Amazon’s New Headquarter or Zero-Sum Game

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**Introduction**

It is highly important for Amazon to find a potential location to established its second headquarter in the United States. Establishment of new headquarter is highly beneficial for a city to generate thousands of new jobs. It is notable to mention that the city is going to get numerous amount of advantages if Amazon built headquarter in it. Multiple cities were willing to get that opportunity, so they began to make an offer of tax incentives along with other offers. However, in this critical decision, it is essential to determine urban economics as it analyzes the economics of cities. Urban economics is highly critical aspect as it contributes to promoting urban strategies and policies to provide a significant advantage to citizens. Establishment of new headquarter is a part of a zero-sum game between Amazon and New York. The risk of gentrification can be increased if Amazon establishes it’s new headquarter in Long Islands City of neighborhood Queens. Here, the focus is to critically analyze certain factors that hinder the establishment of Amazon’s second headquarter in New York City.

**Discussion**

Amazon is one of the high-tech companies in the United States and it has a primary focus on cloud computing, e-commerce, digital streaming, and artificial intelligence. It is notable to mention that Amazon’s search for a better location to establish 2nd headquarter was given great preference. It was due to the fact that the chosen location can get billions of dollars, which can ultimately increase their economic level in the US. There are various positive and negative aspects for a location if Amazon chooses it for building its new headquarter. To get a better understanding of the establishment of second to headquarter in a city, it is necessary to get an insight into Amazon’s current headquarter in Seattle. It is notable to mention that Amazon invested more than 38 billion dollars into the Seattle economy from 2010 to 2016. However, being dependent on one a single company provides to be catastrophic for Amazon.

Regardless of examining the critical situation of Seattle, many cities were interested to persuade Amazon to establish it’s headquarter in their territory. It is important to understand the extent of competition among various cities to get chosen for Amazon’s new headquarter. Among 238 applicants, 20 cities made significant offers to get chosen. Massive tax incentives and development sites were offered by 20 finalist cities to sweeten the pot. The basic reason behind all these gigantic offers was getting a better economic position in the US as Amazon was interested to invest more than 5 billion dollars on this project. Investment of massive amount was highly beneficial for any city to increase their lifestyle and economy. Unemployment is a serious issue in the modern world due to the ups and downs of the economy over time. People are unable to get a suitable job due to episodes of recessions. Due to such reason, many cities were interested in availing this opportunity as it adds up to 50,000 jobs for the chosen city. Mayor of Atlanta offered development space and huge tax incentives for the establishment of second headquarter in their city that would be worth more than 1 billion dollars. Cities were well-aware of the fact that being chosen can increase their chance to become “socially fabric”. Chicago even offered tax incentives of 2 billion dollars in order to get Amazon to build its new headquarter there. Along with potential tax incentives, New York offered lots of space for the potential development purpose and space for the accommodation of potential employees as well.

According to Butler et al. 1997, urban competition is a rivalry to attract various economic activities in order to increase the income level for a particular place. The major purpose of the urban competition is to enhance establishment opportunities at a specific place to get an additional benefit. Urban competition relates to various aspects of urban areas such as quality of life, education facilities, infrastructure, size of the tax base, levels of service, and cultural facilities. A dramatic shift has been experienced by various cities in the US due to the establishment of global capitalism (Pulido, 2016). A vertical and horizontal relationship has been experienced by these cities due to political-economic processes. Urban areas are considered as crucial geographical areas by the high-tech industries such as Amazon. High tech companies utilize these urban areas to articulate their politics of neoliberal productivism (Hayden, 1980). There is a lot of advancements and changes in the land-use and social courses due to the new logic of production, distribution, and employment. In the considered case of Amazon’s new headquarter, it is highly important to highlight the aspects of global capitalism and competition among cities. Urban entrepreneurialism has been introduced at the beginning of the 1980s that created a competition among the local state and nation-state in the framework of new urban politics. Major cities in North America are also working on the same principle to attract the investment of Amazon in their location by building its new headquarter. Establishment of a new headquarter in any city can enhance its economic stability as a minimum of 5 billion dollars would be invested in that city. Therefore, cities began to persuade Amazon through politics. Many offers were made to the Amazon to select a particular location for establishing headquarter. Mayors of every city made reasonable and massive offers to facilitate Amazon. In the end, Amazon was interested to select New York City to establish its new headquarter. The mayor and other prominent persons were eager to lure the company so that it can bring new headquarter in New York. For this particular purpose, the city lights the Empire State Building in Amazon orange. Amazon finally selected the Long Island City neighborhood of Queens to establish its new headquarter that could invest 2.5 billion dollars and produce more than 25,000 jobs in the city. Governor Andrew Cuomo trumpeted the decision as a massive success for New York.

Citizens of New York were well aware of the fact that what are they getting into by allowing Amazon to build its new headquarter in the Long Island City neighborhood of Queens. Criticism started to pour after soon after Amazon’s announcement to establish its new headquarter in New York. Mayor and Governor of New York announced that they made a lot of special incentives and grants for the company around 1.5 billion dollars. However, the actual deal that includes all tax incentive and space for development reached up to 2.8 billion dollars. Anti-Amazon rallies were set up by the people of Amazon in the following weeks when Amazon announced that it is going to establish their new headquarter in New York. People of the New York were disappointed by the false promise of Amazon regarding new headquarter. It is notable to mention that Amazon announced that it would open a new headquarter which would provide more than 50,000 jobs. They also claimed that the office would be “a full equal” to the other headquarter of Amazon in Seattle. Due to such reason, many cities were trying to lure the company with massive offers like billion dollars of tax incentives along with other subsidies. Instead of building one new headquarter, Amazon decided to make two new headquarter that would provide 25,000 jobs each.

The impact of the establishment of Amazon’s new headquarter would mostly have a negative influence on the life of citizens in New York. It is notable to mention that the establishment of new headquarter would produce new jobs, but it will also increase pressure over New York. People will come from various locations to get a job in New York, but it will build up pressure on existing companies. There are various companies that are excelling in New York, but it is highly important to understand the fact that these existing businesses have the same labor pool. Amazon exerts its own economic gravitational pull over many tech workers as it is the center of the global knowledge economy. High tech companies in New York will feel pressurized due to the dominance of Amazon in cloud computing. Many tech workers are expected to come to New York as Amazon has created a gigantic talent vortex. Regardless of these factors, the local residents of New York started a protest against this decision. Amazon had to cancel its decision of making its new headquarter in New York due to local protest. Amazon announced that they want to build their new headquarter in a place where they had a positive, collaborative relationship with state and local elected officials.

The gigantic projects such as Amazon’s new headquarter is beneficial for municipality up to a significant extent. It is notable to mention that the project of Amazon is taking jobs in the region. The unemployment rate can be significantly reduced through Amazon’s new headquarter as it can build more than 25,000 jobs in the area. Secondly, it is essential to mention that Amazon is investing 2.5 billion dollars in any chosen city for its new headquarter. That massive amount of investment can easily increase the economic growth of a city. The brick and mortar presence of Amazon has significantly increased as it bought Whole Foods Market. The presence of Amazon can significantly improve the revenue for a city as it is highly stable as compared to other companies that are working in a particular area. However, the investment and establishment in New York do not seem beneficial for the municipality. Establishment of a new headquarter is a gigantic project which is a part of a zero-sum game. In a zero-sum game, there is often no middle ground and sometimes there are necessary scenarios, however, no one win or lose in this game. The advantage is only attained by both the elite class of an urban area and a potential company that invests in it. It is notable to mention that the establishment of Amazon’s new headquarter can increase the risk of gentrification in the Long Island City neighborhood of Queens (Lees, Slater, & Wyly, 2010). Increased risk of gentrification is highly considered in the case of Amazon and New York as it can increase the mistreatment of minorities and corporate abuse to local unions in the considered region.

The Governor and Mayor of New York were playing a zero-sum game with the residents of New York by stating false promises. It is noteworthy to mention that Governor Andrew Cuomo claimed they would get 9 to 1 return on said investment. According to their indications, if they are giving 3 billion dollars tax incentives to Amazon, then they can easily get 27.5 billion dollars of revenue in return, which seemed profitable. However, the aspect of changes in the interest rate and inflation are highly considerate in this critical situation. The initial value of the deal can easily be decreased through the occurrence of changes in inflation and interest rates. According to a study, changes in inflation and interest rate can reduce the ration of 9-to-1 up to 6-to-1 for New York (Campbell, 2019). A massive gap can be polarized due to the difference between the supports of new headquarter and anti-headquarter activists. The majority of the benefits that Amazon is lauding are hypothetical. The real statistics are far away from their hypothetical assurances. Regardless of the fact that the officials of New York have promised that they would change the ratio of tax incentives if Amazon failed to fulfill its promises, the company would still receive special consideration in terms of economic treatment. It is notable to mention that the competitive advantage of Amazon would be greater in terms of taxes as local businesses would be trapped with higher tax rates.

In the past, Amazon announced that it is going to generate at least 50,000 jobs for the chosen city, which can increase their economic level in the US. Based on that decision, the majority of cities had made offers such as massive tax incentives and space for development and establishment. However, Amazon neglected that guaranteed minimum of jobs that it offered before. After selecting New York as a potential location for new headquarter, it decreased the number of total new jobs along with its proposed margin of economic growth. These changed proposals are clear identification of zero-sum game. Instead of allowing a high-tech company to establish its new headquarter in the city, it is important to persuade it to establish its businesses there. Establishment of a gigantic project like new headquarter can increase the prices of apartments in the chosen city (Athey & Luca, 2019). There will be an overall increase in rents and housing prices in the chosen city. The dramatic increase in the real estate prices of the chosen city will be catastrophic for middle-class and poor in the city. Scholars have investigated the entire scenario of this particular deal among Amazon and New York. They have suggested some conditions on which Amazon needs to abide in order to establish its new headquarter in New York. It is highly critical that Amazon should cease union busting in order to facilitate the people of New York. Taxpayer money should go to give advantage to Amazon in terms of tax incentives. Furthermore, it is important to mention that the establishment of Amazon’s new headquarter can destroy the distribution of unwanted wealthy demographic groups in the area. Amazon should not violate the distribution of various demographic groups in a city if it is interesting to establish its new headquarter in the area. Massive amount of rich high-tech people would be getting their job at the new headquarter in New York, which is like forcing New York to take in a flood of rich tech people. This will eventually increase the homeless issue in the area as well.

**Conclusion**

To conclude the above discussion, it is observed that establishment of Amazon’s new headquarter in New York is a part of the zero-sum game. The zero-sum game between Amazon and New York will only be beneficial for the elite class and Amazon. Amazon has the economic leverage that allows it to dictate its own terms. Middle-class and poor will have to suffer from soaring housing prices and homelessness issues in the chosen area of the Long Island City neighborhood of Queens. Such a gigantic project from a high-tech company can increase pressure on the local businesses due to common labor pools. Rich high tech persons will more likely be able to get a job in the new to headquarter of Amazon as the competition for business could heat up in that particular region.

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