the employees Foxconn tried to claim were paid too little or hired too late in the year to get a paycheck in 2019.) After this year’s layoffs, it is nowhere near meeting its 2020 target of 5,200

employees. Foxconn itself acknowledged, in its subsidy submission, that it has so far invested 2.8 percent of the \$10 billion it promised. It has built less than 2 percent of the 20 million square feet of manufacturing space it originally planned.

The state is at an impasse. It can deny further subsidies, as it did last week, but taxpayer money has already been spent. The Village of Mount Pleasant took on hundreds of millions in debt that was supposed to be repaid by property taxes on Foxconn’s fantastic campus. It will now have to hope Foxconn honors its contractual obligation to make up the shortfall. (In a joint statement following the state’s subsidy rejection, Mount Pleasant and Racine officials said they were “disappointed in the State’s decision to not support the creation of the Gen 6 facility,” that they observe “significant construction activity” in the Village, and that Foxconn “continues to fulfill its financial obligations under the local contract.”)

“The state has upheld our part of the contract,” said DOA’s Joel Brennan. “Unfortunately, Foxconn hasn’t been able to do that on their side.” Brennan and WEDC officials continue to say they’re open to revising the contract to reflect whatever it is that Foxconn is now doing. Employees say that the company is now making servers, and Foxconn has announced it is making ventilators, though no employees or state officials could say whether any have been produced. Yet, Foxconn has so far refused to amend the contract. The company continues to insist, against all evidence, that an LCD factory is on its way.

This steadfast rejection of reality is where the Foxconn debacle stands apart from other development projects that fall short of their hype. The company’s desperate quest to maintain appearances caused it to fail repeatedly and in ways more destructive than mere ordinary failure would have been: local

businesses were strung along, civil servants spent years figuring out what the company is doing, residents were removed from land the company didn't need, and again and again recruits were lured in by the vision of a grand manufacturing renaissance in Wisconsin.

That vision got Gou regular access to the White House during a trade war and gave Trump a groundbreaking and almost a ribbon-cutting, too. But maintaining the mirage required a culture of secrecy. Employees were warned not to talk to the press (including, specifically, me). Many were afraid to speak — afraid of getting fired, or of retribution even after they'd left. Publicly, the company issued announcement after announcement — innovation centers, career fairs, smart cities, AI 8K+5G, the AI Institute — each one erasing the memory of the last missed deadline. (One employee quipped that one of the few things Foxconn succeeded in making in Wisconsin was press releases.) The illusion was defended by GOP officials at all levels of government, from Mount Pleasant to the State Assembly to the White House, who accused anyone pointing out that the project was off track of trying to scuttle it for partisan ends, as if the existence of the factory were open to debate and positive thinking might make it real.

But in actual reality, the project has succeeded in manufacturing mostly this: an endless supply of wonderful things for the President to promise his supporters. This past weekend, in an interview with a local Wisconsin TV station, Trump insisted Foxconn had built “one of the most incredible plants I've ever seen” in Mount Pleasant and would keep its promises and more if he was reelected. “They will do what I tell them to do,” he said. “If we win the election, Foxconn is going to come into our country with money like no other company has come into our country.”

No one wanted to believe promises like this more than the people who went to work for Foxconn in Wisconsin. They each came to regret different things: the wasted time, the jobs they'd left, the integrity lost making deals and offering jobs only to have the company change course. But one common theme was frustration that it hadn't turned out to be real and that long after they'd learned the truth, they saw the facade still standing. “There are a lot of good people who fell for this,” said one employee, shortly before departing a job at Foxconn. “Who wanted to see it succeed.”

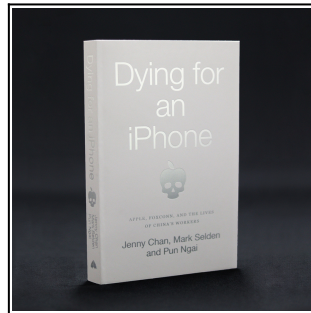
“We got screwed,” another former employee said. “The state got screwed.”

**Josh Dzieza** is an investigations editor and feature writer at *The Verge*. His report is reprinted from the [The Verge, 19 October 2020](#).

**Jenny Chan** is an assistant professor of sociology at The Hong Kong Polytechnic University and a vice president of the International Sociological Association's Research Committee on Labour Movements. She also serves as a management committee member of the university's China Research and Development Network. She is a contributing editor of *The Asia-Pacific Journal*.

**Mark Selden** is a Senior Research Associate in the East Asia Program, Cornell University and at the Weatherhead Institute, Columbia University. He is the editor of *The Asia-Pacific Journal: Japan Focus*. His home page is [markselden.info](http://markselden.info)

**Jenny Chan** and **Mark Selden** are co-authors, with **Pun Ngai**, of ***Dying for an iPhone: Apple, Foxconn, and the Lives of China's Workers*** (Haymarket Books and Pluto Press, 2020).



## Notes

<sup>1</sup> In 2018, Foxconn's exports reached unprecedented heights at US\$166.2 billion. See Foxconn, 2020, "[Foxconn Technology Group Annual Exports, 1996-2019](#)" (in Chinese). Also, Foxconn, 2020, "[Key Milestones](#)".

<sup>2</sup> Foxconn, 2020, "[2019 Corporate Social Responsibility Report](#)," p. 14.

<sup>3</sup> Guangzhou International (The People's Government of Guangzhou Municipality), 2017, "[Foxconn's Project with Investment of RMB50 Billion Registered and Launched in Guangzhou](#)," 24 February.

<sup>4</sup> He Huifeng, 2017, "[Why America May Prove a Cheaper Option than China for Foxconn](#)," *South China Morning Post*, 28 July.

<sup>5</sup> DSCC (Display Supply Chain Consultants), 2020, "[Responses to Questions Posed about the Foxconn Project in Wisconsin](#)," submitted to the Wisconsin Department of Administration, 19 February, p. 5.

<sup>6</sup> DSCC, p. 2.

<sup>7</sup> Foxconn's European headquarters, since 2002, have been based at the Czech Republic. In 2018, Foxconn Czech Republic ranked 2<sup>nd</sup> in the top 100 companies in the country. See Foxconn's "Key Milestones;" and, Archyde, 2020, "[Ranking of the Largest Companies in the Czech Republic](#)," 15 August.

<sup>8</sup> A 2012-2013 study found that Foxconn's workforce was far smaller in Europe than its counterparts in China. The two factories in the Czech Republic employed 5,000-6,000 workers in Pardubice and 2,000-3,000 people in Kutna Hora, while the Corlu factory in Turkey had only 300-400 workers. See Devi Sacchetto and Rutvica Andrijasevic, 2015, "Beyond China: Foxconn's Assembly Plants in Europe," translated by Gill Parrott, *South Atlantic Quarterly* 114(1), p. 216.

<sup>9</sup> DSCC, p. 3.

<sup>10</sup> Division of Executive Budget and Finance, 2020, "[Correspondence/Memorandum—Joel Brennan, Secretary, Department of Administration, State of Wisconsin](#)," 7 October, p. 2.