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The downside of the race to be Amazon's second home

Even citizens of the winning city will feel aggrieved at giving away big tax incentives

“Richard Florida



The Amazon Campus in Seattle. By forcing cities to forgo public funds that could be used for schools, parks and transit, the company is making itself hard to love © AP

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October 23, 2017 by Richard Florida The bids to host Amazon's much ballyhooed second headquarters are in from dozens of cities across the US and Canada. With its promise of 50,000-plus jobs and billions in investment, it has been hailed as one of the biggest urban development opportunities in recent memory. However, things are not working out exactly as the ecommerce group may have hoped.

Resentment among city leaders is growing at what looks like a big, well-capitalised company taking advantage of cities and their taxpayers. Pitting communities against each other in a bidding war to see who can cough up the most financial incentives is not good for Amazon's brand. There will be one winner and many more unhappy losers. Even the winning city is likely to feel taken, when its people realise that they have given away the store in tax and financial incentives.

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The process increasingly looks like a charade: Amazon's crack site selection team has likely already identified a very short list of places that have sufficiently large labour markets, talent pools, airport access and other amenities its new headquarters needs. Why put so many cities through this? Amazon is one of the most highly valued companies in the world, and Jeff Bezos, its founder and chief executive, is one of its richest people. By forcing cities to forgo public funds that could be used for much-needed investment in schools, parks and transit, it is making itself hard to love. Amazon has raked in more than \$1bn in public tax and financial incentives in the past five years or so, one of the largest sums of any company. Technology companies are no longer seen as heroic innovators, but as latter-day robber barons who treat workers poorly, make cities less affordable and more unequal. Uber just had its licence renewal in London refused, while one city after another is clamping down on Airbnb. A growing chorus of pundits and politicians from across the political spectrum is calling for tougher regulations on tech companies. "The pitchforks are out for big tech," is how one congressman from a high-tech district put it to me recently. It is in Amazon's interest, therefore, to recalibrate and take a higher road. The company should issue an "Amazon pledge" that it will not accept any tax or financial incentives, but invest alongside cities to create better jobs, build more affordable housing, and develop better schools, transit, and other badly needed public goods, along with paying its fair share of taxes. This goes not just for the city where its new headquarters will be built, but for the countless localities across the US, and indeed the rest of the world, where Amazon has distribution centres, offices, and other facilities. Whatever Amazon gives up in tax and financial incentives will be peanuts compared with the reputational benefits. This Amazon pledge could be based around three pillars. The first would be to ensure that all of its jobs are good jobs. Tech companies such as Amazon treat their engineering and management talent like gold, lavishing high salaries and all manner of perks on them, from on-site gyms and cafeterias to day-care centres, but they hardly pay the people who work in them a living wage. Amazon should swear off the use of low-paid contract labour and commit to paying all its workers, including both its service employees and its blue-collar warehouse workers, family-supporting wages. The second pillar would be to ensure that its new employees and existing residents can afford to live near its facilities. Amazon should work with communities to build affordable housing, both for its own workforce and for locals who would otherwise be displaced. The third pillar would be to make sustained investment in community assets. Instead of setting up self-contained, gated campuses for itself, it should invest alongside communities to develop shared public goods in transit, schools and more. Mr Bezos is

rumoured to be fed up with the presidency of Donald Trump. Some have wondered if he is using this competition to send a message about what really ails America — perhaps by choosing Toronto or another non-American city with more and better public investment in healthcare, schools and transit. But if he really wants to send a message — and build a stronger brand for his company and a lasting legacy for himself — he should say no to public handouts and become a partner in building stronger, more inclusive communities across the US and North America. The writer is author of 'The New Urban Crisis' and a professor at the University of Toronto