



## Discussions with Wolff

### **“Is New York’s Amazon Overthrow a Turning Point in Capitalism?”**

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The following discussion prompts were written by Professor Wolff to create a discussion based around his piece “*Is New York’s Amazon Overthrow a Turning Point in Capitalism?*”. Please note, this article was written by Prof. Wolff on March 1, 2019. Keep the date in mind as it offers relevant historical context.

1. Why have conventional politicians of both parties done deals like the New York City HQ2 Amazon deal so often and for so many years?
2. How can we explain that this time opponents could mobilize sufficiently to prevent it from happening again?
3. How could the example of what was achieved this time with Amazon in Long Island City become an effective model and inspiration across the country?
4. Have public subsidies given to private sports stadiums been the same sort of deal that Amazon tried to get?

# Is New York's Amazon Overthrow a Turning Point in Capitalism?

March 01, 2019

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In recent highly publicized events, huge global megacorporations humiliated the same public officials who had earlier begged and bribed them to locate in their jurisdictions. Amazon did that to New York's governor and New York City's mayor. Foxconn did it to President Trump and Wisconsin's Governor Walker. In both cases, top corporate officials made decisions that exposed public officials to major public criticism, opposition and contempt.

At issue were public officials' offers of billions of dollars in tax breaks and subsidies if only the megacorporations would locate some of their operations in the communities "represented" by those public officials. Corporate and public officials, aided by an ever-compliant mainstream media, focused on the jobs to be "created." As usual, the job promises were vague on details of these prospective jobs, such as how many job holders would be "new" versus existing employees relocated from other areas.

When Foxconn officials later sharply reduced their investment plans from huge promises made earlier, exposed public officials scrambled. They sought to minimize their public humiliation and consequent condemnation. Having deflected scarce public resources (taxpayer funds) to enhance profits of already super rich corporations, they were then shown to have also been hustled by them. The megacorporations had changed plans entirely on their own despite the social effects of doing so. While exposed public officials quickly drew new corporate promises, public disgust grew.

Unprepared for the intensity and breadth of popular opposition, Jeff Bezos suddenly changed his plans and cancelled the building of a New York Amazon headquarters. He did so with even less consultation of the affected communities and politicians than had gone into the initial plans

The New York vs. Amazon story in the context of the Foxconn vs. Wisconsin story may mark a major historic turning point in how US capitalism works. Public opposition to Amazon was stunning not only in the speed of its formation and growth, but also in its implications. Promises of "bringing jobs" no longer silenced opposition to the humiliation of begging and the costs of bribing, as similar promises had so often done in the past.

A coalition quickly formed from a variety of groups opposed to Amazon's deal with the governor and mayor. Some were local groups who feared some of the likely effects (rising rents and housing costs, traffic congestion, added pressure on already inadequate public services and infrastructures, and so on). Some were politicians and their supporters who resented having been excluded from the Amazon deal-making by other politicians. Still others were political activists who had already opposed other uses of public tax monies to subsidize private businesses: for them the Amazon deal was the biggest and thus most egregious example. The coalition galvanized remarkable public support quickly.

Now, retrospective questions are being asked about the many sports stadiums across the U.S. that were publicly subsidized based on belief in such promises. Likewise, questions are rising yet again about the rich private universities, already tax-exempt, that keep securing public subsidies for their expansions.

Corporations not only invite public officials to beg and bribe for their relocation to those officials' jurisdictions. Corporations also often threaten to leave unless local politicians provide new or enlarged subsidies and tax-breaks to keep them. In countless cities, counties, states and countries, public "economic development" offices became little more than "beg and bribe" operations aimed at the corporatocracy. Public money thus flows into private profits. The rich become richer while public services (that lower and middle income people depend upon most) get pinched.

However, eventually, such mechanisms of inequality provoke pushback. In 2018 and since, for example, public school teachers' strikes finally began to reverse decades of underfunded public education and the resulting, socially divisive escape into charter schools. Popular rejection of the begging and bribing system is growing stronger.

Corporations, however, have little incentive to end the begging and bribing: quite the opposite. Top politicians from both parties long ago lost qualms about begging and bribing. Refusing to do so risked their political careers. Critics and opponents would charge them with failure to "bring jobs." Corporations not satisfied with one politician's beg-and-bribe program could easily find another with "a more attractive" offer. By supporting electoral victories for the latter, corporations got the deals they wanted. Ever more dependent on money to fund costly campaigns, politicians cemented their alliances with corporate leaders, as the Foxconn and Amazon stories illustrate.

In begging and bribing, the bigger and richer cities, suburbs and states usually outdid their smaller and poorer counterparts. The hollowing out of smaller cities and towns across the U.S. flowed from this corporate-driven competition as much as from technical changes, globalization, and so on. Similarly, the locations that begged and bribed best became sites of gentrification. Relocating jobs based on competitive subsidization encountered serious housing problems. Where jobs arrived, demand for housing drove up home prices and/or rents, forcing millions out of their homes. Where jobs left, housing prices and rents collapsed with all the usually attendant social problems. By now the differences in housing costs across the country, after decades of beg and bribe, are little short of scandalous.

The root problem is this: Which enterprises exist (and grow or shrink) in a locale shapes everything else about it. Enterprises link to incomes, housing, education, transportation, etc. The quality of lives in any community depends, among other things, upon the enterprises located there: upon what they produce, what technologies they deploy, how they organize the relationships among job-holders there, and how they use and distribute the revenues their output yields. To permit the profits of enterprise owners and the interests of directors and top management to govern enterprise decisions — to be their "bottom line" objective — is the root bad practice that needs changing.

That bad practice contradicts, and thereby undermines the democratic decisions made by members of a community. It makes our communities dependent instead on capitalist enterprises' decisions and organization. After all, a small minority within each capitalist enterprise decides when and where it locates or relocates its activities, what technologies it deploys, how it organizes people and functions within it, and how it utilizes its revenues. Together, those small minorities (owners, directors and top executives of the enterprises) function as unaccountable controllers of our communities.

The resulting unevenness of our rural and urban landscapes, the pervasiveness of inequality, our money-driven politics, and the humiliating spectacles of beg-and-bribe are building to a long overdue historic turn. Capitalist structures of enterprise now threaten and dissolve community in so many ways and on so many levels that increasing numbers — like so many in New York and Wisconsin — have decided to step up and stop it.