

Amazon narrows rat race for second HQ to 20 cities

Mark Ferretti
23 January 2018

On Thursday, January 18, Amazon released a list of 20 potential locations for its planned second headquarters (what the company calls “HQ2”). The list favors cities on the East Coast (e.g., Boston, New York and Newark), in the South (e.g., Dallas, Nashville and Miami), and in the Midwest (e.g., Chicago, Columbus and Indianapolis). The announcement of the finalists intensifies the already fierce competition among the favored cities and regions to outdo one another in offering tax incentives and other perks to woo the giant online retailer.

The frenzy began last fall when Amazon declared that it was searching for a place to build HQ2. The company tantalized potential government officials with the prospect of 50,000 new jobs and an investment of \$5 billion. Amazon received 238 applications in all, including several from outside of the US. One came from Toronto, a city that made the list of finalists. Some came from Mexico, but these were rejected. Amazon is expected to choose a location later this year.

The spectacle of the competition, and the finalists’ reactions to having been chosen, evoked an episode of the *Bachelor*. “My heart skipped a beat,” said Hans Riemer, president of Montgomery County, Maryland, when he learned that his location was among the lucky few, according to the *New York Times*.

One of the most lavish attempts to woo Amazon came from New Jersey, which offered the company \$7 billion in tax incentives, including \$5 billion from the state and \$2 billion from the city of Newark. In one of his last acts as governor, Republican Chris Christie signed legislation that increased the state’s tax credit for businesses to \$10,000 per job per year for as long as 50 years. The Grow New Jersey program previously had offered a tax credit of \$5,000 per job per year for as long as 10 years. The state Senate passed the legislation

without debate.

In its turn, Newark offered Amazon \$1 billion in property tax abatement and a waiver for \$1 billion in city wage taxes over 20 years. Local officials’ stated plan for the struggling city is to remake it into a center for technology. Democratic Mayor Ras Baraka told *New Jersey Spotlight* that Amazon could be a “game changer” for Newark.

Perhaps the most servile bid came from Stonecrest, Georgia, which offered to rename itself Amazon if the company decided to build HQ2 there. “There are several major U.S. cities that want Amazon, but none has the branding opportunity we are now offering this visionary company,” Mayor Jason Lary told *MSN Money*. “How could you not want your 21st-century headquarters to be located in a city named Amazon?” Amazon did not include Stonecrest in its list of finalists.

In its initial announcement, Amazon said that it was looking for a metropolitan area with a population above 1 million and a large pool of technical professionals. Apart from these criteria, Amazon has kept its process of deliberation completely opaque. The secrecy likely is intended to prompt cities to outdo each other in a competition to offer the company the sweetest deal possible.

In their contest to curry favor with Amazon, the governors, mayors and other public officials are indifferent to the negative consequences of establishing HQ2 in their cities, drooling over the promise of jobs without accounting for the measures required to provide for such an anticipated increase in population. The company’s current headquarters is in Seattle, and the influx of 40,000 employees has worsened the city’s traffic problems and strained its transportation infrastructure to the breaking point.

More critically, Amazon's presence has contributed to Seattle's skyrocketing real estate costs. In 2017, rents had risen 63 percent over their 2010 level. The cost of buying a house in Seattle has doubled in the past five years, which is the highest rate of increase in the country. As a result, many workers can no longer afford to live in the city.

The cost for offering Amazon huge tax breaks will be paid for by further attacks on the living standards of the working class which have not "recovered" from the financial crisis of 2008, particularly in the hardest hit urban areas that are currently offering themselves up to Amazon. In its annual report card, the American Society of Civil Engineers gave the country's infrastructure a D+. These cities will be further stripped of tax revenues required to maintain, let alone expand mass transit systems that are failing to meet commuters' needs. Likewise, funding for public schools and universities, health, insurance and public assistance programs will have to be cut to further line the coffers of Amazon's investors.

Amazon reported \$136 billion in revenue in 2016. The company's CEO, Jeff Bezos, is worth more than \$100 billion and is the world's wealthiest man. But the logic of capitalism forces Bezos and other corporate leaders to relentlessly search for ever greater profits through competition for markets and cutting the costs of labor. At every turn, politicians of both major parties serve these corporate interests.

Senator Cory Booker, a Democrat from New Jersey and former mayor of Newark, said that the incentives that the state and city are offering Amazon "will demonstrate to this nation that our inner cities are not places to be avoided, they are the undiscovered treasure." That Booker and his colleagues are offering this "treasure" to Amazon underscores the need for an independent movement of the working class. Health, education, freedom to travel, and other necessities will be neglected until workers expropriate private wealth and reorganize society on the basis of socialism.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact