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To the victor go the spoils in Memphis

By [TNWatchdog Staff](#) / February 4, 2011 / News / [No Comments](#)



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By CHRISTOPHER BUTLER

Big business is coming to Shelby County, courtesy of the taxpayers — but it is not just a matter for the locals to worry over.

Every Tennessee taxpayer has a personal stake in the matter.

The state of Tennessee has committed almost \$100 million of taxpayer money to entice Electrolux, a large corporation that specializes in home appliances, to establish a factory in Memphis.

To sweeten the pot, Shelby County and the Memphis City Council have voted to offer the company an additional \$40 million in taxpayer funds (\$20 million from each of the two entities).

State, city and county leaders expect the new facility will bring 1,000 to 2,000 new jobs to the Memphis area, where work is desperately needed. Some Shelby County commissioners are on record as saying they have mixed feelings about government subsidizing big business, but they also said they had no other choice but to go along with the idea.

If they had not, the Electrolux company would have looked elsewhere for a place to establish their new factory, they said.

Furthermore, commissioners said the idea of government subsidizing private business is becoming more and more acceptable — because other states and counties are doing the exact same thing.

‘THIS IS A WELFARE CHECK’

Shelby County commissioners are on record as saying that the concept of corporate welfare is something they would prefer to avoid.

Those same commissioners, however, are going to require county taxpayers to foot a \$20 million bill to bring an Electrolux factory to Memphis.

At a recent commission meeting, some commissioners pondered aloud whether it is right for the government to subsidize private industry — yet they still voted in favor of the proposal, which passed with all but one commissioner supporting it.

Commissioner Steven Mulroy said the following before he cast his vote in support of the proposal:

“These larger philosophical questions (about government subsidizing private industry) are not the concern of the Shelby County Commission. We are not supposed to be debating them. This is a no-brainer. We should just approve this (proposal) — and hope for the best.”

One county commissioner felt comfortable risking taxpayer money, as long as his constituents were not the sole investors — or the largest ones.

“The state of Tennessee has the most skin in this game, not the city of Memphis and not Shelby County. If it was all our money, then I wouldn’t go along with this,” said Commissioner Mike Ritz.

At that same commission meeting, which happened late last month, Commissioner Walter Bailey stated he is always suspicious of representatives from large corporations who approach government and ask for handouts.

“If we weren’t offering this package, then it’s likely you would pack your bags and move on up the road,” Bailey told Electrolux Vice President Tom Vining.

At that point, Mark Herbison, senior vice president for the Memphis Regional Chamber of Commerce, stepped in and told commissioners that companies such as Boeing and Volkswagen came to Tennessee via government subsidies.

“Actually, local support in investment is what we like to call it,” Herbison said.

“If you don’t have that kind of investment from local and state government then you don’t get to sit at the table. This (Electrolux) is a company being courted by states all over the country. This is a competitive type of incentive that communities all across the nation are putting on the table.”

Other commissioners strongly supported the plan, especially Mulroy.

“It has become expected that in order for a big business to come in that a community has to pony up. I don’t think that an unfettered free market is some sort of moral or ethical principal without exception. It seems to me that it’s all a matter of efficiency.”

Commissioner Henri E. Brooks, who voted in favor of the idea, used a term other than “subsidy” or “local support in investment” to describe the proposal.

“This is a welfare check — that’s what it is,” Brooks said.

Commissioner Wyatt Bunker was the only commissioner to vote no.

“Government can’t give you anything it doesn’t first take from someone else,” Bunker said at the meeting.

“When we subsidize things like this (then) we make it difficult for small businesses to create jobs or expand their existing businesses in communities surrounding us. If we vote on our principles then we lose state and federal money. We are either voting on principles or bringing jobs in our community. It’s awkward. Is there a price tag on my principles? I don’t know how I can vote for this and maintain the principles of the free market.”

Wyatt made many of the same remarks in an interview with *Tennessee Watchdog*.

“This is not a Republican or a Democrat problem (of government subsidizing business). It is a problem that crosses party lines — and it’s pretty sickening.”

Tennessee Watchdog was unsuccessful in attempts to contact other commissioners.

Caryn Klebba, a spokeswoman for Electrolux, said the company plans to open their new factory in Memphis sometime in 2012.

According to its 2010 Interim Report, Electrolux reported record profits last year.

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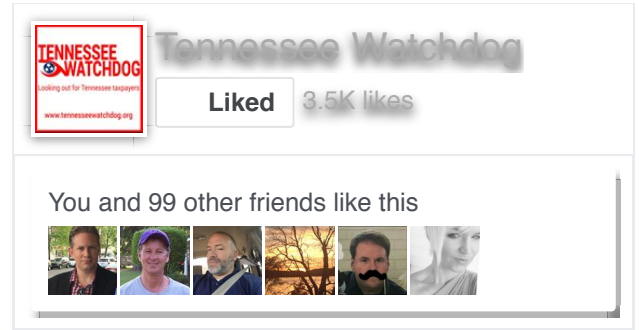
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