

# COMMENTARY

## There's little use in paying Pratt to stay

By JEREMY BRECHER

**W**e've got to find an alternative to throwing money at every company that threatens to close or leave the state.

In the past two years, the state of Connecticut has directed \$350 million in grants, loans and loan guarantees to assist companies that were threatening to close, cut back or move away. State officials claim the program has saved or created 30,000 jobs. But an informal audit by the Department of Economic Development indicates that all the companies that have received assistance combined have had a net gain of only 621 new jobs since the state stepped in.

Money spent so far may have saved jobs that otherwise would have been lost and may produce additional jobs in the future. But no one knows for sure. The program has so little accountability that the state doesn't even have a way to find out if a company uses the money it is given to create jobs — or just to swell stockholders' profits.

Why does the state provide so much assistance with so little guaranteed return? The primary reason is the mobility of capital — the ease with which companies can go to another state or even another country. This creates a profound imbalance of power between corporations and those their decisions affect. It allows corporations to play workers, communities and governments against one another, each trying to offer the greatest concessions. The state is afraid that serious requirements for accountability would create a bad business climate that would make it easier for other localities to lure its businesses away.

This dynamic is supremely evident in the case of Pratt & Whitney, the state's largest private employer. It recently presented the state and its employees with a worst-case scenario: a plan to close 2½ plants and eliminate 2,300 jobs (on top of 6,700 it had previously decided to cut) unless it receives big tax reductions and union concessions.

Meanwhile, the company has been bargaining with Maine and Georgia to see how much they will offer in abatements and other subsidies for the jobs now in Connecticut. Gov. Lowell P. Weicker Jr. and the International Association of Machinists & Aerospace Workers must be as eager to resist concessions as a man with a pistol to his head is to refuse to hand over his wallet.

There certainly is a proper role for government to play in helping private enterprise. But it must be based on enforceable commitments by those receiving help — not on their power to dictate public policy in their private interest. What is the long-run benefit of providing subsidies to companies that remain free to take the money and run? To offer further concessions to Pratt & Whitney without enforceable guarantees is to throw good money after bad.

Is it too late to try to hold Pratt & Whitney accountable for the devastation it is threatening to wreak on Connecticut? Perhaps not.

Last year, General Motors stunned the city of Ypsilanti, Mich., by announcing that it would close its historic Willow Run assembly plant, eliminate 4,500 jobs and transfer production to its plant in Arlington, Texas. The township of Ypsilanti sued on the grounds that the company had received millions of dollars in tax abatements to stay in Ypsilanti.

In February, Michigan Judge Donald Shelton enjoined General Motors "from transferring the production of its Caprice sedan, and Buick and Cadillac station wagons, from the Willow Run plant to any other facility."

Shelton wrote, "There would be a gross inequality and patent unfairness if General Motors, having lulled the people of the Ypsilanti area into giving up millions of tax dollars which they so desperately need to educate their children and provide basic governmental services, is allowed to simply decide that it will desert 4,500 workers and their families because it thinks it can make these same cars a little cheaper somewhere else."

While Ypsilanti did not have a signed contract with General Motors, the judge applied the legal theory of

Continued from Page E1  
 promissory estoppel, which holds, in effect, that if I promise you something, and you lay out money or make other sacrifices in reliance on that promise, it should be treated as if we had a written contract.  
 Surely the state of Connecticut had laid out money on the under- standing Pratt & Whitney would keep its operations in the state. In a recent interview, Weicker stated that "every request that has been made by Pratt & Whitney of the state

of Connecticut has been honored." He cited new laws that help Pratt save millions of dollars annually by redefining manufacturing for tax purposes; repeal of the sales tax for jet-engine replacement parts and for engine overhaul and repair; and the state's \$3 million product-development grant to modify Pratt's turbofan engine for electrical-power generation.  
 An Ypsilanti-style suit to enjoin Pratt & Whitney from moving production from Connecticut could be brought by state or local govern-

ments or unions to which the company had made explicit or implicit promises it had not fulfilled; it could also be brought by a group of workers as third-party beneficiaries of such a promise.  
 There is no guarantee that such a suit would succeed. (General Motors has already appealed Shelton's decision.) But successful or not, it could fire a dramatic first shot in a battle to redress the gross imbalance of power between corporations and the communities they seduce and abandon.

## Force Pratt to pay its public debts

SUNDAY  
 APRIL 18, 1993

*Jeremy Brecher of Cornwall is the author of "Brass Valley: The Story of Working People's Lives and Struggles in an American Industrial Region" and co-editor of the forthcoming "Global Visions: Beyond the New World Order."*