



BERRETT-KOEHLER PUBLISHERS

A BK CURRENTS BOOK

235 Montgomery Street, Suite 650

San Francisco, CA 94104-2916

Fax 415.362.2512

www.bkconnection.com

Ken Lupoff, Senior Publicity Manager

Phone: 415.743.6469 Email: klupoff@bkpub.com

Tiffany Lee, Publicity Associate

Phone: 415.743.6477 Email: tlee@bkpub.com

For Immediate Release

The Great American Jobs Scam
Corporate Tax Dodging and the Myth of Job Creation

by Greg LeRoy

with a Foreword by William Greider

**New Book Reveals False Job-Creation Promises of
Many of America's Largest Companies**

"LeRoy offers a parade of damning case studies showing why communities should not woo corporations with subsidies."

—Publishers Weekly

It's an all-too-familiar story: a large company is in the news, promising to move in or expand operations and create good paying jobs, or threatening to leave and lay off workers. In each case, the price demanded is huge tax breaks and other subsidies from state and local governments.

In a blistering new exposé about corporate tax chicanery, *The Great American Jobs Scam: Corporate Tax Dodging and the Myth of Job Creation*, author Greg LeRoy shows how in case after case, these promises—of good jobs and higher tax revenues in exchange for massive taxpayer subsidies—prove false or exaggerated. Instead, LeRoy argues, companies are using the sheep's clothing of "jobs, jobs, jobs" to fuel bidding wars between both states and localities. The end result: a massive drop in corporate taxes and a burden shift onto working families and small businesses.

These state and local job subsidies—the average state now grants more than 30 different kinds—cost states and cities some \$50 billion a year. But the system is rigged, LeRoy documents, and lacks accountability. Companies are routinely getting subsidies of more than \$100,000 per job to do what they would have done anyway. In some cases, companies even downsize or outsource after getting subsidies—or relocate existing jobs and call them "new." The other promised benefit—increased tax revenues—often proves false or exaggerated as well.

LeRoy cites dozens of companies and episodes, revealing scams such as "job blackmail" (Raytheon in Massachusetts), "payoffs for layoffs" (IBM in New York State), "exaggerate the ripple effects" (Illinois for Boeing), "stick taxpayers with hidden costs" (Wal-Mart in many states), "soak the taxpayer" (Dell in North Carolina), "ride Enron's coattails" (ConAgra in Nebraska), and "take the money and run" (Sykes Enterprises, shutting down call centers in several Plains states).

More...

LeRoy also explains, in plain English, arcane tax-rule changes—such as “Single Sales Factor”—that companies demand in the name of jobs. Such giveaways, he documents, are costing states such as Massachusetts and Illinois billions of dollars in lost revenue—with no guarantee that even one job will be created or retained.

The Great American Jobs Scam also reveals that corporate subsidies are a significant cause of runaway suburban sprawl, paying companies as they leave urban areas to pave farmland and other natural spaces. LeRoy gives examples of massive subsidies that lead to retail sprawl, such as \$1 billion benefiting Wal-Mart facilities and an absurd \$31 million subsidy to reduce “blight” in an affluent St. Louis suburb, when an upscale mall decided it needed a Nordstrom store.

Besides failing to deliver good jobs or rational development policies, these tax-scams have led to a gigantic shift of the tax-burden away from large corporations, and onto small businesses and working families. For the first time anywhere, the author assembles a mountain of evidence from national and state sources proving that corporations are paying far less towards public services than they used to—and that in many cases they are paying zero income taxes, or even getting negative income tax rates and state tax refunds!

Behind it all, LeRoy argues, is an orchestrated 30-year drive by many of America's most prominent corporations to confuse the taxpaying public about how companies actually decide where to expand or relocate. By dissecting the site location system, he reveals that taxes are actually an infinitesimal cost factor that rarely influences location decisions. He reveals the rise of highly publicized “business climate” studies and the secretive “site location consulting” industry as key players in this mass deception.

The Great American Jobs Scam concludes with a series of simple, common sense reforms to make the job-subsidy system more transparent and effective. By popularizing these grassroots reforms—most of which are already on the books in some states and cities—*The Great American Jobs Scam* showcases a movement that has been percolating in the states and places it on a national stage.

Dubbed "the leading national watchdog of state and local economic development subsidies," and "God's witness to corporate welfare," author **Greg LeRoy** directs Good Jobs First (www.goodjobsfirst.org), a national resource center he founded in 1998 to promote corporate and government accountability in economic development and smart growth for working families. LeRoy is also the author of the 1994 book *No More Candy Store: States and Cities Making Job Subsidies Accountable* and winner of the 1998 Public Interest Pioneer Award.

BK Currents titles advance social and economic justice by exploring the critical intersections between business and society. Offering a unique combination of thoughtful analysis and progressive alternatives, BK Currents titles promote positive change at the national and global levels.

The Great American Jobs Scam: Corporate Tax Dodging and the Myth of Job Creation

By Greg LeRoy

Published by Berrett-Koehler Publishers, Inc.

A BK Currents Book

Number of Pages: 250

ISBN: 978-1-57675-315-6

Cloth, \$24.95

Publication Date: July 21, 2005

Endorsements for *The Great American Jobs Scam*

"LeRoy draws on years of experience to suggest how (job) subsidies can work better for American workers and for our communities."

—Congressman Earl Blumenauer, founder and co-chair, U.S. House of Representatives Livable Communities Task Force

"This is the definitive Community Defense Manual for every citizen who wants to stop corporations from looting the public treasury and win real community economic development."

—Chuck Collins, Senior Fellow, United for a Fair Economy, and coauthor, *Economic Apartheid in America*

"The Great American Jobs Scam offers a lively chronicle of the exploits of corporate mercenaries who have mastered the art of bait-and-switch in the name of job creation and economic development. For towns and cities, this has never been a fair fight. Greg LeRoy shows us how our communities can battle back to achieve the good life for families and more livable communities."

—Don Chen, Executive Director, Smart Growth America

"Greg LeRoy's provocative book reveals a story of billions of dollars of taxpayer subsidies paid out to corporations for job creation without any accountability as to whether those corporations deliver on their promises. An important wake-up call to all Americans."

—Beth Shulman, author, *The Betrayal of Work: How Low-Wage Jobs Fail Thirty Million Americans*

"Greg LeRoy has his finger on the pulse of what's ailing American communities and destroying jobs and our environment in the process. More importantly, he offers clear, common sense solutions to fix the system. Companies like Wal-Mart aren't going to want you to read this book, which is all the more reason why you should."

—Carl Pope, Executive Director, Sierra Club

"What do Wal-Mart, Enron, Arthur Andersen, and Boeing all have in common? They're part of The Great American Jobs Scam that is cheating workers and picking taxpayers' pockets to the tune of \$50 billion a year. Why aren't we all getting rich on the gazillion jobs being created by corporate tax cuts? Because, as this book reveals, the system is rigged: corporations get huge subsidies while workers get trickle-down lip service."

—Jim Hightower, author, *Thieves in High Places* and *Let's Stop Beating Around the Bush*

"Here is the secret history of our economic times, a tale of public larceny told plainly and painstakingly and also with a dash of mordant humor. Our erstwhile corporate benefactors have taken us all for a ride. But this book is the first step on the long road back."

—Thomas Frank, author, *What's the Matter With Kansas?*

"The Great American Jobs Scam is one-stop shopping for every citizen who wants to understand why and how corporate welfare doesn't work."

—Joe Trippi, author, *The Revolution Will Not Be Televised: Democracy, the Internet, and the Overthrow of Everything*

"No one has helped the labor movement more than Greg learn how to investigate these (job) subsidies and leverage them for working families."

—Andrew L. Stern, Service Employees International Union