

The disturbing part about Amazon's HQ2 competition

By Richard Florida

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(CNN) Amazon's short list of contenders for its much ballyhooed HQ2 reads like a who's who of the most economically vibrant and dynamic cities in North America.

Of the 20 cities still being considered, seven are located in the Boston-New York-Washington corridor, with two in New York and three in the DC metro area. The entire list of 20, which includes superstar cities like LA, Chicago, Boston, Philadelphia and Toronto; emerging powerhouses like Miami, Atlanta, Nashville, Dallas and Denver; and smaller metros like Austin, Pittsburgh, Columbus, Indianapolis and the North Carolina Research Triangle, consists almost entirely of the winners of our "winner-take-all" urban system.



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But, there's one part of Amazon's HQ2 competition that is deeply disturbing -- pitting city against city in a wasteful and economically unproductive bidding war for tax and other incentives. As one of the world's most valuable companies, Amazon does not need -- and should not be going after -- taxpayer dollars that could be better used on schools, parks, transit, housing or other much needed public goods.

The company would add far more value to its brand by eschewing incentives and instead working with the winner to address challenges like affordable housing and traffic congestion, which its new headquarters is likely to exacerbate.

So, which city is going to have the moral obligation to do what's right?

My own sense is that about five of the 20 cities -- large places with great universities and global gateway airports -- are really serious contenders for HQ2.

At the top of the list, I would place New York, the greatest headquarters city in the world, and DC, the world's power corridor. When I asked Scott Galloway, the author of the book "The Four," where he thought Amazon would place its new headquarters, he simply said: New York, New York, and New York. But, DC is perhaps an equal or even better contender. Because Jeff Bezos already owns The Washington Post, an additional [50,000 Amazon jobs](#) in the DC area might help deflect Congressional attention from his company's monopolistic tendencies. Not to mention, a key predictor of corporate headquarters location is where the CEO has a home. Bezos has homes in DC, Manhattan, and Beverly Hills, which might also explain LA's inclusion on the list.



There is one additional piece of evidence that points to DC and New York. Three separate areas in the Greater Washington area made the shortlist: DC itself, Northern Virginia and Montgomery County, Maryland. And two communities in Greater New York did so as well, New York City and Newark.

For corporate site selectors, like the seasoned group at Amazon the textbook way to extract maximum tax incentives and giveaways is a two-step process. The first step is to first pit metro against metro, like the 20 shortlist finalists against one another to see who will pony up. Once a metro is selected, the second step is to pit communities in the metro against one another. Interestingly enough, each of the communities in both Greater DC and Greater New York are in separate states, and it is states, much more so than cities or local governments, that typically contribute the most to these incentive packages.

Right behind New York and DC, I'd place Boston, Chicago, and Toronto. As the home of Harvard and MIT, Boston is a considerable talent magnet. Chicago is the nation's third largest metro, behind New York and LA, and a great headquarters city in its own right. The city was once home to Sears -- the Amazon of its day and a company that has long fascinated Bezos. Toronto is also a great headquarters city, with a relatively open immigration policy, topnotch universities, publicly supported health care, and a spectacular global airport. Earlier this year, Google's Sidewalk Labs selected it as the location for its new smart city development. If Bezos really wanted to make a statement to Trump, he would select the only non-American candidate, whose governance is a direct contrast to Trump's policies and priorities.

As someone who was born in Newark, lived in Pittsburgh, taught at Carnegie Mellon for nearly 20 years, and spends part of the winter in Miami, I'm pulling for one of my "hometowns," even if they are all long shots.

My hunch is all 20 finalists are in the hunt for something, with fast-expanding Amazon wanting to do the vetting for various investment projects in one swoop. Columbus and Indianapolis fit the bill as logistics and distribution hubs. LA and Nashville can be leading centers for Amazon's video and music content. Pittsburgh can host the company's artificial intelligence and robotics lab. Toronto can serve as its Canadian headquarters. Miami can do the same for Latin America.

While Amazon may have the deck stacked in picking its HQ2 location, the mayors and elected leaders of these cities owe it to their tax payers and citizens to ensure they are not on the hook for hundreds of millions and in some cases as much as [\\$7 billion](#) in incentives to one of the world's most valuable companies and richest men.

Indeed, many of the leading shortlist cities are led by progressive mayors, including some with national political ambitions like Eric Garcetti in LA and Bill de Blasio in New York, as well as Bill Peduto in Pittsburgh, Muriel Bowser in DC, Rahm Emmanuel in Chicago and Ras Baraka in Newark. The truly progressive thing to do is to forge a pact to not give Amazon a penny in tax incentives or other handouts, thereby forcing the company to make its decision based on merit.

That would be something that would truly benefit the winning city -- and the rest of us as well.