

## Why Do Politicians Waste So Much Money on Corporate Incentives?

One of the most troubling trends in urban development is the sharp rise in the use of economic development incentives. In 1999, 68 percent of U.S. cities and states used financial incentives to attract capital; by 2009, that number had risen to a staggering 95 percent.

In 2016, Nevada handed Tesla more than \$1 billion for a battery factory. Later that year, Oregon gave Intel \$2 billion for a new semiconductor chip plant. Last year, Wisconsin gave Foxconn \$3 billion, and some states are offering more than \$7 billion to lure Amazon HQ2. Today, nearly all American cities and states offer incentives in some form to attract business, even though the overwhelming bulk of research on the subject shows that incentives are an ineffective waste of taxpayer money.

In their new book *Incentives to Pander: How Politicians Use Corporate Welfare for Political Gain*, Nathan Jensen, a professor of government at the University of Texas, Austin, and Edmund Malesky, a professor of political science at Duke University, take a deep dive into what motivates politicians to offer these increasing—and increasingly unproductive—incentive packages...

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