

The High Price of High Tech:

## Will Intel's 1000 Jobs Cost New Mexico More Than They're Worth?

By Gordon Mayer

Megacorporations have found a new way to wring profits from taxpayers: moving.

In a new variety of bait and switch operation, companies move to a new state amid promises of jobs, jobs, jobs. What short-sighted crowding politicians and corporate executives don't mention is the final bill: millions of dollars worth of public subsidies in the form of lost tax revenue and, as often as not, the polluted land that can accompany heavy industry.

Intel Corporation's plan to expand a facility in Rio Rancho, New Mexico is a case in point. It's also both typical and one of the most outrageous such operations in the past year. In a move widely called the largest-ever chip factory investment in the U.S., the corporation announced in April they would spend \$1 billion and create 1,000 new jobs at the site, where they intend to build the next-generation "Pentium," or 586, computer chip. But they didn't announce that the jobs will cost the taxpayer about \$141,000 each, a figure which local media later disclosed.

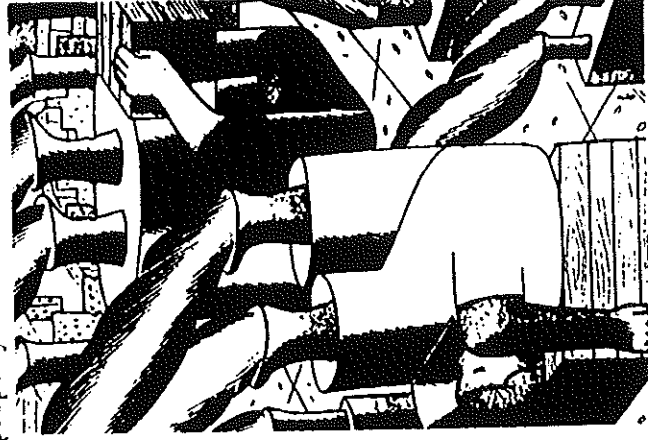
"This could be a net economic loss to the state," said Louis Head, an organizer with the Southwest Organizing Project, SWOP, in Albuquerque.

Intel wants to add to an existing production line and put in a new facility at Rio Rancho, a small city atop a mesa 20 or so miles northwest of Albuquerque. Business-as-usual deals and misinformation led members of SWOP to call the plant expansion "the hustle on the hill."

The state joined in a bidding war with Arizona, California, Oregon, Texas, and Utah to get Intel's new facility. Here's what New Mexico politicians gave to attract Intel, according to SWOP:

- \$2 billion in state-financed industrial revenue bonds

- Tax-free land use for 30 years, because Sandoval County where Rio Rancho is located owns the land. Head notes that in interviews, county officials refer to themselves as the "nominal owners" of the Rio Rancho land. The advantage to Intel: anytime the company bails out, the county is liable for clean-up, and of course, no property tax.



- Streamlined environmental permitting, which Head said may even have included a meeting with Vice-President Al Gore to discuss U.S. Environmental Protection Agency permits for the facility. Many permits for the facility had already been acquired last April when Intel announced their plans to expand operations in Rio Rancho. Neighborhood residents were not notified of the decisions.

Other favors the company won included in-plant training funds to pay half of some workers' salaries for up to six months during training, an investment credit of 5 percent on the value of equipment and machinery, and a new law that gives manufacturers that produce in-state but sell their products elsewhere a break on state corporate income taxes, ac-

ording to the Los Angeles Business Journal.

Intel brings a special problem to the table: chipmaking uses massive amounts of water and toxic chemicals. After the corporation hires its 1,000 workers, the investment may still be a poor return if, as is possible, the factory ruins the environment. Environmental problems associated with fabricating silicon chips range from the amount of water the process uses to the poisonous chemicals that go into chipmaking and later appear in runoff and from smokestacks.

"They might as well be called arsenic chips," said Leslie Byster, program director at the Silicon Valley Toxics Coalition, which joined SWOP in the fight to make Intel accountable in Rio Rancho.

With all they've gotten in return for their 1,000 planned jobs, it comes as no surprise that Intel executives routinely express their delight with New Mexico. The state is already home to huge high-tech government polluters, like the Department of Energy and the Defense Department's Sandia National Laboratories.

"Other folks have got to wonder why we are building a third very large plant in New Mexico. If they ask the questions and find out, it would be ludicrous for them not to consider New Mexico as a location," Intel Senior Vice President Bob Perlman told the LA Business Journal.

Perlman cited state politicians' willingness to do whatever it took to bring the company to New Mexico. Organizers at SWOP observed that lawmakers didn't woo Intel as a sound economic judgment, but because they hoped to cash in politically and financially. For example, New Mexico Governor Bruce King's family is a former owner of some of the land where Intel will build, and received \$7 million from a real estate firm for their parcel. They still own

land in the area, and stand to gain from any development in Rio Rancho.

Fighting back against the new factory is made more difficult because it is technically an expansion, not a new facility, said SVTC's Byster. Her group and SWOP, along with others including the village government of Corrales, the town just downhill from the Rio Rancho Intel site, are trying to stop Intel in a variety of ways.

A report on Intel is due out in early 1994, Byster said. The paper will highlight the California-based firm's actions in Rio Rancho this year as a sort of case study in how not to move into a community. On another front, SWOP staff are organizing in New Mexico to keep the state from granting a water-use permit to the corporation. The grounds are that Intel wants to use enough water to become one of the state's top water users -- from about 3 million gallons a day currently to as much as 14 million gallons a day at peak operation with the new expansion. One new weapon in SWOP's arsenal is a recent study that found the Albuquerque area--situated in the Southwest's dry plains and desert region--is already drawing four times the natural rate of water from the region's underground water reserves.

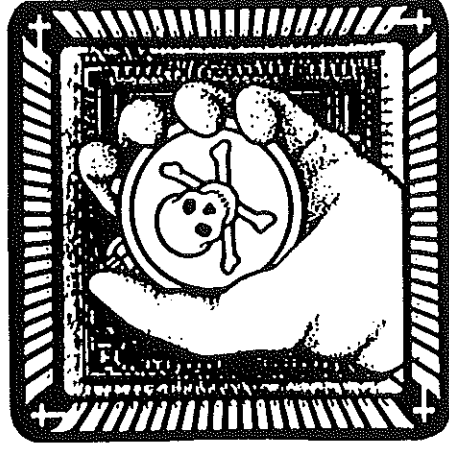
In the face of this information, officials in the village of Corrales are also attempting to keep Intel from getting a permit. The officials fear the firm will use up all the water in the village's local source. Intel executives refused to post a bond that would require them to pay for a new water supply if the village's current source runs dry after the factory begins operation.

Intel's problems getting water to make its new chips are already hurting their corporate image. A recent InfoWorld magazine article, for instance, commented on the company's delays in getting its much-awaited Pentium chip to market.

So far, Intel has resisted nearly all activists' demands. The exception is a \$10 million incinerator-type device they agreed to install that should remove odors that have sent some Corrales residents to the hospital. The

incinerator is the only concession a community group in Corrales won, although they had sought a full-dis-closure "good neighbor" agreement with the firm.

Louis Head said SWOP members are skeptical about the value of the incinerator. The lack of odor may not mean that all toxic emissions were burned away, but could simply be a removal of the most obvious warning of some kind of leak. Head and others remain doubly skeptical after Intel was found in violation of its state air emission permit. The violation occurred even though the state had recently dramatically increased



the amount of allowed emissions at Rio Rancho to 356 tons of pollutants a year.

In organizing to stop Intel, or at least make the corporation more accountable, SWOP and other groups are building on a fight against chipmakers that started about two-and-a-half years ago in Austin, Texas. The Campaign for Responsible Technology (CRT) -- a coalition of groups that included SVTC, SWOP and about a dozen other community, labor, and environmental groups, including FIRR--fought for environmental responsibility and other improvements in the chipmaking industry. Their adversary was SEMATECH, a consortium of chipmakers that included Intel and in which the federal government was a partner (SEMATECH stands for Semiconductor Manufacturing Technology). Half the consortium's budget came from members, with another \$100 million coming from the government.

CRT worked with SEMATECH to get good neighbor agreements between community groups and chipmakers. A major victory for the group came in October, 1992 when Congress mandated SEMATECH to spend \$10 million of its budget on finding a pollution-preventing, environmentally safe microchip manufacturing process. While the main reason SEMATECH is still around probably has to do with the fact that the consortium has made U.S. chipmakers competitive in the world market against the Japanese, grassroots organizations found a lever they could use to make it more responsive to their needs.

In the search for a similar lever to use against Intel in Rio Rancho, SWOP, SVTC and other groups that may sign on to the battle have one advantage: it's not the first time they've dealt with high-tech corporations. A defunct GTE plant in Albuquerque left behind hundreds of ailing former employees who received average settlements of only \$5300 to \$10,500. A lawyer for the workers, who are suing GTE, estimated that 25 of those former employees died, 75 others have cancer, and another 75 are totally disabled. Most of those workers were low-level employees, who tend by and large to come from ethnic minorities and/or are female. Thus the proof of possible damage from high-tech industry already exists in New Mexico.

In what could be a warning to every state, Intel's chairman Gordon Moore was quoted in the New York Times saying, "This is our first billion-dollar factory, but it won't be our last."

The bottom line is not that 1,000 jobs is a bad development for New Mexico, said Louis Head, but the jobs are not an end in themselves. Sustainable development is "industrial development that's going to have a balance between employment and environmental consequences," he said. From his point of view, Intel is far from understanding the concept.

Gordon Mayer is a free-lance writer working in Chicago.