

Up to Their Hip Boots in Subsidies

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Since September 2005 I've been involved in an anti-subsidy battle around the country. Cabela's, a competitor in the hunting, fishing and camping retail space, relies on public subsidies according to its public statements to cover about 30 percent of the construction costs for its stores. It has been a challenging and rewarding effort that was kicked off by Gander Mountain, the #3 player in the same industry that refuses to take incentives.

Well, this was another tough week for Cabela's as for the third year in a row they were forced to give back money to the city of Buda, Texas for failing to meeting the job targets they promised in order to receive more than an eye-popping \$60 million in subsidies. Let's hear it for clawbacks!

The apologists for the failure to meet the targets point to the weak economy for retailers right now. Isn't that one of the main points to make when arguing against subsidies? When government partners with retailers such as Cabela's they are accepting some of the risk inherent in the company's business cycle. I'm not amazed when the shortfalls occur. What does amaze me is the public statements made by the public officials who continue to be swayed by Cabela's promises of economic development and great returns for the community.

Bass Pro is a privately held company that engages in some of the same activities. In just the past few weeks the city of Augusta, Georgia has taken preliminary steps to give Bass about \$25 million in subsidies to build a store there. This is amazing given the current state of the economy!