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OPINION | REVIEW & OUTLOOK

# *Amazon Escapes From New York*

\$3 billion in subsidies couldn't overcome the hostility to business.

By The Editorial Board

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A delivery person pushes a cart full of Amazon boxes in New York City, February 14, 2019. PHOTO: BRENDAN MCDERMID/REUTERS

After getting mauled by a mob of unions and politicians, Amazon on Thursday cancelled plans to build a second headquarters in New York City. It's a testament to New York's toxic business environment that even \$3 billion in subsidies wasn't enough to keep the company in town.

"A number of state and local politicians have made it clear that they oppose our presence and will not work with us to build the type of relationships that are required to go forward with the project we and many others envisioned in Long Island City," Amazon said in calling off the three-month engagement.

The Seattle-based retailer had only kind words for Gov. Andrew Cuomo and Mayor Bill de

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Blasio, who wooed it like contestants on “The Bachelor.” In return for the promise of 25,000 jobs, the state and city in November offered up to \$3 billion in subsidies as well as a helipad for CEO Jeff Bezos and other executives to fly over congested city streets.

But the ensuing gang-beating offered a portent of what Amazon was walking into. An Amazon executive was asked at a City Council meeting last month whether the company would agree to unionization. “We have great-paying jobs and we respect an employee’s right to choose or not to join a union,” the executive explained. “The goal that you are trying to achieve is good jobs, not low-paying jobs.”

Mr. de Blasio’s response? “We’re a union town.” He added: “There is going to be tremendous pressure on Amazon to allow unionization and I will be one of the people bringing that pressure. I believe that ultimately that pressure will win the day.” This followed Mr. de Blasio’s recent declaration that there’s too much money in the city in the “wrong hands.”

Mr. Cuomo blamed hostile state Senate Democrats for driving off Amazon and insisted the state’s “fundamentals” will “continue to attract world class business.” If that’s so, why did New York politicians spend \$10 billion last year—more than any other state—on business incentives? Republican states also compete with subsidies, but progressives have to offer more to compensate for their oppressive business climates.

The city has the country’s second-highest income tax, and Mr. de Blasio last month proposed that all private employers be required to provide workers two weeks of paid vacation each year. That’s on top of paid family leave. Animus toward business represses the organic investment and job growth that make a dynamic economy.

Reacting like a spurned suitor, Mr. de Blasio trashed Amazon. “You have to be tough to make it in New York City,” he said. “We gave Amazon the opportunity to be a good neighbor and do business in the greatest city in the world. Instead of working with the community, Amazon threw away that opportunity.”

The mayor is reflecting the view on the left that businesses are wards of the government and owe their success—and profits—to the state. But businesses should take note that they encourage this co-dependency by seeking government handouts.

Consider Taiwanese manufacturer Foxconn, which was given \$4 billion by Wisconsin to build a factory to manufacture LCD TV screens in Racine. Last month Foxconn acknowledged it made little economic sense to make the screens in Wisconsin and floated building a research hub instead, prompting President Trump to intervene personally with Foxconn chairman Terry Gou.

Liberals love to conflate corporate welfare with capitalism, and these kinds of deals help promote their narrative that the American economic and political systems are rigged. Rep. Alexandria Ocasio-Cortez tweeted that “everyday New Yorkers & their neighbors defeated Amazon’s corporate greed, its worker exploitation, and the power of the richest man in the world.” Massachusetts Sen. Elizabeth Warren declared, “How long will we allow giant corporations to hold our democracy hostage?”

Amazon was right to pull out of New York City, but it would have avoided a lot of grief if it had made its original headquarters decision on the business “fundamentals.”

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