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“The core function of corporate subsidy programs is to provide politicians opportunities for positive headlines and to favor special interests.”

Will the end of the Sandisk deal bring Michigan back to basics?

Twelve reasons corporate welfare doesn't lead to prosperity

By Joseph G. Lehman | August 2025

The abrupt cancellation of Sandisk's planned \$63 billion semiconductor manufacturing plant near Flint is another failure to be filed under "corporate welfare." State officials offered more than \$6 billion in subsidies, \$5.5 billion of that money in cash. Taxpayers have already spent at least \$260 million. Gov. Gretchen Whitmer attributed the company's decision to "national economic turmoil."

But there's a dog that didn't bark, to borrow Sherlock Holmes's line. Sandisk itself has not publicly stated why it abandoned a project that only months ago was the darling of the state's corporate welfare empire.

Whitmer may hope citizens associate Sandisk's decision with President Trump's policies, and we may find out that she's right. Legacy media have repeated Whitmer's speculation, but so far Sandisk hasn't detailed its own reasons. Shareholders deserve to hear from company leaders and so do the taxpayers who

were forced to underwrite the deal that promised to create about 9,400 jobs at a public cost of \$590,000 in cash for each.

After this story fades, another temptation to amp up corporate welfare will come along, and we should be ready for it. I reviewed some of my colleagues' research over the years and found these fundamental reasons that corporate welfare is a very poor policy choice with almost no chance of making a state more competitive or prosperous.

- 1. No significant impact on job creation.**
- 2. Discrimination against small and retail businesses.**
- 3. Unfair advantage to hand-picked firms.**

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4. **Broad-based tax (and regulatory) reforms are more effective.**
5. **Political discretion and potential for abuse.**
6. **Race to the bottom.**
7. **Hinders broad-based tax reform.**
8. **Difficult to end the programs.**
9. **Increases the cost and complexity of government.**
10. **Political uncertainty equals economic uncertainty.**
11. **Lack of transparency and accountability.**
12. **Primarily political benefits, not economic benefits.**

“Economic development” is a misnomer for corporate welfare, as I hope the 12 items above persuade the reader. But whatever the name, the idea is this: Some companies get special favors, and those favors come from a political process. Corporate welfare can be

labeled “economic development” just as easily as a gargantuan bill containing some unbeautiful policies can be called “One Big Beautiful Bill.”

Lastly, there are many forms of corporate welfare, and they have important differences. But saying that some forms of corporate welfare are not as bad as others is akin to saying some forms of cancer are not as bad as others. That’s true, but you’re better off avoiding the dreadful thing altogether, to say nothing of never actively pursuing it.

The Sandisk experience is disappointing, costly, and embarrassing for Michigan. If it gets us back to real economic development — a fair field with no favors — it will be a win.

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