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“The Seattle way”: urban governance before and during Amazon’s boom

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“The Seattle Way”

Urban Governance Before and During Amazon’s Boom

Katherine C. Fallon

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Senior Thesis

Submitted in partial fulfillment of the requirements
for the Bachelor of Arts degree in Urban Studies and Geography

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Adviser, Professor Mary Ann Cunningham

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Abstract

Over the course of the last twenty years, the social, political, and economic fabric of Seattle has shifted, and the city's residents have looked to Amazon.com, the city's largest employer, to claim responsibility for these changes. In the neoliberal era, cities have prioritized the needs of their large corporations over the needs of their people. I use empirical and theoretical evidence to pinpoint the extent to which Amazon, and the tech industry more broadly, are responsible for the city's growing inequality, rapid growth, transportation issues, and lack of affordability. Although Amazon has taken the blame for many of the changes that have occurred in Seattle, the city government in combination with larger structural changes in the way cities are run have played their own role. In order for residents to regain control of the city, the city government must fight against these ingrained neoliberal ideologies and prioritize the needs of city dwellers.

Chapter 1. Introduction

On July 5th, 1994, exactly three months after Nirvana lead singer Kurt Cobain committed suicide in his Seattle home, Amazon.com, which would become the world's largest online retailer, was founded in the city. Although unrelated, these events symbolize the changing ethos of Seattle—from a haven for counterculture to a center of technology. Since its founding, Amazon, with the help of neoliberal urban politics, has reshaped the city's built, economic, political, and social landscape.

In the 1920s, my great-grandparents immigrated to Seattle from southern Italy. They bought a house in “Garlic Gulch”, a small Italian enclave in Seattle’s Rainier Valley. This modest home has acted as the cornerstone of my family’s history in the city for almost one-hundred years (Fig. 1.1). During periods of transition in our lives, nearly every member of the De Rocco family has lived for some period of time at 917 Hiawatha Place South. I grew up playing bocce ball in the backyard, eating figs off my grandpa’s tree, helping him tend his garden, and sitting in the cellar with him as he made his award-winning wine. However, “917,” as my family affectionately calls it, will soon be another structure lost to Seattle’s past. My mother and her three brothers are heavily considering developing the property to turn a profit. Although my heart aches when I think about my childhood haven replaced with another apartment building, it would be hard to blame my family for this decision. The house is falling down, the garden is overgrown, and the wine in the cellar has turned to vinegar, yet the home has not escaped the rising prices of Seattle’s housing boom. Zillow, a Seattle based online real-estate database, now estimates the value of the home at over a million dollars (Zillow 2017a). This is reflective of skyrocketing home prices across the city. Accordingly, the value of my family’s own home in another neighborhood has also increased rapidly. Even when adjusted for

inflation, the price of our house has more than tripled since my parents bought it in the mid-1990s (Zillow 2017b).



Figure 1.1
Photo of 917 Hiawatha Pl S.

These are just two examples of countless homes that were once affordable for working and middle-class families, which are now unaffordable for a majority of the city's residents. The average home price in the city is now over \$700,000, double what it was in 2012 (Rosenberg 2017a). Within the last decade, home prices in King County, of which Seattle is the seat, have doubled; and over the last six years, average rents have risen by a startling fifty-seven percent, making affordable housing in the region as a whole difficult to come by (Rosenberg and González 2017). This alarming rate has outpaced income growth and led to a growing number of residents who are burdened by the cost of housing. Although these changes are apparent across the city, housing costs and income inequality in Seattle do not affect all groups equally. In a city where the

average white household makes \$91,000 a year, and the average black household makes \$37,000 a year, income inequality is inherently racialized (Evergrey 2017).

These increases in housing prices and median incomes have been fed by a population inflow. Seattle's median income is now greater than \$80,000, making it the third wealthiest big city in the country, just behind two other tech hubs, San Francisco and San Jose (Balk 2016b). The availability of high paying jobs has caused a strain on the housing market due to an increase in demand, which in turn has led to massive price hikes and growing income inequality. Twice in the last decade, Seattle has been named the fastest growing city in the United States. Because of this explosive growth, the city's housing market is having difficulty keeping up with demand (Balk 2017a). From 2009 to 2016, Seattle's population increased by an astounding 100,000 people, with the overall population surpassing the 700,000 mark, making it the eighteenth largest municipality in the nation (Balk 2017a). In the last eight years, Seattle's population grew the same amount as it did in the entire period from 1957 to 2009 (Balk 2017a).

Seattle is changing, and quickly; there is no denying it. The city has seen rapid changes in neighborhood development, economic vitality, population density, housing affordability, income inequality, real-estate values, traffic congestion, public transportation ridership, as well as the political and social discourse of the city. While many of these changes have had positive effects, few have come without drawbacks. In all cases, the increased speed of change in the last few years has highlighted the negative implications of this growth. This emphasis on the negative has led to the expansion of Seattle's media backed anti-growth movement and a widespread disregard for the positive changes that have occurred. While some people argue that the recent growth has

arisen from a multitude of drivers, more and more media and public opinion have been pointing fingers at large corporations within the city. Among these, no corporation has shouldered as much of the blame and faced as much condemnation as Amazon.com.

Although it is easy to point fingers, and Seattleites have certainly pointed them at Amazon, in this thesis, I aim to complicate this simplistic narrative. In addition to uncovering the effect of Amazon's immense growth on the city's built environment and social and economic health, I examine how, and if, the place dependent agglomeration of the tech sector differs from that of other more traditional industries. I analyze the role the government has played in promoting development within the city at the cost of residents, before and during Amazon's boom. What are the notable positive and negative changes that have occurred in the city over the last two decades, and what role have different actors played in the creation of these changes, both directly and indirectly? Once I establish the role of Amazon, public-private partnerships, and the city's government, I look at how Seattle and its residents have been both directly and indirectly affected by the company's presence, and how different residents have experienced these effects in disparate manners. Although Amazon cannot be held accountable for all the changes that have occurred in the city over the last twenty years and the inaction of Seattle's government has played its own role, I argue that either directly or indirectly, the company's rapid expansion has changed not only the built environment of South Lake Union, the neighborhood where Amazon is headquartered, but also the social, political, and economic fabric of the city as a whole.

There is no question that Amazon has had a major role in the redevelopment of South Lake Union, but the role that Amazon has played in the changes throughout the

rest of the city is harder to define. Although a slow and bureaucratic Seattle government has failed to counteract the rapid change that is disproportionately affecting lower-income Seattleites, many residents have already condemned Amazon as the sole root of many of the city's problems. As one Seattleite bluntly put it,

Amazon has killed Seattle and gotten away with it. The counts of worse traffic, longer hours, higher costs of living, greater income inequality, and lower quality of life have no other suspects and few co-defendants. Amazon is guilty. But what little outrage there is has been mild. Anger dies out and Amazon lives on, untroubled and too big to fail. The mainstream is for Amazon, because Amazon is for the mainstream (CML 2015).

This statement, although provocative, speaks to the commonly held notion in Seattle that Amazon is responsible for many of the changes that have taken place in the city over the last decade, a majority of which are viewed unfavorably by residents. Residents' discontent with these changes has been expressed through public sentiment, in countless op-ed pieces, blogs, and even song lyrics. The rapper Macklemore, a lifelong Seattle resident and arguably one of the city's biggest proponents in popular culture, recently wrote about how he has perceived the changes to Seattle. In his 2016 song, "St. Ides" Macklemore raps,

Traffic movement kinda slow now/ I watch a population grow wild/ A bunch of people I don't know now/ My city's changed and I'm zoned out/ I thought about New York, maybe SoCal/ Put up condos people can't afford now/ Landmarks bulldozed been torn down/ Overpopulated but can seem like a ghost town.

This sentiment is one that is shared widely across the city (Adolph et al. 2017b). As some residents thrive, others are being forgotten, pushed to the fringes and often displaced. In twenty-first century Seattle, Amazon is the current expression of a common process of urban growth spurts within the city, fueled by industry, and often a single company, that due to the capitalist nature of these businesses do not serve all of its residents equally. For

the city that coined the term “skid row” back in the 1890s, this exclusionary process is not new, but its continued existence speaks to the priorities of the city’s government. More often than not, when the city has a choice, it chooses to protect the city’s businesses rather than its people.

Despite the fact that Amazon was preceded in the region by other large technology firms like Boeing and Microsoft, neither company has faced the same public backlash against its corporate presence. This is most likely due to Amazon’s increased visibility within the city center (Dudley 2015). Unlike Boeing and Microsoft, which are headquartered in Seattle’s suburbs, Amazon set up shop just north of downtown. So, when the changes within its host neighborhood became visible, Amazon was deemed responsible for both the positives and negative consequences of these changes (Fig. 1.2).



Figure 1.2

Locations are denoted with company’s logo. Amazon is within the city while Boeing is just to the south and Microsoft is across the lake. Map made by the author.

THEORETICAL FRAMEWORK

Although the city's fast growth is well understood, the structures that led to it, and the factors that drew Amazon to Seattle are rarely discussed. Why are some cities experiencing unprecedented growth, while others are struggling to keep a stable population? I contend that this inequality has been created by the agglomeration of high-tech industry as well as the outside pressure for cities to adopt a pro-business economy. I use a multitude of theoretical frameworks as well as empirical research to substantiate this argument. First, I examine "creative class" theory, and then move on to analyzing Neil Smith's theory of gentrification. Next, I evaluate the role of the "new urban politics" and the "growth machine" in how cities have changed to better support business interests. Finally, I focus on the specific role technology has played in the creation of the "new economy," and how that has led to the reshaping of cities and the agglomeration of certain industries. Although these frameworks cover a broad spectrum of geographic and urban theoretical knowledge, they all center around the ways that a changing world order has affected the understanding and reformation of cities. Without these frameworks, we could not properly analyze Amazon's role in Seattle.

The Creative Class

In Richard Florida's seminal work, *The Rise of the Creative Class* (2014, 8), Florida argues that "place has become the central organizing unit of our time." This runs counter to the popular idea that in the modern era, with such an immense capability to communicate across space, geography is no longer relevant. In reality, ideas of place influence where people want to live, and much of the success of a place stems from the

types of people that live there, and the impacts they have on it. Florida (2014, 186) asserts that creative people have a positive influence on cities' development and that a city's ability to attract creative people plays a large role in the city's relative success. Florida (2014, 8) describes this demographic as the "creative class"—comprised of scientists, engineers, architects, designers, educators, artists, musicians, and others who are working towards new technological and cultural innovations. It is important to note that the creative class is not a socioeconomic class but instead describes a form of labor, as do the working and service classes. All include a wide variety of income levels and professional positions. While not always earning high incomes, members of the creative class are generally well-educated, socially open-minded, skilled at advanced services, creative in the arts, and proficient at applying new innovations in business practices. Although the creative class is smaller than both the service sector and the industrial working class, Florida (2014, 9) argues that members of the creative class have increased influence on cities due to their creation of a place identity and their growing importance in urban economies.

The influence and perceived importance of the creative class means that these individuals are a highly sought-after economic resource in today's society. Florida (2014, 8). relates this to the importance of past industries by saying, "access to talented and creative people is to modern business what access to coal and iron ore was to steelmaking. It determines where companies will choose to locate and grow, and this, in turn, changes the ways that cities must compete." Due to the presence of businesses like Microsoft and Boeing, and the influence of musical and visual artists from the region, the creative class was already well established in Seattle before the rise of Amazon. The

availability of so many creative minds—especially those with technical talent—played a major role in Jeff Bezos’ decision to set up his company in Seattle (Krishnamurthy 2004, 31).

In his assertion of the importance of the creative class, Florida (2014, 11) describes what he refers to as the “3T’s”; technology, talent, and tolerance. These are attributes that Florida believes are essential for cities to hold in order to attract creative people. Seattle is in possession of all three of these characteristics and was ranked fourth overall with a score of .961 in Florida’s 2010 update of his creative cities index (Martin and Florida 2012). In the index, Seattle was ranked number one for tech, beating out San Jose and Silicon Valley. While the presence of technology and talent speak to the history of the tech industry and the arts in the area, the city’s tolerance rating indicates Seattle’s place character.

Although it is undeniable that the creative class has long been established in Seattle, one of the biggest critiques of Florida’s argument is that he overvalues the role of the creative class in the creation of a livable and successful city. While creativity breeds innovation, the rise of the creative class has also led to increasing income inequality and gentrification within cities, in turn making them less livable for lower-income residents (Wetherell 2017). Seattle has long-established a reputation as a haven for counterculture and embracing of liberal views. The neighborhood I grew up in—Capitol Hill—which lies just to the east of downtown, was once the epicenter of the city’s counterculture (Fig. 1.3). However, now gay bars, grunge music, cheap food, and affordable housing are vanishing from the neighborhood, being replaced with hip clubs, upscale restaurants, and luxury apartments. As more and more high-income earners pour into the city, fueled by

the availability of creative jobs, Seattle is becoming increasingly unaffordable, and the features that once attracted residents to the city have begun to disappear.

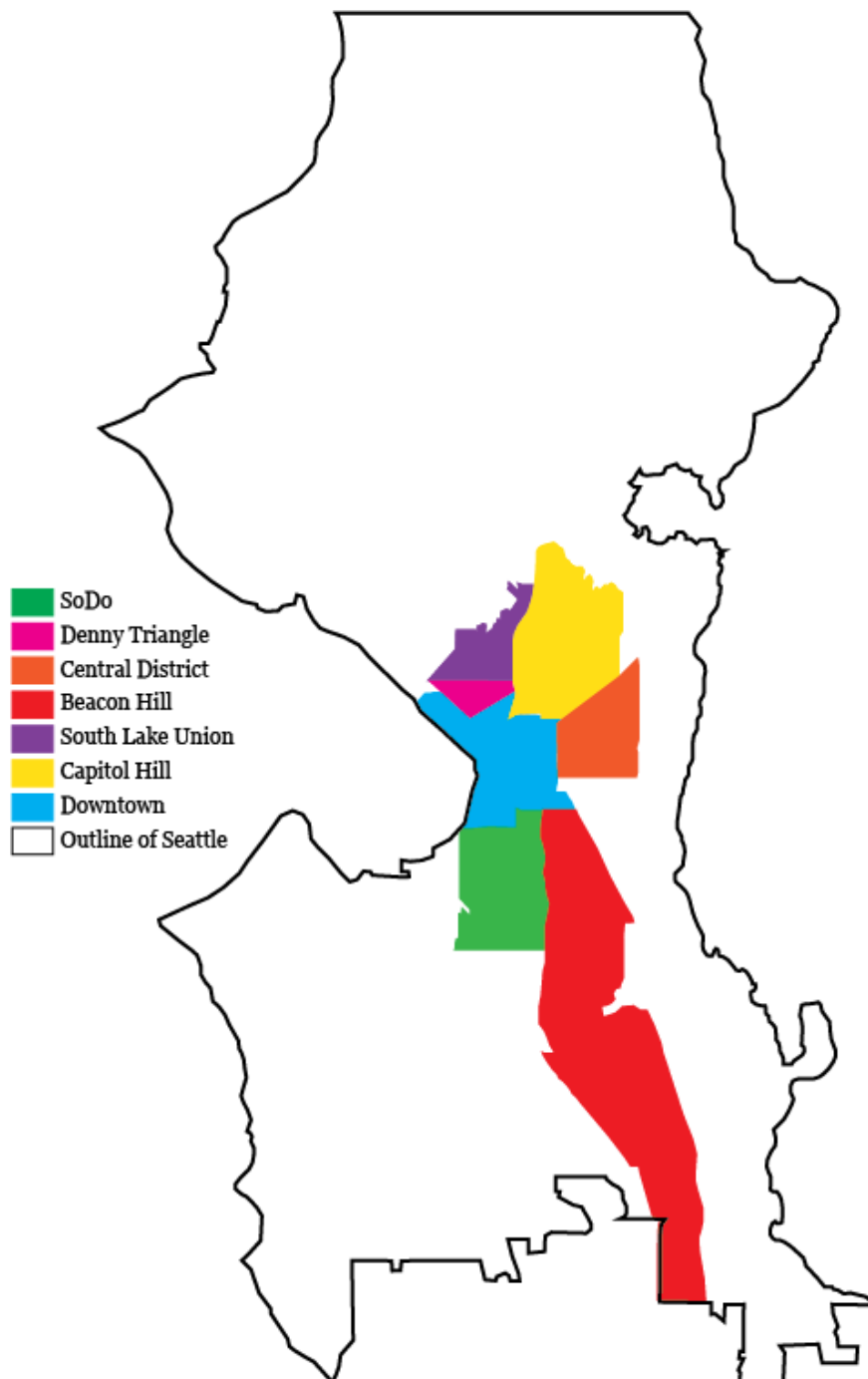


Figure 1.3

Map of Seattle neighborhoods mentioned in this thesis. South Lake Union (purple) is the location of Amazon's headquarters, Capitol Hill is represented in yellow, downtown is in blue, Beacon Hill in red, Central District in Orange, SoDo in green, and the Denny Triangle in pink. Map made by the author.

In the case of Florida's argument, his estimation of the positive role of the creative class as well as the critiques formulated against his theory prove critical to my analysis of Amazon's role in Seattle. I argue that despite the long-established presence of the creative class in Seattle, the upsurge in creative thinkers brought in by Amazon and the corporate leadership of other tech giants has led to more power being put into the hands of big businesses and an increasingly uneven distribution of wealth within the city. This, in turn, has led to the displacement of many low-income residents through the process of gentrification.

Gentrification Theory

In his article "Toward a Theory of Gentrification," Neil Smith (1979) argues that it is movements of capital, not people that have led to the gentrification of inner cities and in turn the displacement of low-income residents in the United States. The root of gentrification is often oversimplified and explained away by a change in consumer neighborhood preference, thus leading to a subsequent suburban to urban migration (Smith 1979, 540). However, Smith argues that by blaming gentrification on individual choices we are "ignoring the role of builders, developers, landlords, mortgage lenders, government agencies, real-estate agents, and tenants" in perpetuating this process through the exploitation of tenants and residents in order to increase profit margins. The sudden increase in investment within a neighborhood has a more direct effect on the process of gentrification than the movement of people (Smith 1979, 540).

Lees et al. (2016, 87) expand on this notion of gentrification by viewing it as a "capital-led colonization of urban space." Due to the company's presence in the area,

there has been an increase in capital investment. When Amazon first moved to South Lake Union, investors were able to see the potential that the company brought to the neighborhood. The redevelopment of South Lake Union as a business park for tech firms can also be seen as state-sponsored gentrification. In “Gentrification and the Rent Gap”, Smith (1979, 464) argues that “gentrification is most likely to occur in areas experiencing a sufficiently large gap between actual and potential land values.” The city government and other powerful actors recognized this gap. After Amazon moved to South Lake Union the potential growth of the area was realized; low-rise buildings were bulldozed, and land prices began to rise.

This state-led theory of gentrification does not only apply to South Lake Union but also to the city as a whole. As Lees et al. argue, “Gentrification is not simply a corporate creation; it is more often a creation of the state. The state often does the preparation work for corporate capital to follow” (Lees et al. 2016, 87-88). In the case of Seattle, much of this groundwork was laid by the city’s attempt to attract and keep investment after the 2007 economic crash. By laying this foundation, the city created a Seattle that was more attractive as a corporate location. This influx of corporate presence in the city, which in turn led to creative-class-in-migration, gives us a more nuanced understanding of the cause of gentrification in Seattle. Because Amazon’s corporate location is inseparable from the increase in “creatives” witnessed in the city, the role of corporate power in Seattle cannot be separated from the resulting gentrification. Despite rising prices that are negatively affecting residents, especially those who are low-income or people of color, Seattle as a city is not hurting for wealth due to its history as a site of highly profitable businesses.

The City as a Growth Machine

Thanks to Amazon, Seattle is now one of the country's largest corporate towns, currently playing host to thirty-one Fortune 500 companies (Rosenberg and González 2017; Brownstein 2017). The history of Seattle has long been defined by the booms and busts of major corporations, all of which at one point have acted as the city's major driver of growth; first Boeing, then Microsoft, and now Amazon (Balk 2015). However, these companies are not solely responsible for the city's population and economic booms. Historically, cities and their industries have been bolstered by the presence of "growth machines." In *Urban Fortunes* (2007), John Logan and Harvey Molotch define the growth machine as a series of allies, including politicians, planners, banks, construction unions, businesses, and real-estate interests that could all profit from a city's growth, and therefore actively work to encourage urban growth. The growth coalition "mobilizes what is there, legitimizes and sustains it, and channels it as a political force into particular kinds of policy decisions" (Molotch 1976, 315). To summarize, the growth machine uses its power to assert that the purpose of the city and the economy is to grow, overshadowing the consequences that might coincide with such growth (Logan and Molotch 2007, 51).

Despite the rhetoric promoted by the growth machine that growth is good and provides jobs, along with other benefits, unconstrained growth can have many negative impacts (Logan and Molotch 2007, 85). The presence of the growth machine has not only led to further inequality across cities, but also within them. Molotch (1976, 318) argues that throughout history, there are countless examples of growth that benefits only a small portion of a locality's residents. In the case of Seattle, the residents that have

benefited the most from Amazon's presence are the city's richest, and those that have been the most negatively impacted are the city's poorest. Logan and Molotch (2007, 50) assert that "place is a market commodity that can produce wealth and power for its owners." The growth machine intentionally orchestrates this movement of capital for the benefit of its constituents—often to the detriment of others. Those who hold land are prospering due to the increased value of their property, while those who are looking to buy or rent have an increasingly difficult time finding affordable housing options.

New Urban Politics

Kevin Cox (1995, 213) focuses on why cities feel pressured to produce such a favorable business climate. He argues that the new urban politics are responsible for many of the nuances in competition. Cox describes the new urban politics as the idea that local economic development is intertwined with the politics of space globally, and the increased competition between municipalities for economic investment has become pervasive worldwide. This inequality between cities is easily visible within the United States. While some cities, like Seattle, Denver and Austin are experiencing exploding economic growth, other cities like Cleveland, Detroit, and Buffalo are fighting to keep their residents after a sustained period of decline. A few cities, like Seattle, have developed identities as hubs of technology and creativity, attracting businesses' front offices, while others must fight twice as hard to establish an identity and find interested investors. In an attempt to combat disinvestment and depopulation, cities have developed a pro-business strategy to attract investment, which in turn has had disparate effects on citizens of different incomes. This pro-business economic strategy that is enacted by the

new urban politics has led to many cities exploiting their residents simply to attract business. An example of this exploitation of residents can be seen in Seattle. The growth of Amazon.com and the interests of Microsoft billionaire Paul Allen are inseparable from the redevelopment of South Lake Union, many of whose changes have occurred with financial and political backing from the city. Paul Allen's real estate company, Vulcan, boasts the creation of eight million square feet of office space since 2000, eighty percent of which has been built in South Lake Union— "renowned as one of the largest urban redevelopment projects in the country" (Vulcan 2018).

With the need for competition across cities has come state-sponsored incentives in the form of tax breaks and public amenities. In an attempt to attract business, cities have built convention centers and expanded airports. This competition has taken power away from the city government and given it to businesses and investors (Cox 1995, 224). By giving power to businesses whose main incentives are profit-making, cities put the needs of their citizens second, and the cost of these changes are imposed on local residents (Cox 1995, 221).

Although Cox does not mention it by name—probably because he wrote his article in the mid-1990s—many of the processes he discusses could also be attributed to a global, ideological shift toward neoliberalism. In *The Neoliberal City*, Jason Hackworth (2007, 2) argues that neoliberalism is an "ideology, mode of city governance, and driver of urban change" that has become increasingly more apparent in U.S. cities over the course of the last thirty years. According to Hackworth (2007, 9), contemporary neoliberalism represents a return to classical liberalism, and a rejection of the egalitarian liberalism that grew the welfare state and defined the middle part of the twentieth

century. Hackworth argues that “neoliberalism, like many other ‘-isms’ is a highly contingent process that manifests itself, and is experienced differently, across space. The geography of neoliberalism is much more complicated than the idea of neoliberalism” (Hackworth 2007, 11). A major way that neoliberalism has manifested itself geographically in Seattle is through the redevelopment of South Lake Union. Most of the pro-business policies that Cox talks about could be attributed not only to the new urban politics but also the rise of a neoliberal economic structure, and its philosophy that privileging business interests is more important than privileging social resources. Although I briefly touched on it here, my second chapter focuses more heavily on the role that neoliberalism has played in the changes witnessed in Seattle.

The New Industrial Space in the New Economy

Leonard Nevarez’s *New Money, Nice Town* (2003) outlines what he refers to as the “new industrial space” within the new economy. Nevarez (2003) briefly defines the new economy as the mobilization of capital, and the corresponding clustering of high-tech, creative, and other post-industrial sectors. With the creation of the new economy came a widespread notion that industry and business are no longer confined to a geographic location, and can travel instantly to the most advantageous location (Nevarez 2003, 31). However, Nevarez (2003, 42) contends that despite this idea, the development of the new economy has led to “industrial agglomeration” for some high-value sectors like technology, heightening the importance of place for these sectors rather than diminishing it. With this agglomeration has come the creation of flexible districts. Flexible districts “transform their industries in path-dependent and utterly *local* ways,

thereby locking competitive advantage into specific places. They spatially embody the cutting edge of their industries in ways that cannot be recreated wholesale elsewhere” (Nevarez 2003, 47). These districts create a space where “business does not stop at the firm door, but pervades the restaurants, bars, parties, fitness centers, and other places where industry workers gather” (Nevarez 2003, 47). Flexible districts generate an area where local amenities and business build off each other; a concentration of one leads to a concentration of the other. In this sense, Seattle’s South Lake Union could be seen as a flexible district for the tech industry. Although Amazon has the largest footprint in the neighborhood, Google and Facebook, as well as a *mélange* of smaller tech companies, have sprung up in the neighborhood since Amazon moved in. Most of the people who live in the neighborhood work there, and the bars, restaurants, and fitness centers are frequently inhabited by young techies interacting in both formal and informal capacities (Lerman 2016).

Nevarez (2003, 34) argues that the creation of these flexible districts has come with both costs and benefits for the industry, and businesses must question if the costs outweigh the benefits. The clustering of businesses leads to increased productivity, the centralization of talent, and increased job security for potential employees (Nevarez 2003, 46). However, agglomeration can also cause high costs and labor control problems due to quick employee turnover rates (Nevarez 2003, 41). This question of if the costs outweigh the benefits, as well as a business’s continual search for an even more business-friendly city, could partially explain Amazon’s recent search for a second headquarters (Nevarez 2003, 34).

However, in his analysis of the ‘costs’ and ‘benefits’ of industry agglomeration, similar to Florida (2014), Nevarez (2003) fails to recognize the local downsides of the new industrial space for city residents. Although the author thoroughly explores the inequality across cities created by agglomeration, as well as the effects it can have on industry, he only talks briefly about the positive and negative effects that extend to the residents and businesses of the host cities themselves. Amazon’s impact on the city is an excellent lens through which to analyze the urban change occurring in Seattle because of the rapid, drastic, and very visible changes the company has helped produce. While my first chapter focused on outlining the issue and contextualizing it within a theoretical framework, the following chapters each focus on further substantiating these theoretical claims with evidence from Seattle.

METHODS AND CHAPTER OUTLINES

Chapter Two outlines the history of Amazon in Seattle and the reasons why Jeff Bezos, a New Mexico native who went back east for college, decided to set up shop in the rainy Pacific Northwest. I look at the role Washington State, and particularly Seattle, played in attracting Bezos to the city. I outline the company’s history from 1994 to today, looking most heavily at how the company’s footprint has expanded over time. I describe the company’s relocation, after it grew too big for Beacon Hill’s iconic Pacific Medical Center, to South Lake Union, and also how that move impacted the neighborhood and Amazon’s visibility within Seattle. I also look back into some of the history of South Lake Union and the role of neoliberalist policies in priming the neighborhood for

Amazon. Finally, I take a brief look at Amazon's local philanthropic efforts and how its company culture is reflected in its lack of local involvement.

While Chapter Two focuses on the direct effects to Seattle's built environment and business climate, **Chapter Three** looks at the ways in which Amazon has indirectly affected the city's social fabric and infrastructure. I examine how densification, affordability, income, traffic, public transport, and even the ethos of the city has been reshaped by the company's presence. In addition, I question why changes to the city have occurred unevenly across space and the role that Amazon has played in this unequal growth. Through mapping these spatial disparities with GIS, I am able to better understand how acutely different areas within the city have been experiencing these changes. I also compare Seattle to a few of the other fastest growing cities in America, mainly looking at Austin and Jacksonville. I chose these cities because both have been experiencing growth, but while Austin's growth has largely been attributed to tech industry presence, Jacksonville's has not. This allows me to compare changes in these cities to Seattle and hypothesize whether or not changes in Seattle have been caused or exacerbated by the growing presence of the tech industry.

Chapter Four looks at Amazon's search for a second headquarters and the lengths at which cities are going to "win" Amazon's HQ2. The company is promising \$5 billion in investment and 50,000 new jobs with average salaries of \$100,000 (Adolph 2017). However, I argue that although this sounds like an unbeatable offer, Amazon will emerge as the only true winner in its search for a second headquarters. Despite this, I look into Amazon's twenty finalist cities and try to predict which city Amazon will choose. I also look at how each of these cities will be affected if they are chosen to host Amazon's

HQ2. Following this, I delve briefly into the reasons why Amazon was pushed to search for a new headquarters, and the implications these changes could have on Seattle's long-term growth.

Chapter Five attempts to answer the broader theoretical questions that have been posed throughout this thesis. Zooming out from Seattle, I look at the ways in which 20th-century industrial agglomeration differs from the present clustering of creative industries and analyze the role these differences play in creating a livable city for its residents. I compare David Harvey's (2008) analysis of Henri Lefebvre's "Right to the City" to the neoliberal ideologies that have become commonplace in the 21st century. Through Harvey's framework, I implore cities to use their social and economic capital to fight against neoliberalism and put power back into the hands of residents.

Chapter 2. The History of Amazon and How Billionaires Have Reshaped Seattle

Over the course of the last eight years, Amazon's South Lake Union campus has undergone a nearly continuous expansion. What started as 5,000 employees in eight buildings has ballooned to 40,000 employees spread across thirty-seven office spaces (Day 2018). Since 2010, a new Amazon office space has opened up every two-and-a-half months (Rosenberg 2017b). Today, Amazon occupies a startling 8.1 million square feet of office space in the city. This amounts to nineteen percent of the city's prime office space—double the footprint of any other company in America—and more space than the next forty-three largest companies in Seattle combined (Fleishman 2017; Day 2017d; Adolph et al. 2017a). Low-rise warehouses and affordable housing that used to dot the neighborhood have been replaced with high-rise modern condominiums, high-tech executive offices, expensive restaurants, and niche clothing stores. As a ten-year-old, I would stare out the window of our car as we drove down the neighborhood's main thoroughfare—Mercer Avenue—looking at the deserted sidewalks and wondering what businesses once inhabited all those seemingly empty buildings. Today, little evidence remains of the neighborhood I observed as a kid on my daily commute, and the neighborhood's new purpose is discernable with a quick glance around. Those same streets that used to be empty are crowded with people, and the warehouses and affordable housing have all but disappeared, replaced with luxury condos and prime office space (Fig. 2.1; Fig. 2.2).



Figure 2.1
The intersection of Republican Street and Pontius Avenue in the South Lake Union neighborhood, circa 2008 (Balk 2016a).



Figure 2.2
The intersection of Republican Street and Pontius Avenue in the South Lake Union neighborhood, circa 2016 (Balk 2016a).

South Lake Union has seen the arrival of fifty new buildings in the last decade, thirty-three of which are owned by Amazon (Balk 2016a; Adolph et al. 2017a). In addition to Amazon's growing footprint, the company's rise has brought about the appearance of more Fortune 500 companies in Seattle. Today, there are thirty-one such companies in the city, up from seven in 2010. These include Google, Facebook, and Apple, all of which are located in South Lake Union and have offices in a similar tech hub—Silicon Valley (Brownstein 2017). However, not only tech businesses occupy the space. In addition to quantitative changes in business, there has been a qualitative change in land use. The population of South Lake Union has risen by 466 percent since the 2000 census, and between 2009 and 2014, average rents increased by twenty-six percent (Balk 2016a). Cranes have become such a fixture in the skyline, that my father has taken to counting the number he can see towering over South Lake Union as he drives down the hill towards work every morning (Fig. 2.3). These cranes serve as a visual reminder of the neighborhoods seemingly unending growth.



Figure 2.3

View of cranes over South Lake Union from Capitol Hill (Grinnell 2015).

Since Amazon's arrival, its influence on Seattle has only grown. However, Amazon would not have been able to grow at the rate or in the location that it did without the help of the city government and private real estate firms. Although Amazon is often held responsible for the changes to South Lake Union, without these outside factors pushing development along, the neighborhood would not have developed in the same manner.

The Early Days of Amazon

In the early 1990s, the internet was a new technological invention, the potential of which had not yet been realized. It wasn't long until entrepreneurs realized that the internet provided a new platform on which immense growth was possible. After learning that the internet was growing by 2,300 percent each year, Jeff Bezos quit his job as a highly paid executive on Wall Street and moved to a city where businesses had already started to profit off the internet: Seattle (Clifford 2017). In July of 1994, Bezos launched Amazon.com, "the world's largest bookstore," out of the garage of his Bellevue home (Seattle Times Staff 2012b). Although the company originated in a Seattle suburb, just like Microsoft and Boeing, Bezos recognized the advantages that a city provided. Less than a year later, in the spring of 1995, Amazon moved its now quickly growing business to Seattle's South Downtown (SoDo) neighborhood (Seattle Times Staff 2012b). However, the company did not stay there long. Like the internet, Amazon was growing at an astounding rate and it wasn't long until the company outgrew its SoDo office space. In August of 1996 the company moved again into Seattle's Columbia Tower, but by 1999 Amazon's continued need for space took it back into the Seattle rental market. Amazon's

expansion into the sale of new products mirrored its growth in Seattle. Right after expanding its business into music sales in 1998, Amazon outgrew its downtown office. The company made its final move of the millennium, into Seattle's historic Pacific Medical Center on Beacon Hill. After moving four times in five years, the Pacific Medical Center would become Amazon's first stable office space, and its headquarters for the next decade (Fig. 2.4; Byrnes 1999).



Figure 2.4
Seattle's Pacific Medical Center on Beacon Hill

Amazon on Beacon Hill

The move to Beacon Hill and the subsequent takeover of one of the city's most prominent historic landmarks marked the first time that the company faced a visible pushback from city residents (Byrnes 1999). Long before the debate over Amazon erupted citywide, the residents of Beacon Hill were discussing the role the company would play in the development of their neighborhood. The mostly working class and immigrant neighborhood was divided on the issue. While some residents, like my

grandparents, believed that Amazon's presence in the neighborhood would lead to a much needed infrastructural and aesthetic improvement, others anticipated that the tech giant's presence would lead to increased congestion and gentrification on the hill.

Despite these concerns, for most of Amazon's stint on Beacon Hill, the neighborhood seemed to follow the general trends of home prices and development that were seen across the city. This was true for nearly every period during Amazon's tenure on Beacon Hill except one. In 2009, when Seattle was still reeling from the 2008 housing market crash, home prices fell in nearly every neighborhood—except Beacon Hill (Mayo and Pryne 2009). If one were ill-informed about the changes occurring in the neighborhood at that time, one could easily assume that Amazon's presence played a major role in this anomaly. However, this upsurge in property values may be more accurately attributed to the relative affordability of the neighborhood in conjunction with the opening of the Beacon Hill light rail station (Mayo and Pryne 2009). The opening had been in the works since the passage of the Sound Transit ballot measure in 1998, a year before Amazon moved its offices to Beacon Hill (Schaefer 1996). The passage of Sound transit was part of a pivotal public transport expansion that within a few years would connect the neighborhood by light rail to the airport, downtown, and north Seattle.

In the last two decades, the entirety of Seattle has been experiencing unprecedented growth and Beacon Hill is no exception to this. Although rents rose fairly steadily, in pace with the citywide trend, average rents in the neighborhood remain twenty-two percent lower than the citywide average (McDermott 2015). Unlike South Lake Union, Beacon Hill was not completely reshaped by Amazon (Fig. 2.1; Fig. 2.2). Outside of the 2001 expansion of the Pacific Medical Center, Amazon had a negligible

impact on the neighborhood's development. The same would not bode true for the company's next host. However, long before Amazon's move spurred the redevelopment of South Lake Union, plans were in place to revitalize the neighborhood.

The Seattle Commons

In 1992, the city, backed by billionaire Microsoft founder Paul Allen, proposed turning sections of South Lake Union into an extensive green space called "The Seattle Commons" (Berger 2015; Fig. 2.5). The Commons, a proposed eighty-five-acre park, was envisioned as Seattle's version of New York City's Central Park or Vancouver's Stanley Park. The ambitious plan imagined a completely new South Lake Union, "a vibrant diverse neighborhood with up to 15,000 residents; new jobs and businesses; housing affordable to all income levels; opportunities to live and work in the same community; and predominantly six-story buildings" (Seattle Commons Draft Plan 1995). However, the plan talked about South Lake Union as if it were a blank slate on which to realize a vision. It ignored the residents already living in the neighborhood in order to push its agenda. The plan only had vague statements about providing affordable housing and was unclear about how it would realize these goals.

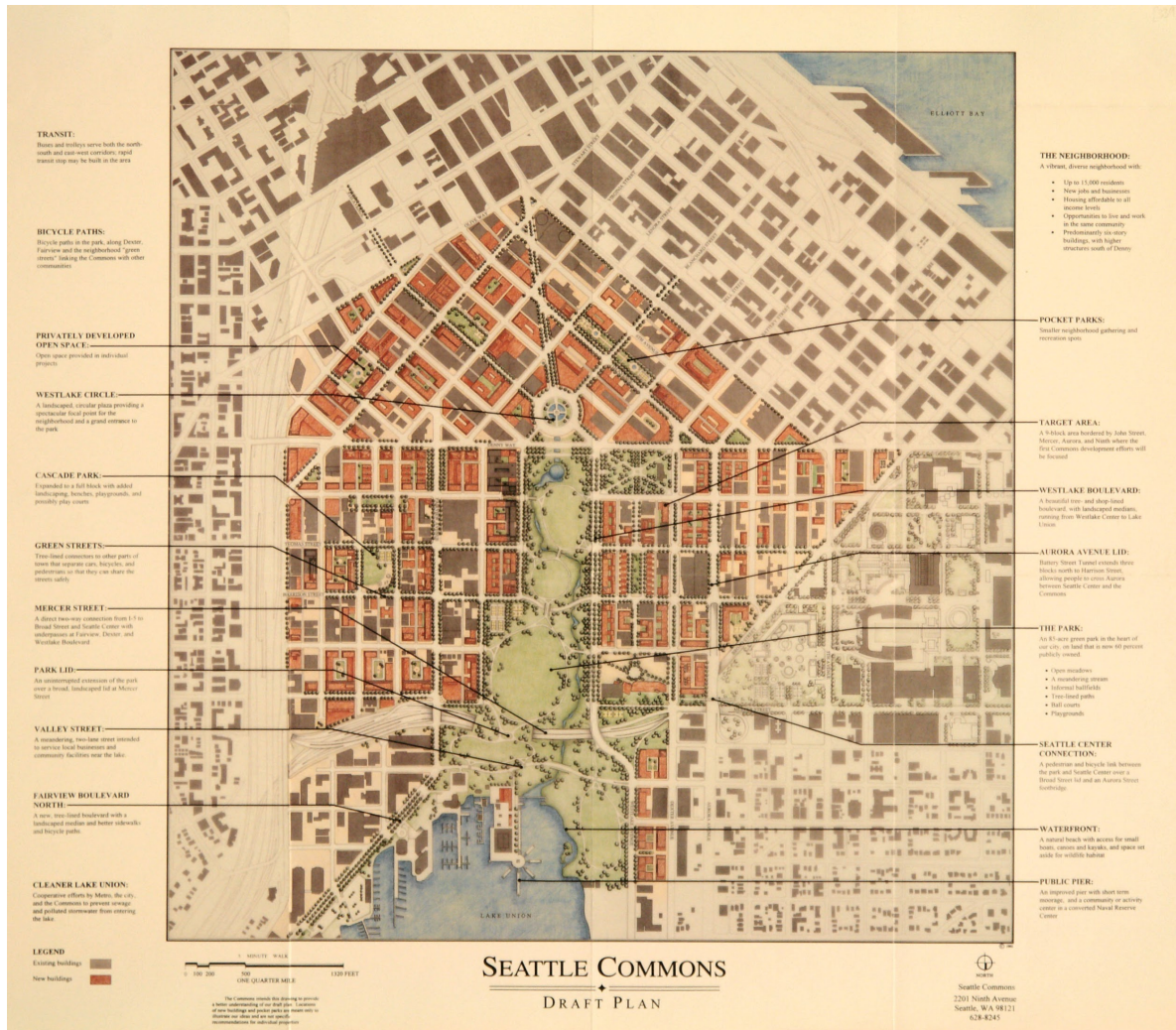


Figure 2.5
Seattle Commons 1995 Draft Plan

These oversights led to the project’s downfall. In 1995, Seattle voters rejected the project by a slim margin (Berger 2015). Many voters thought that the price tag was too high, and they feared that despite the claim of affordable housing for all, the project would displace the neighborhood’s low-income residents. Billionaire Microsoft co-founder, Paul Allen, asked taxpayers for \$250 million in new taxes to create the park. Many questioned why Allen—who once made a billion dollars from the stock market in a day—could not cover more of the cost of the park’s development (Savage 2012). In addition to this, many questioned why the city wanted to invest millions of dollars into a

sprawling park in a mostly affluent area of the city when many neighborhoods in poorer areas of the city not only had less green space but also lacked sidewalks. Although these qualms were understandable, voters' rejection of The Seattle Commons plan did not lead to further investment in South Seattle and did not stop the redevelopment of South Lake Union. Instead, it allowed for a targeted, privately funded redevelopment of the neighborhood to take place. The South Lake Union growth machine of politicians, planners, businesses and real estate interests had already put its force behind South Lake Union as a place to establish growth and the public's refusal to build a park would not stop them.

Public-Private Partnership: Vulcan and the City

Despite the failure to realize The Seattle Commons in South Lake Union, this once post-industrial neighborhood has been transformed. Allen, who donated \$20 million worth of land to the city for the park and was given the land back when the park failed to pass, now owned a significant portion of the underutilized South Lake Union. Allen decided to use the land he owned to develop South Lake Union as a private business park for high paying corporations. However, Allen could not have achieved his dream for the neighborhood without the help of the city. This alternative redevelopment of South Lake Union was further bolstered in the early 2000s when the city sold much of the publicly owned land in the neighborhood to Allen's real estate company Vulcan for a fraction of its market price (Purcell 2006, 1933). In 1996, shortly after the Seattle Commons failed to pass for the second time, Allen owned 11.5 acres in South Lake Union. By 2004, that number had surpassed sixty acres (Seattle Times Staff 2012a). The city hoped the land

would be used to create a “technopole,” for biotechnology, a burgeoning industry for Seattle at that time. Although South Lake Union did become home to some biotechnology firms, including The Allen Institute, Vulcan had another tenant in mind. In 2007, days before it was announced that Amazon would move its headquarters into the neighborhood, the city council approved a land use code change, that allowed the development of taller buildings—up to twelve stories—in the neighborhood (Pryne 2007). This change in zoning was the last piece necessary to complete Vulcan’s transformation of South Lake Union into an urban campus for Amazon.

South Lake Union is seen by many Seattleites as more of a “corporate playground” than a neighborhood (Vinh and González 2017). Efforts to create a functioning neighborhood have for the most part failed, and the area has often been described as sterile, lacking the vibrancy that defines its next-door neighbor (and the place that I call home), Capitol Hill. Jane Jacobs’ assessment of what creates a successful neighborhood, in *The Death and Life of Great American Cities* (1964) could be used to critique Vulcan and Amazon’s redevelopment of South Lake Union and provide answers to why it has gained this reputation as a lifeless, manufactured neighborhood. Jacobs contends that in order for a neighborhood to be successful, it must have “diversity.” Jacobs (1964, 150) is not merely talking about an ethnically diverse population, however, but also about a neighborhood that serves multiple purposes and whose residents have multiple reasons for being there in the neighborhood. Although South Lake Union is considered a “mixed-use” neighborhood, it is bustling during the day, but dead at night (Vinh and González 2017). This is partially due to the fact that people who don’t live in the neighborhood don’t have a reason to go there at night. A lack of economic vitality

after the workday and on weekends has not only had social but also economic consequences. Jacobs (1964, 153) argues that “if consumer enterprises lie idle for much of the day they may disappear.” Because the public-private partnership between Vulcan and the city considered South Lake Union to be more of a business park than a neighborhood, they missed the inclusion of many components that create a successful neighborhood. Although Amazon took a lot of the blame for the redevelopment of South Lake Union, in reality, it was Vulcan—with the help of the city—that was responsible for the initial changes to the neighborhood.

Although the relationship between the city and Vulcan was informal, it is a potent example of the role that a public-private partnership can play in reshaping a city. Because there was a convergence of agendas between Vulcan—that wanted to attract more business to South Lake Union—and the city—that wanted to provide jobs and economic rehabilitation after the economy crashed—the two groups were able to use their combined power to create a vision of a neighborhood that was perfect for Bezos’ Amazon, despite the fact that it did not have the support of much of the city’s population. Formal and informal public-private partnerships like this one are a key facet of the neoliberal era. Growth machines provide power and influence to private capital, and in turn, these businesses provide jobs for residents. This process has created a broken cycle in which private capital continues to exploit public funds and services for its own self-interests. Instead of making sure the use-value needs of a neighborhood’s residents are being met, cities are focusing more on making sure the exchange value interests of businesses are fulfilled (Purcell 2006, 1936).

Neoliberalization in South Lake Union

Despite the lack of forethought and acknowledgment of the preexisting neighborhood, Amazon's move to South Lake Union provided benefits for Seattle residents who were not directly tied to the company—although not to the extent that they would have been if built elsewhere in the city. When constructing the eleven buildings that would make up Amazon's headquarters, Vulcan made a deal with the city to donate \$6.4 million to affordable housing (Day 2017d). Although this may seem like a substantial amount, according to then city councilmember and affordable housing advocate, Peter Steinbrueck, this was \$2.6 million less than Vulcan should have paid (Young 2007): because of the zoning code change, Seattle had informally expanded the central business district into South Lake Union without enforcing the same housing policies that existed for downtown property owners. Because of this, Vulcan was able to build as if it was in downtown, without paying the same development fees towards affordable housing. City officials such as then Deputy Mayor Tim Ceis were worried that if they asked too much of Vulcan, Amazon would abandon the project and move its headquarters out of Seattle and into the suburbs. At the time, this prospect was especially frightening because the city did not want to lose such a big investment just after the economy had experienced the worst economic downturn since the Great Depression. This distress proved unnecessary. Unbeknownst to the city, Bezos had already committed to developing a campus in Seattle. Bezos believed that an urban campus would be much more attractive than a suburban campus to the talent he wished to attract.

This pervasive fear, of big businesses fleeing cities for the suburbs, is a reality that is not unique to Seattle. For decades United States cities have watched their

economies drained by suburban development and outward migration. In an attempt to combat disinvestment and depopulation, cities have developed a pro-business strategy to attract investment, which in turn has had disparate effects on citizens with different incomes, and often disproportionately affects the livelihoods of residents with lower incomes (Cox 1995, 221). By putting the needs and wants of Amazon above those of its residents, the city is saying they care more about the short-term economic vitality of the city than the ability for its residents to thrive in the city long-term. The new urban politics has forced cities to put business before citizenship, and in turn has led to diverging interests and rising income inequality (Cox 1995, 221).

This shift in focus has caused a change in the way cities run and what is prioritized. One of the most impactful changes caused by neoliberalism is increasing uneven development. Although uneven development is a long-standing feature of human geography, neoliberalist thinking exploits cities' fear of disinvestment to create a profit for private capital. While some areas—locally and globally—are heavily invested in, others are facing deep disinvestment. This uneven development is made obvious when you compare South Lake Union to other neighborhoods in Seattle. Despite the fact that twenty-eight percent of Seattle's streets, especially on the city's periphery, do not have sidewalks, in recent years the city has invested over \$420 million to improve the local infrastructure of South Lake Union (Fesler 2015; Purcell 2006, 1934). The informal public-private partnership that existed between the city and Vulcan bolstered development in South Lake Union, and since then, Amazon has played a growing role in the neighborhood's continued development.

Amazon and The Local Business Structure

In 2012, two years after moving its offices to South Lake Union, Amazon bought the eleven office buildings it was leasing from Vulcan for \$1.16 billion (Martinez and Pryne 2012). These eleven buildings were supposed to occupy the company's employees until 2016 (Levy 2017a). However, with Amazon's rapid growth strategy, the company quickly outgrew the 1.6 million square foot complex. Instead of moving once more, the company decided to expand its campus around these buildings and secure its location in South Lake Union. Earlier that year, the company bought three blocks of Seattle's Denny Triangle, which lies just south of South Lake Union, for \$207.5 million (Stiles 2012; Fig. 2.6). Still, this 3.3 million square foot expansion did not satiate the company's need for space. Just two years later, in 2014, Amazon made its next big purchase, another block in Denny Triangle, this time for \$52.2 million (Soper 2014). Finally, in 2016, the company made its most recent purchase of land, another half block for \$19.2 million (Levy 2016a). In the eight years since Amazon moved out of the Pacific Medical Center, its footprint in Seattle has quadrupled in size (Rosenberg 2017b). In 2001, the company occupied 640,000 square feet in the city. Today, Amazon occupies 8.5 million square feet across thirty-four buildings (Levy 2016b; Fig. 2.7; Fig 2.8). Despite the company's plans to open a second headquarters elsewhere, it does not appear that the company plans to significantly slow growth in Seattle. According to Amazon executives, by 2022, the company will occupy forty buildings in Seattle, surpassing twelve million square feet (Levy 2016b).



Figure 2.6
 Map of Central Seattle. Downtown is divided up into sub-neighborhoods (Belltown, Denny Triangle, Retail Core, Waterfront, and Westedge).



Figure 2.7
 Amazon’s South Lake Union campus circa 2007 (Rosenberg 2017b).

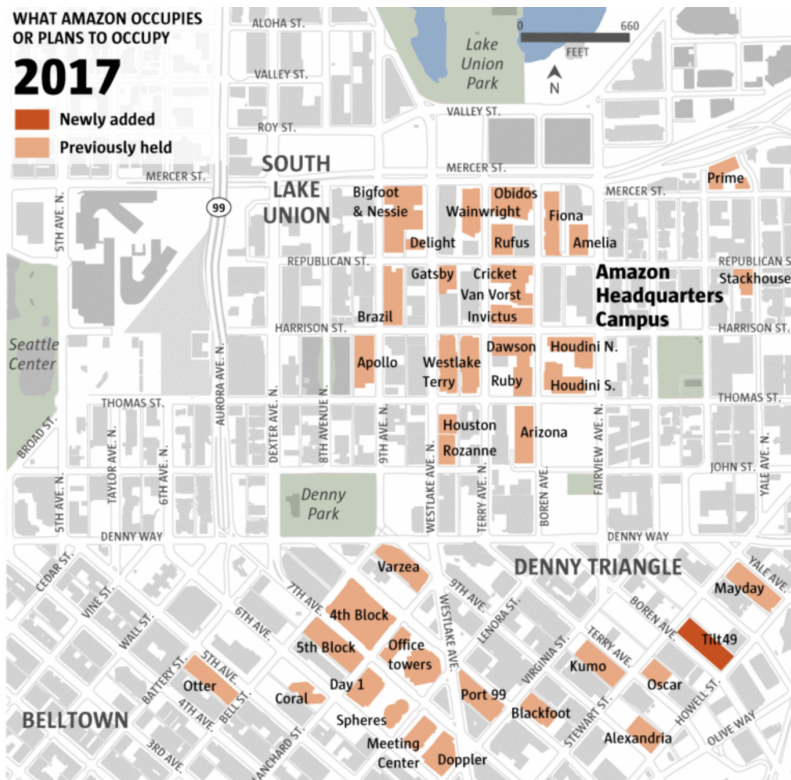


Figure 2.8
Amazon's South Lake Union campus circa 2017 (Rosenberg 2017b).

Despite Amazon's high economic impact on the city, many believe that the company has not done enough as a local philanthropic force for good (Atkins 2017). While companies like Microsoft and Boeing match donations made by their employees, Amazon does not (Martinez and Heim 2012). In addition, Boeing and Microsoft both release how much they give to charity each year to the public, while Amazon chooses to keep that number private. According to an Amazon representative, the company has given tens of millions of dollars to affordable-housing efforts and donated to more than a hundred charities across Seattle (Stone 2017). Yet, because of a lack of financial transparency, many question the validity of such a claim. Even if these numbers are accurate, is the company including impact fees that it must pay towards affordable housing in these estimates? Although it is impossible to know how much the company

gives, Amazon's name is suspiciously missing from the list of large donors at many of Seattle's biggest charities and public institutions (Martinez and Heim 2012). While Amazon's philanthropic presence in the city has grown in the last few years, it does not match those of the other big companies in the area. What does it mean that such a large employer, whose average salaries are well above Seattle's median income, does not "give back" to the city's most marginalized groups and its public institutions in a significant manner?

Although Bezos supports social equality, donating \$2.5 million to pass Washington's marriage equality law in 2012, Bezos has not shown the same support for economic equality (Brunner and Meyer 2012). In fact, Bezos himself has worked against creating a more economically equal Washington. In 2010, the CEO of Amazon donated \$100,000 to help defeat initiative 1098 which would have instituted a state income tax on Washington's wealthiest residents (Martinez and Heim 2012). The initiative was defeated, and Washington State continues to have no state income tax. According to the Institute on Taxation & Economic Policy, Washington State has the most regressive tax system in the United States (Table 2.1). The poorest twenty percent of the population pays 16.9% of their income to taxes while the richest one percent only pays 2.4% (Davis et al. 2015, 4). Washington's relatively small population, as well as its regressive tax systems, are two of the attributes that attracted Bezos to the city (Krishnamurthy 2004). Efforts to establish an income tax in the state, have been thwarted multiple times, most recently in November of last year.

10 Most Regressive State and Local Tax Systems (% of income paid to taxes)				
Rank	State	Poorest 20%	Top 1%	Difference poorest 20% and top 1%
1	Washington	16.8%	2.4%	12.8%
2	Florida	12.9%	1.9%	11.0%
3	Texas	12.5%	2.9%	9.6%
4	South Dakota	11.3%	1.8%	9.5%
5	Illinois	13.2%	4.6%	8.6%
6	Pennsylvania	12.0%	4.2%	7.8%
7	Tennessee	10.9%	3.0%	7.9%
8	Arizona	12.5%	4.6%	7.9%
9	Kansas	11.1%	3.6%	7.5%
10	Indiana	12.0%	3.2%	8.8%

Table 2.1

Analysis of states with the most regressive tax systems from the tax inequality index. Washington is ranked number one (Davis et al. 2015).

Bezos direct financial donations are not the only way in which Amazon influences the local government. Amazon can use its power and influence within the local business structure to back pro-business policies and get corporate-minded candidates elected to public office (Nevarez 2003, 21). Most recently, Amazon gave \$350,000 and Vulcan gave \$100,000 to an organization called Civic Alliance for a Sound Economy (CASE). CASE backed Jenny Durkan, a pro-business candidate, in her successful campaign for mayor last fall (Levy 2017b). By harnessing its political influence within the local business structure, Amazon can not only put pressure on the government to implement pro-business policies from the outside, but it can also get candidates elected into office that will allow for corporate influence on the inside. The city has entered into a vicious

cycle. By relying on the interests of billionaires like Paul Allen and Jeff Bezos to redevelop the city, Seattle is economically excluding and pricing out its most vulnerable.

Conclusion

The ideologies of Amazon and the neoliberal growth machine are eliminating the resources that produce wealth. The low-rent creative class that first attracted Bezos to Seattle and is the bedrock on which Amazon's prosperity is based is being pushed out of the city through a process of gentrification. Although by 2007 the redevelopment of South Lake Union was inevitable, the rapid transformation of the neighborhood was bolstered, and eventually driven, by Amazon's presence in the area. However, Amazon could not have re-envisioned South Lake Union on its own, and it is important to recognize the role that the city and Vulcan played in establishing a method of transformation that allowed Amazon to grow, and subsequently change the urban fabric of the neighborhoods that surround it. In some ways, South Lake Union has achieved the vision of The Seattle Commons, minus two important components—the giant park, and the affordable housing. Without these two elements, South Lake Union has become an exclusive high-tech neighborhood that exhibits all the worst qualities of state- and capital-led gentrification. As Lees et al. (2016, 87) so aptly put it, “gentrification is not simply a corporate creation; it is more often a creation of the state.” In the case of South Lake Union, Seattle's government had a large role in the development of the neighborhood and its subsequent gentrification. Without the government's compliance and rezoning of the neighborhood, South Lake Union never would have become Amazon's corporate headquarters.

Chapter 3. From the Birthplace of Grunge to a Polished Tech Hub

For a long time, Seattle was synonymous with Grunge. Popular culture displayed Seattle with a certain grit and the city was producing grunge music at an astounding pace. Some of the biggest bands of the nineties—Nirvana, Soundgarden, Pearl Jam, Mudhoney, and Alice in Chains—called Seattle home. A popular indie movie, *Singles* (1992), perfectly displays Seattle during the nineties—"a town where espresso carts sprout on every corner and kids in ratty flannel shirts can cut records that make them millionaires" (Appelo 1992). Today, few people would describe the city in this manner. Although it still has a laid-back Pacific Northwest vibe, Seattle is predominantly known around the world as a tech city, home to Microsoft and Amazon. This change in its perception among non-Seattleites in addition to the more tangible social, political, and economic changes that have become visible in the city over the last two decades have not been given a warm welcome by many Seattle residents.

One of the most intangible changes that residents continually attribute to Amazon is a shift in the city's social fabric. Although this is hard to describe and contextualize, in conversations about "the Amazon effect" longtime Seattle residents seem to get most fired up about the intangible changes they have witnessed. Seattle is known for being laid back, and many believe that Amazon's corporate culture is changing this. Grunge will never die, suits at work are a rarity, flannels and fleeces are staples, mountain lions are referred to as cougars, umbrellas are looked down upon, and no one crosses the street if the light is red. It is these small, often unnoticeable things that make up the ethos of the city, that many Seattleites believe have been disappearing in the last decade. These changes have also manifested in physical space. An atlas entitled "Ghosts of Seattle's

Past” maps the location of former “venues, shops, restaurants, galleries, and gathering sites that haunt our hearts.” Since I left for college my favorite pizza place, movie store, and movie theater all have been shut down in order to create more housing and high-end restaurants and shops for Seattle’s new residents. It is the agglomeration of all these small changes that anger residents and point to the more systemic problems of gentrification and cost of living that such rapid growth is creating. Amazon is an easy target, and for better or worse it has become the scapegoat for negative change within the city.

Seattleites blame Amazon for all their problems and Amazon takes credit for all the city's successes. However, the truth lies somewhere between these two extremes. Amazon claims that since 2010, the company’s presence in the city has generated 53,000 new jobs outside of those employed by the company, invested an additional \$38 billion into the local economy, and increased the incomes of non-Amazon employees by a total of \$17 billion (Table 3.1). On the other hand, many Seattleites blame Amazon for the rising cost of housing, increased congestion, income inequality, overcrowding in schools, and the multitude of other growing pains that Seattle has faced in recent years. Both sides have oversimplified the issue and created a city with a population whose views about Amazon are polarizing. One is either anti-Amazon, and therefore anti-growth or one is pro-Amazon, and therefore pro-big business, pro-neoliberalism, and pro-capitalism. In Seattle, it seems, there is no middle ground on Amazon. While residents tend to demonize Amazon, city officials have taken the side of the company. Reacting to residents' good riddance approach to Amazon's search for a second headquarters, King County Executive, Dow Constantine, said, “the notion that less economic activity, fewer jobs, more poverty is somehow going to benefit us because housing prices might flatten

out is, I think, self-defeating” (Adolph 2017). While residents have reasons to be wary of the company’s growing influence, officials have reasons to believe in it. When determining what accurate, it is important to look at all the costs and benefits.

Amazon Seattle HQ		
Direct ¹	Number of buildings	33
	Square feet	8.1 million
	Local retail within Amazon headquarters	24 restaurants/cafes + 8 other services
	Amazon Employees	40,000+
	Capital investment (buildings & infrastructure)	\$3.7 billion
	Operational expenditures (utilities & maintenance)	\$1.4 billion
	Compensation to employees	\$25.7 billion
	Number of annual hotel nights by visiting Amazonians and guests	233,000 (2016)
	Amount paid into the city’s public transportation system as employees’ transportation benefit	\$43 million
	Indirect ²	Additional jobs created in the city as a result of Amazon’s direct investments
Additional investments in the local economy as a result of Amazon’s direct investments		\$38 billion
Increase in personal income by non-Amazon employees as a result of Amazon’s direct investments		\$17 billion
Increase in Fortune 500 companies with engineering/R&D centers in Seattle		From 7 in 2010 to 31 in 2017

¹From 2010 (when Amazon moved its headquarters to downtown Seattle) to June 2017.

²From 2010-2016. Calculated using Input-Output methodology and multipliers developed by the U.S. Bureau of Economic Analysis.

Table 3.1

Amazon’s evaluation of its direct and indirect impacts on Seattle from 2010 to 2016 (Amazon 2017).

To further unpack this polarity, I will look at the changes that have occurred or been accelerated over the last decade and then analyze the role that Amazon, and more broadly the tech industry, have played in these changes. Here I compare changes in Seattle to other quickly growing cities, some whose growth has been fueled by tech and some who have experienced growth for other reasons. Finally, I look at how change has occurred unevenly across space and across demographics in the city.

Growth

Between 2010 and 2016, for the first time since 1950, the growth of Seattle outpaced the growth of King County (Table 3.2). Since the 1950s, King County's population has grown much faster than Seattle's population, which is reflective of a broader pattern of outward migration to the suburbs that was visible nationwide. Seattle's share of the county population fell from its high of 63.8 percent in 1950, to its low of 31.5 percent in 2010. This trend reversed for the first time between 2010 and 2016 when the county grew by 11.3 percent and the city grew by 15.7 percent. This resulted in a 1.3 percent increase in the city's share of the King County population (Table 3.2). The same trend is visible when looking at the Seattle-Tacoma-Bellevue metropolitan area (Table 3.3). In both cases, over the last six years, Seattle has outpaced the rate of growth of the larger region. This increase corresponds with Amazon's move to South Lake Union and its subsequent rapid expansion. Amazon has acted as a multiplier for job growth in the city: for every new job that Amazon posts in the city, seven other tech jobs appear (Adolph et al. 2017a).

Year	King County	Seattle	Percentage of Total
1950	732,992	467,591	63.8%
1960	935,014	557,087	59.6%
1970	1,156,633	530,831	45.9%
1980	1,269,749	493,846	38.9%
1990	1,507,319	516,259	34.3%
2000	1,737,034	563,374	32.4%
2010	1,931,249	608,860	31.5%
2016*	2,149,970	704,352	32.8%

Table 3.2

Seattle population size as a percentage of King County. U.S. Census Data. Graph made by the author. *2016 is an estimate, not a total census collection.

Year	Metro Area	Seattle	Percentage of Total
1950	1,120,448	467,591	41.7%
1960	1,428,803	557,087	39.0%
1970	1,832,896	530,831	29.0%
1980	2,093,112	493,846	23.6%
1990	2,559,164	516,259	20.2%
2000	3,043,878	563,374	18.5%
2010	3,439,809	608,860	17.7%
2016*	3,733,580	704,352	18.9%

Table 3.3

Seattle population size as a percentage of its metropolitan area. U.S. Census Data. Graph made by the author. *2016 is an estimate, not a total census collection.

Although it is clear that Amazon has acted as a multiplier for overall job growth in the city, what is less clear is if the benefits that tech has brought to the wealthy in the

city have “trickled down” to the city’s low-income residents. Amazon seems to think that it has. The company claims that its presence in Seattle has led to a \$17 billion increase in the incomes of residents who are not its employees (Amazon 2017). However, this statistic is misleading. Although incomes have increased greatly for some residents, many Seattleites have not seen a significant change to their incomes. In a study of United States cities, Lee and Rodriguez-Pose (2016, 1124), found that the presence of high-tech industries did not have a significant effect on poverty rates, either in the positive or negative direction. This seems to be applicable to Seattle. From 2000 to 2015, the number of people below the poverty line has remained steady despite the fact that the city has been in a period of rapid tech growth (Fig. 3.1; Fig. 3.2).

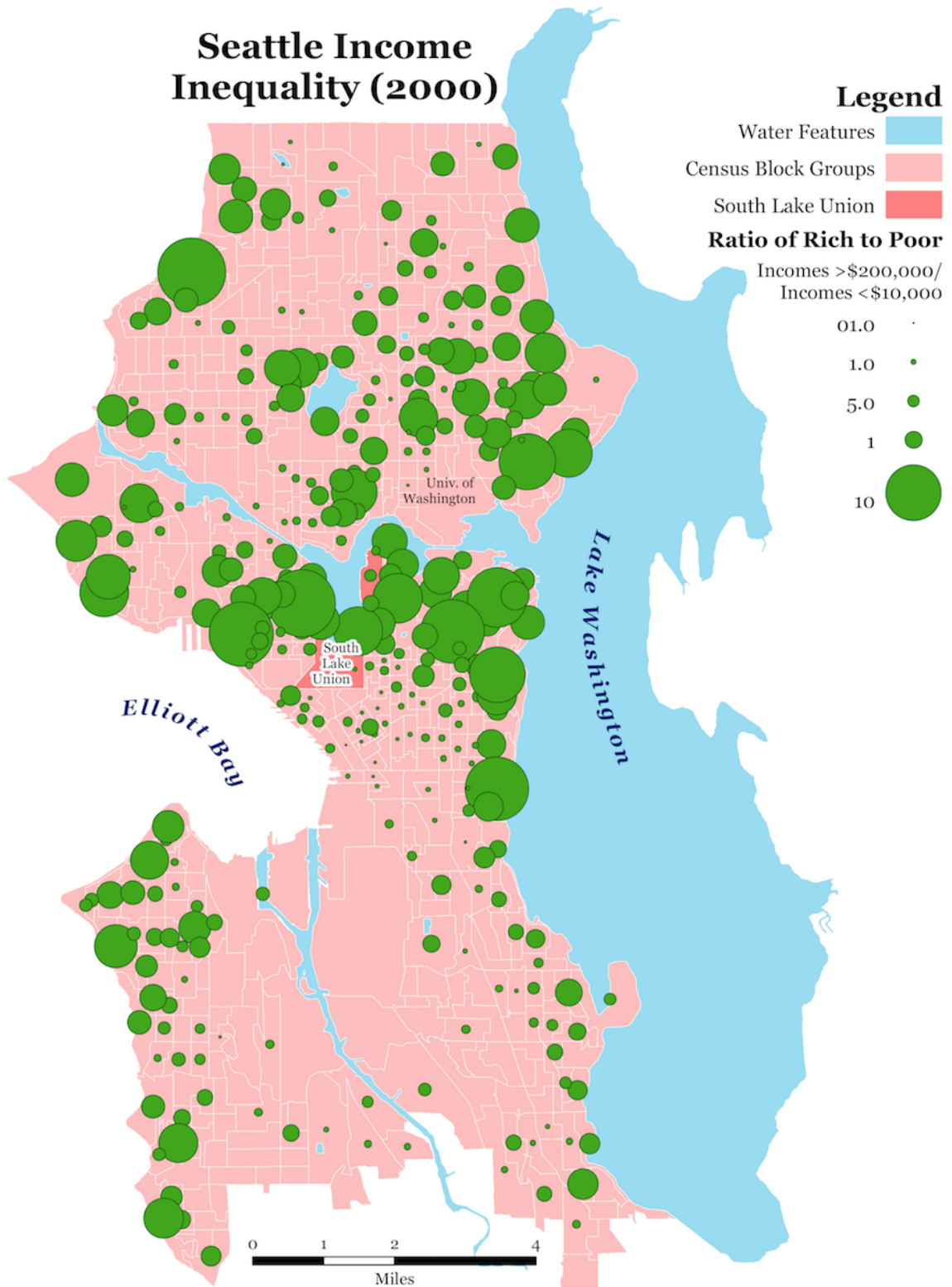


Figure 3.1
 Map of the ratio of rich to poor by census block group in 2000. The higher the inequality, the larger the dot. Made with 2000 Census Data (Fallon 2017).

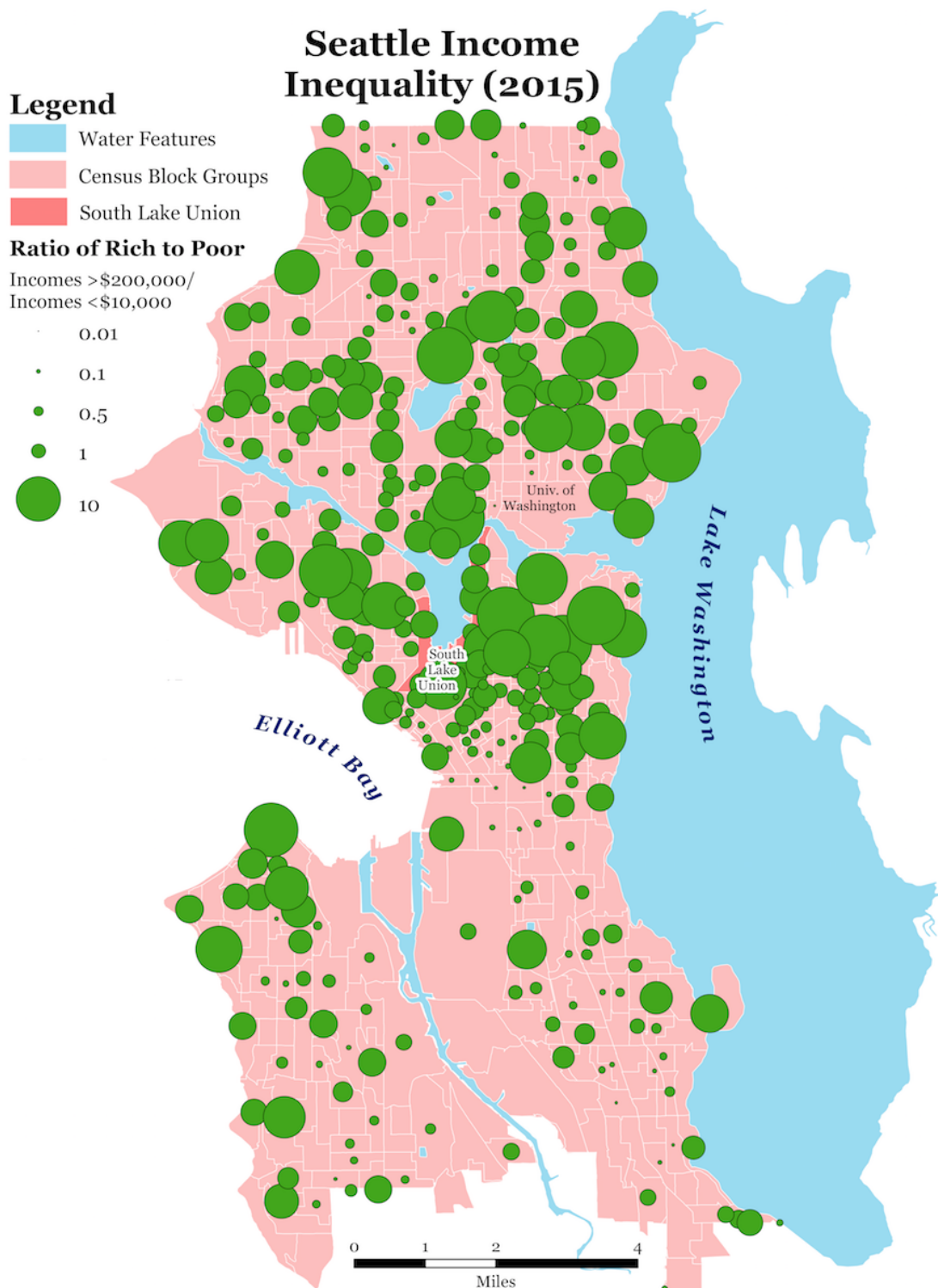


Figure 3.2

Map of the ratio of rich to poor by census block group in 2000. The higher the inequality, the larger the dot. Made with 2015 American Community Survey Data (Fallon 2017).

Income Inequality

Income inequality in King County, and more specifically Seattle, has become an increasingly pressing issue in recent years. Widely held public sentiment blames Amazon for this inequality. But, is it specific to Amazon, or just a byproduct of the post-2008 recovery and tech boom in general? There is nothing particular about Amazon that makes inequality worse, but the presence of the company in Seattle has led to an influx of other tech companies, therefore exacerbating income inequality. Between 2010 and 2016, the number of people in Seattle in their twenties and thirties grew by seventeen percent and twenty-one percent respectively, much faster than any other age groups (Collins et al. 2017). These disproportionately large increases are likely linked to the ample availability of tech jobs in the city. Today, approximately one in five Seattleites are employed in the tech industry (Collins et al. 2017). Between 2010 and 2016 there was a 33.4 percent increase in people employed in the tech industry, while non-tech occupations grew by 24.6 percent overall. This uneven growth has exacerbated income inequality. Wages in the tech industry have grown nearly thirteen percent faster in the city than wages in other industries (Collins et al. 2017). This means that tech employees who are making more on average than their fellow residents are driving up housing prices and making the city less affordable for their fellow Seattleites.

This growth is disproportionately affecting the city's Black population, who are poorly represented in the tech sector. Although land values have increased across the entire city, the rate of growth differs by neighborhood. Neighborhoods with higher numbers of workers employed in South Lake Union have been found to have higher increases in rents over the last decade (Terazzas 2017). One of these neighborhoods is the

Central District, the city's historically Black neighborhood. Because of this, Seattle's Black population is facing displacement from not only the Central District but also from the city itself. Although Seattle has technically become more diverse, with only sixty-six percent of the population identifying as white, the lowest in the city's history, its African American population has actually fallen. In the 1990s, Seattle's Black population hovered around ten percent of the city's total; today it is seven percent (Beason 2017). The average Black household in the city earns \$37,000 a year, less than half the \$91,000 median income of white families (Balk 2016b). This means that gentrification in the city is disproportionately affecting families of color. Because of this, the Black population of the Central District has decreased from seventy-three percent in the 1970s to eighteen percent today (Beason 2017). As Smith (1987, 464) argues, "gentrification is most likely to occur in areas experiencing a sufficiently large gap between actual and potential land values." The central location of the neighborhood, as well as its relative affordability, made it a prime spot for gentrification to occur.

An income gap is also visible across gender lines. The tech industry is dominated by white men. Amazon's Seattle headquarters is estimated to be seventy-five percent male, and a majority white (Parkhurst 2014). Thus, wealth in the city is being disproportionately put into the hands of white men, leading to further income inequality and higher cost of living for families whose incomes are not rising at the same rate as tech. Women in Seattle have also suffered from Amazon's rise. Women in the city now make seventy-eight cents to each dollar earned by men, whereas in 2012 they made eighty-two cents to the dollar (Reifman 2014).

By only increasing some resident's incomes and not others, Amazon's presence is not helping create a more economically equal Seattle. This is not a trend that is unique to Amazon. To further understand the role that tech can play in worsening income inequality, I compared Seattle to two of the other fastest growing cities in the country, Austin and Jacksonville. Similar to Seattle, Austin has become famous for a quickly growing tech industry, while Jacksonville has experienced sustained growth without the presence of a tech boom. All three cities have seen an increase in the ratio of extremely rich (population with incomes greater than \$200,000 a year) to extremely poor (population with incomes less than \$10,000 a year), which speaks to a growing trend of income disparity in American society. However, Seattle and Austin have experienced rising income inequality at a much faster rate than Jacksonville (Fig. 3.3; Fig. 3.4, Fig. 3.5). In fact, in both Austin and Seattle, the number of extremely rich has tripled and now outnumbered the number of extremely poor. Comparatively, the number of people with incomes less than \$10,000 has not increased significantly in Seattle or Austin. Although some may view this increase in wealth without a major increase in poverty as a positive change, we must look at what it means to be poor or working class in a city where there is little trickle down and political leaders and urban elites do not prioritize your needs. This trend further substantiates the claim that some Seattleites are prospering to the detriment of others.

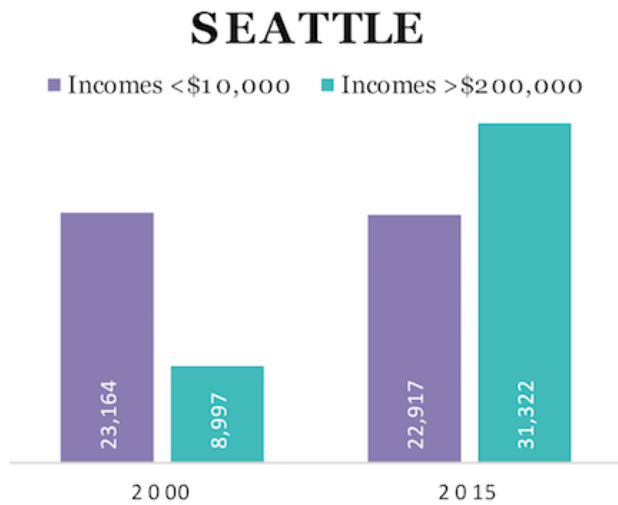


Figure 3.3

Seattle population with incomes <\$10,000 per year compared to population with incomes >\$200,000 per year. Data from the 2000 Census, and the 2015 American Community Survey (Fallon 2017).

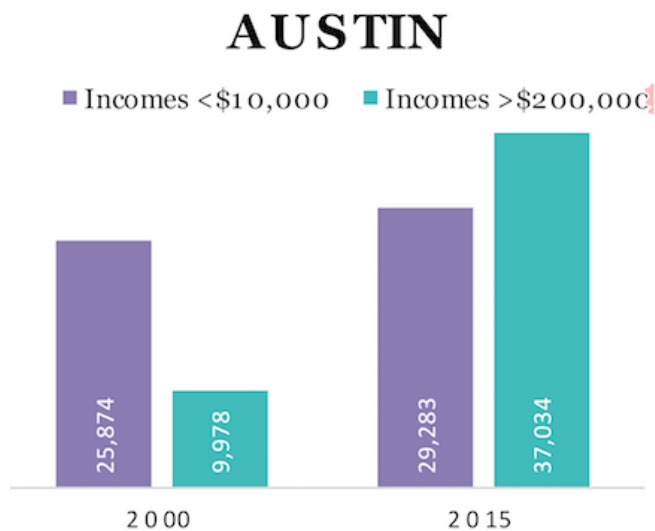


Figure 3.4

Austin's population with incomes <\$10,000 per year compared to population with incomes >\$200,000 per year. Data from the 2000 Census, and the 2015 American Community Survey (Fallon 2017).

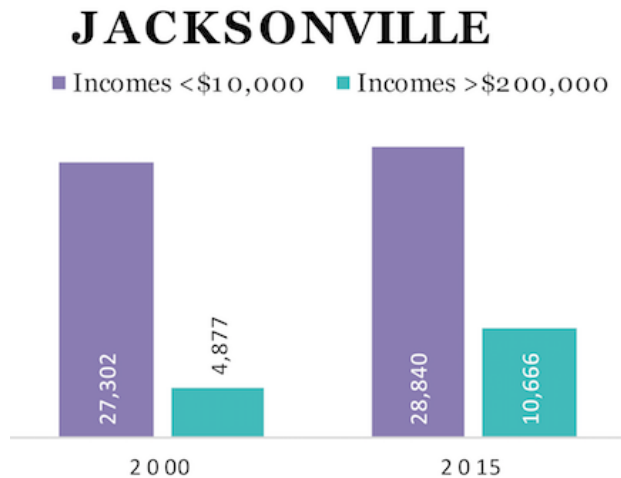


Figure 3.5

Jacksonville's population with incomes <\$10,000 per year compared to population with incomes >\$200,000 per year. Data from the 2000 Census, and the 2015 American Community Survey (Fallon 2017).

Respectively, Seattle and Austin have seen a 348 percent and 371 percent increase in residents with incomes greater than \$200,000. In comparison, although this population has more than doubled in Jacksonville, it has increased at a significantly slower rate than the other two cities. Even though Jacksonville, Austin, and Seattle all have somewhat comparable population sizes, Jacksonville has approximately a third as many extremely wealthy residents than the other two cities. It is more than reasonable to attribute the disparity to an increased tech presence in Austin and Seattle. Between 2014 and 2015, the median income in Seattle increased by \$9,374 (Balk 2016b). It is not surprising that cities with high paying tech jobs have higher average incomes, yet, that does not mean that everyone in the city is benefiting from a rising median income. Despite the prosperity that this figure implies, in the case of Seattle, a rising median represents greater disparity, not a city whose residents are prospering together.

Although Amazon cannot be held completely responsible for the growth in income inequality seen in Seattle, the company has acted as a magnet for tech growth in the region, which in turn has led to an increased interest in tech degrees. Within the Seattle Metropolitan Area, the total number of tech degrees awarded between 2011 and 2015 grew by 62.7 percent (Collins et al. 2017). The jobs that tech companies create are for highly educated and skilled laborers, and therefore do not provide opportunities for a majority of the city's low-income residents. The idea that tech employment trickles down to help the city's lowest-income residents is unfounded. As the city gets more expensive, many of its longtime residents are no longer able to afford the necessities they need to survive.

In 2014, the city's lack of affordability became such a hotbed issue that many political candidates were elected on platforms to implement a fifteen-dollar minimum wage. Kshama Sawant of the Socialist Alternative Party won a surprise victory for a city council seat, and Ed Murray clinched the mayoral office. Commonly referred to as the "fight for fifteen," this ordinance was put into effect on April 1st, 2015. It mandated that all companies that employ five-hundred or more workers pay them fifteen dollars an hour by January 1st, 2018, and all other employers reach this same hourly rate by January 1st, 2021. Although the city council's action was unanimous and uncharacteristically swift, this was a movement that was largely spearheaded by the city's low-income residents. It is unlikely that the movement would have been so successful if politicians had not used it as a ticket into office (Thompson and Martinez 2014). However, although the minimum wage has increased sixty-one percent in the last three years, the cost of renting and owning homes has also drastically increased.

HOUSING AFFORDABILITY

When talking about the changes caused by Amazon, the conversations that usually get the most impassioned are those around housing. Since 2000, average home prices have skyrocketed. In 2000, the median home in Seattle cost \$270,000, by 2016 the price had increased to almost \$500,000 (Fig. 3.6; Fig. 3.7; Fig. 3.8). Because Seattle is growing at such a rapid rate, the city's housing stock can't keep up with demand. Despite the fact that the city has double the number of cranes as any other city in the country, and is building as fast as it can, demand is still easily outpacing supply. (Rosenberg 2017b). Fifty-four new people move to Seattle every day, while only eighteen new housing units are built daily (Adolph et al. 2017a). Because of this unquenchable demand, landlords are able to continually raise rents. Rents in Seattle are increasing at a pace that is eight times the national average (Adolph et al. 2017b).

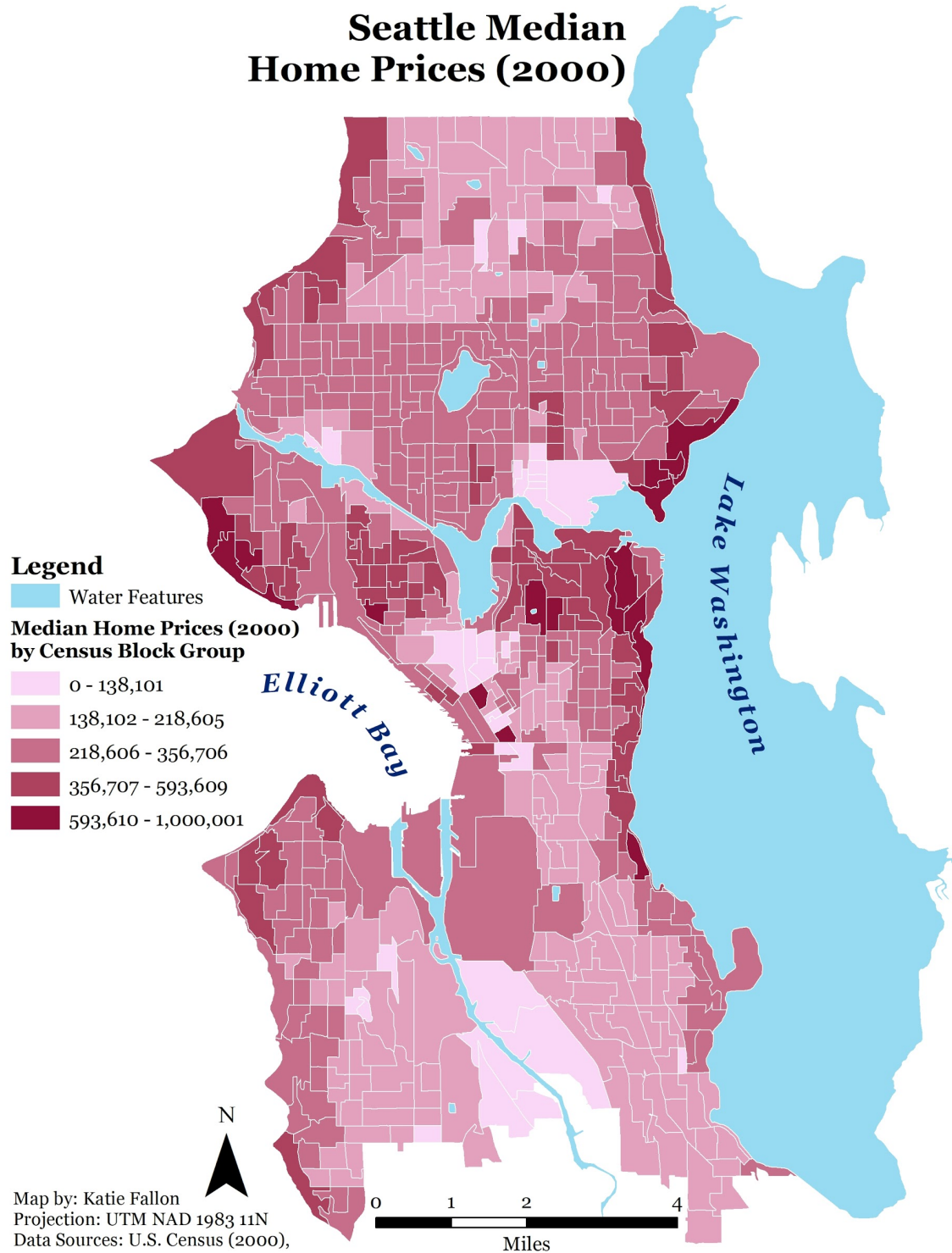


Figure 3.6

Map of the median housing cost by census block group in 2000. The higher the median price, the darker the census block. Made with 2000 U.S. Census data. Map made by the author.

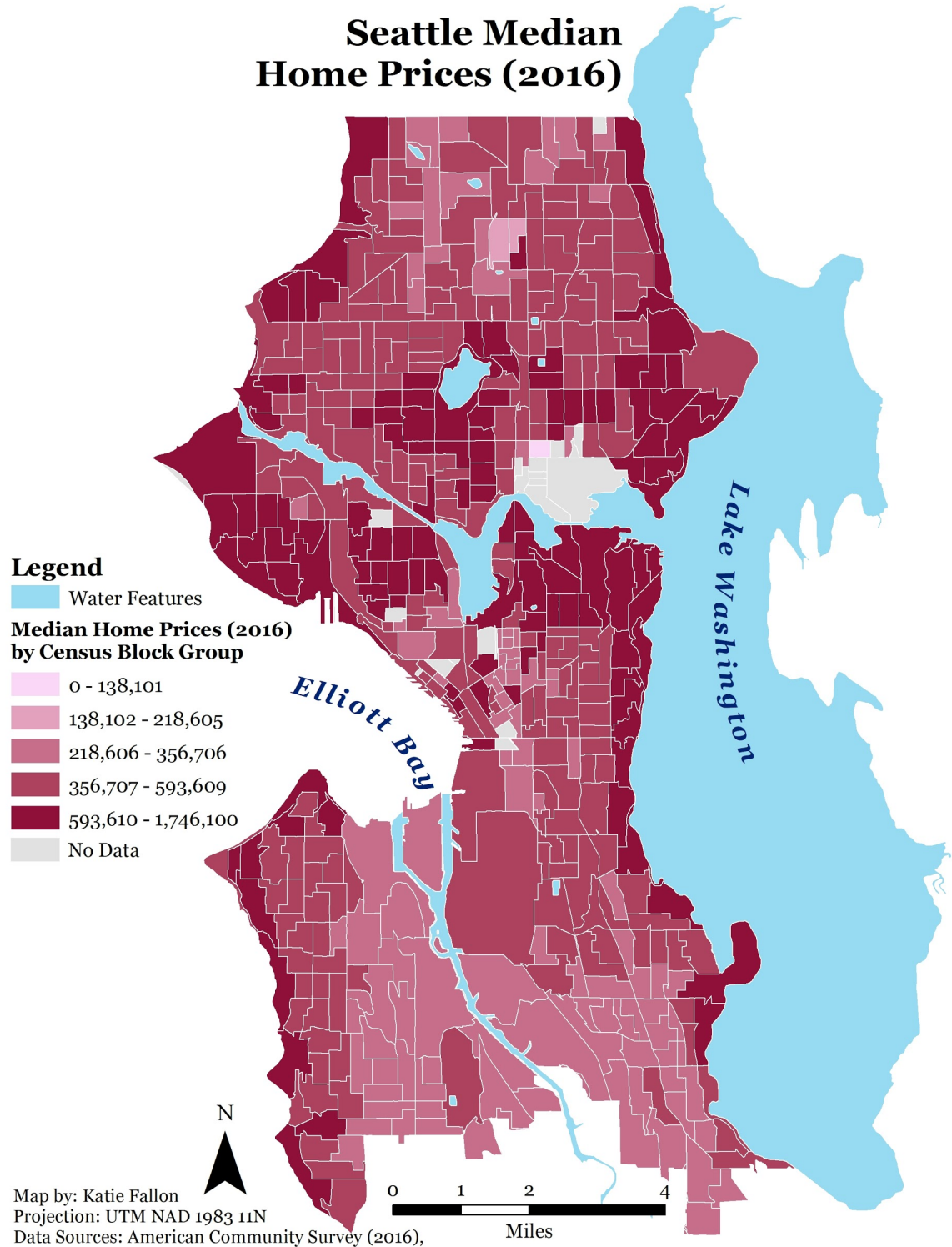


Figure 3.7

Map of the median housing cost by census block group in 2000. The higher the median price, the darker the census block. Made with 2016 American Community Survey data. Map made by the author.

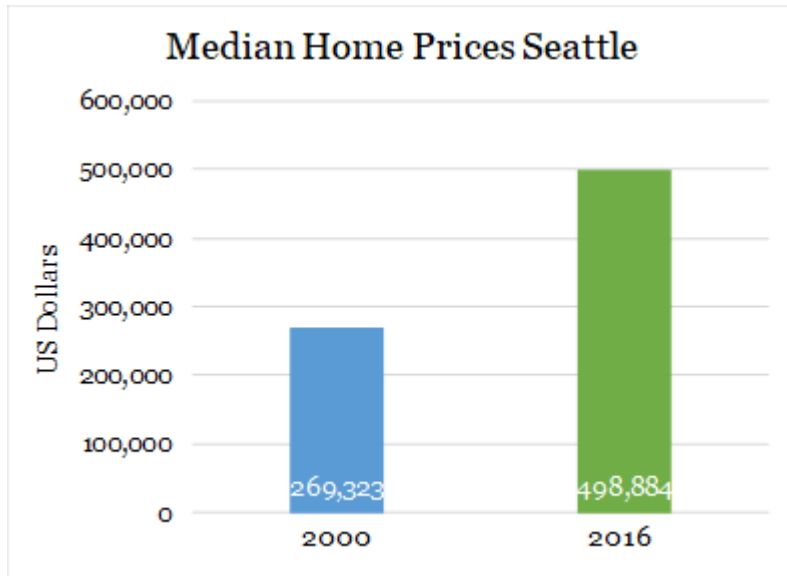


Figure 3.8

Change in median home price from 2000 (blue) to 2016 (green). Made by the author using U.S. Census (2000) and American Community Survey (2016) data.

Is It Amazon's Fault?

Amid these changes, many people question if Seattleites can truly attribute this growth spurt to Amazon. Although it is more than likely that Seattle would be growing without Amazon, the company has undoubtedly had a strong impact on the city's rate of growth in recent years. However, growth has not occurred evenly throughout the city. A 2017 study done by Zillow.com found that between 2011 and 2015, there was a correlation between census tracts with the largest increases in the number of South Lake Union workers and those who saw the largest rent increases over the same period (Terazzaz 2017). In addition, Zillow found that the job boom in South Lake Union, led by Amazon, is responsible for at least one-fifth of the annual rent increase in the Seattle area between 2011 and 2015 (Terazzaz 2017). This relationship is even stronger when looking at Seattle proper. The South Lake Union boom was found to be responsible for about sixty-four percent of the rent increases from 2011 to 2015 (Terazzaz 2017).

Although developers are building housing as quickly as they can, often the housing that is being built is not the type of housing Seattle needs most. In the last six years, rents have increased by fifty-seven percent in the city (Rosenberg 2017c). As housing prices and average rents rise, more and more households are increasingly burdened by the cost of housing. Because the median income is rising and demand is so high, developers know they can sell housing units at much higher rates. A recent study found that forty-seven percent of renters in the Seattle Metro Area are cost burdened, meaning they spend thirty percent or more of their income on housing costs (Durkan 2017). The problem has reached a point where it can no longer be ignored. The city is being forced to find a solution to create more affordable housing in the city, and quickly.

In order to combat rising rents and home prices, city officials have looked toward mandatory affordable housing. Currently, a few areas of Seattle have adopted voluntary incentive zoning for affordable housing (Fig 3.9). The Housing Affordability and Livability Agenda (HALA) is expected to be passed by the city council in the summer of 2018 (Seattle.gov 2018). If passed, in certain areas referred to as “urban villages,” new developments will be able to build higher, and mandatory affordable housing will be imposed in most of the city (Fig. 3.9). In exchange for these “density bonuses,” developers will provide a certain percentage of affordable housing on site or contribute to a fund to build affordable housing elsewhere (Lin 2017). The areas that are proposed to be upzoned by the city are along public transport corridors and areas where walkability is high (Lloyd 2017). This has already been implemented in some areas of the city including downtown, the Central District, South Lake Union, the University District, and the International District (Seattle.gov 2018). For ownership, units must be affordable for

households at eighty percent Area Median Income (AMI), and for rental households at sixty percent AMI (Lloyd 2017).

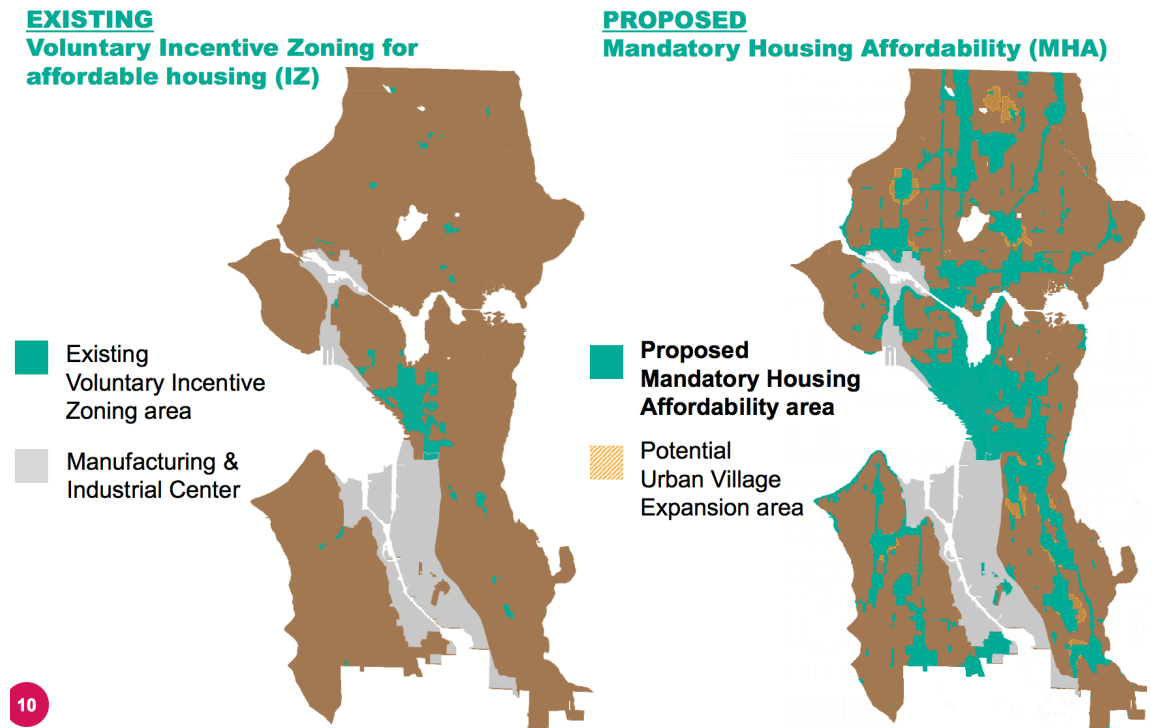


Figure 3.9

The map on the left shows the existing affordable housing structure. Areas with voluntary affordable housing incentives are shown in Green. The map on the right shows the areas proposed for mandatory affordable housing by HALA in green. Urban Villages are shown in a hatched orange. (Maxana et al. 2016)

As what is often referred to as “the Seattle way,” these solutions have not come fast enough, and many argue that they do not do enough, leading to a growing gap between the need for affordable housing and its availability. While Seattle’s homelessness crisis has been on the rise for decades, city officials are just starting to implement a potential solution. Instead of being proactive about housing needs in the city, the government was reactive. In addition to its delayed implementation and the lack of consensus over its approach to affordable housing, HALA does not do enough for the hardest to house. Those whose incomes fall below sixty percent AMI, or \$57,600 for a

family of four, will continue to be disproportionately burdened by housing costs (Seattle.gov 2017). This brings up the question: in Seattle's growth fueled transformation, why are certain groups losing out and what does it mean for the city? Homeowners, transplants, high-income earners and white men are prospering, while renters, longtime residents, low-income residents, women and people of color are losing out. Between 2010 and 2015, for the first time in decades, growth in King County was fueled by residents from outside of Washington. In fact, even though the county is growing quickly, between 2014 and 2015 it lost 17,000 residents who were born in the county (Balk 2016c). This downswing speaks to how rapid and widespread these changes have been. Whatever the reason—whether it is housing costs, inequality, the changing ethos of the city, or congestion—Washingtonians are leaving Washington State while newcomers are flocking to it.

Transportation

Seattle and its eighty-four square miles is known around the country for its congestion issues. Some of the city's transit issues are due to its physical geography. Located on an isthmus, Seattle is shaped like an hourglass, with the center of the city at the bottleneck. This makes commuting through the inner city particularly difficult, especially at rush hour. However, we cannot blame physical geography for all of the city's traffic problems, as a majority stem from the number of people who choose to commute by car. Seattle is now the tenth densest city in America, and it has grown just as fast in terms of car ownership as it has in population (Balk 2017c). In fact, Seattle has

637 cars for every 1,000 people, more than any other United States city with a similar density, even Los Angeles (Balk 2017c).

Providing some hope, for the first time in decades, the percentage of households owning a car has decreased, from 84.6 percent in 2010 to 83.5 percent in 2015 (Balk 2017b). According to Gene Balk (2017b), a data analyst for the *Seattle Times*, this drop has almost exclusively been created by millennials, many of whom are employed in the tech industry. The percentage of car owners under the age of thirty-five in the city dropped by almost three percent, while car ownership for those over thirty-five stayed stagnant. Although this trend is an improvement, the total number of cars in Seattle is still growing due to the rising population. In order for Seattle to grow sustainably, the number of cars in the city, and its residents' dependence on them will have to reduce.

Despite the fact that Seattle is still a very car-dependent city, the city has seen an increase in bus ridership since 2010. In 2015, one in five workers rode the bus to work (Small 2017). Although buses produce greenhouse gases, by taking cars off the road buses can cut emissions to a quarter and reduce road congestion. Most recently, from 2015 to 2016 ridership in Seattle grew by 4.1 percent, nearly double that of everywhere else in the United States (Fig. 3.10). Part of this growth in public transport can be attributed to Seattle's growing population. Of the 45,000 new workers who have moved to the city since 2010, forty-seven percent take some sort of public transit to work (Small 2017). When looking at the downtown area specifically, only twenty-five percent of commuters drive to work by themselves, down from thirty-five percent in 2010 (Fig. 3.11).

UZA Name	Sum of 2015	Sum of 2016	Change
Seattle, WA	178,640,154	185,913,534	4.1%
Houston, TX	83,285,295	85,180,489	2.3%
Milwaukee, WI	40,610,851	41,476,982	2.1%
Detroit, MI	36,734,180	37,079,598	0.9%
New York-Newark, NY-NJ-CT	4,222,700,561	4,241,214,495	0.4%
San Francisco-Oakland, CA	454,952,418	454,996,256	0.0%
Boston, MA-NH-RI	403,464,723	402,554,159	-0.2%
Pittsburgh, PA	63,990,430	63,570,697	-0.7%
Denver-Aurora, CO	101,021,365	99,777,407	-1.2%
Portland, OR-WA	112,440,100	110,985,034	-1.3%
San Antonio, TX	37,983,886	37,290,201	-1.8%
Salt Lake City-West Valley City, UT	44,909,741	43,776,825	-2.5%
Minneapolis-St. Paul, MN-WI	96,636,368	93,716,857	-3.0%
Chicago, IL-IN	623,466,948	603,747,357	-3.2%
Urban Honolulu, HI	68,587,549	66,361,162	-3.2%
Las Vegas-Henderson, NV	72,044,767	69,420,973	-3.6%
Dallas-Fort Worth-Arlington, TX	75,998,371	72,137,725	-5.1%
Baltimore, MD	111,070,976	105,214,371	-5.3%
Atlanta, GA	141,154,134	132,925,293	-5.8%
Philadelphia, PA-NJ-DE-MD	369,644,085	346,276,496	-6.3%

Figure 3.10

Percentage change in bus ridership from 2015 to 2016 in a number of United States cities. Data from the Federal Highway Administration (Schmitt 2017).

Commuter Trip Drive Alone Rate Comparison

Percent Driving Alone to Work

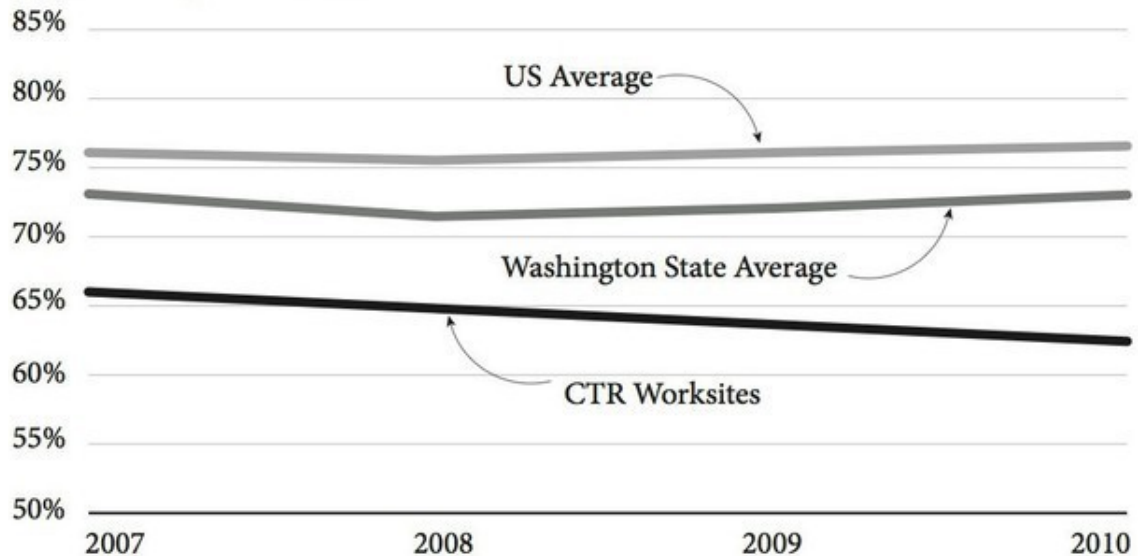


Figure 3.11

Comparing the percentage of commuters who drive alone to work in the United States and Washington to the percentage of businesses in the commute trip reduction (CTR) program (Jaffe 2015).

Although Amazon and Seattle's subsequent population gain has taken the fall for many of the congestion issues in the city, Amazon should also be given some credit for working to fix the problems it may have exacerbated. Recently, Amazon donated \$100,000 in support of the region's Sound Transit Three (ST3). ST3 will expand the city's light rail system into many of the city's surrounding suburbs (Robertson 2016). Although Amazon's donation was small, for a company that is often silent on the issues that affect its host city most, this gesture speaks volumes about the company's prioritization of transportation. Unlike many of the other urban issues that cities' governments are faced with solving, there is an element of self-interest for corporations to support the creation of mass transit. Often, corporate-sponsored mass transit is an amenity that further attracts employees and the creative class.

In addition, Amazon offers its employees subsidized transit passes and has followed in Microsoft's footsteps by running commuter shuttles to Seattle's suburbs for its employees to ride to and from work, therefore reducing the number of single occupancy vehicles on the road (Bliss 2018). It is likely that Amazon took these steps to reduce congestion in order to fulfill Washington State law. In 1991, through the Commute Trip Reduction (CTR) Program, the state-mandated that employers with more than one hundred workers must implement programs that would reduce the number of employees who were commuting to work in single occupancy vehicles (Jaffe 2015). Although the number of people driving to work in single occupancy vehicles has actually increased slightly since 2007, for worksites in the CTR program this rate has dropped by three percent, from sixty-six to sixty-three percent (Fig. 3.11). Taking all this into account, whatever the intention of Amazon was at the start, the company's views on

public transportation are definitely positive now. In addition to donating to Sound Transit Three, Amazon's commitment to public transportation seems to transcend Washington State borders. The company noted "access to public transit at site" as one of the most important infrastructural necessities in its search for a second headquarters (Amazon 2017).

Conclusion

It is undeniable that Amazon and the subsequent tech growth in the city have had a significant role in reshaping Seattle. However, the fortunes that Amazon has brought to the city are perceived differently by various groups. Income, home ownership, race, gender, and location all play significant roles in the way that Seattle residents perceive the changes caused by Amazon. While some residents are prospering, others are being forgotten, pushed to the side, and often displaced. Residents' wide range of opinions about Amazon reflects the spectrum of positive and negative changes that the company has brought to the city. While car ownership rates are falling, and density is increasing, cost of living and housing prices are also rising.

Yet we cannot just blame Amazon for creating the growth that led to this inequality. We also must look to the city government's lack of urgency in solving these issues, as well as the role the government played in the redevelopment of South Lake Union. It is difficult to expect a city to prioritize its residents because it has been ingrained in cities that in order to compete in the neoliberal era they must prioritize the needs of businesses over the needs of residents. However, if any city has the means to be successful while fighting neoliberalist growth strategies, it is Seattle. Seattle officials

failed to take decisive immediate action in order to protect and create affordable housing that could have relieved some of the growing pains caused by Amazon. Now, eight years after Amazon moved to South Lake Union, the city's policies are finally starting to reflect the needs of its residents, which in turn will allow for more sustainable growth for the city. Seattle is beginning to buck national trends—not only is it growing denser, but also the city's growth is outpacing the suburbs', and the city's continuous investment in public transport has led to increased ridership and has shown a commitment to alleviating the car dependency problem. But because of this lack of action for so long, a tendency to blame Amazon for all the city's problems arose. Although the company was culpable in many ways, a larger ideological shift in city building—neoliberalism—is responsible for creating the structure that allowed Amazon to harness power in the city. It is the job of the city government, not Amazon, to combat the negative changes of growth and create a livable and vibrant city. But with the rise of neoliberal thinking, the city's responsibility to protect the rights of its residents is often forgotten. Seattleites distaste for Amazon, and the fact that the city government was finally making policy decisions for the people and not for the company may have been one of the company's biggest reasons for deciding to expand its headquarters elsewhere—a move that chapter four looks more in-depth into.

Chapter 4. A Footloose Capitalist Bonanza: The Search for HQ2

Since Amazon surprised the world by announcing its search for a second headquarters in September 2017, the company's role in Seattle has been hotly contested and debated. Although there has been some coverage of Amazon's changing role in the city over the past decade, the company's announcement that it is seeking a second headquarters has brought the divided opinions about Amazon's impact on the city to the forefront of public discussions locally and the news media nationwide. Residents and reporters alike have developed diverse and nuanced opinions on why or why not Amazon should continue its growth in Seattle. Many depict Seattle as a cautionary tale for cities that are vying for Amazon's second headquarters, pointing out the downsides of such rapid development, while other articles petition Amazon to continue its growth in Seattle despite the negatives. Cities around North America have taken this as an opportunity to sell themselves to the company, often making grand gestures in the form of symbolic and financial incentives. I argue that despite the appeal to a bidding city, the only winner that will emerge from this megadeal is Amazon.

The Request for Proposals

By the request for proposal (RFP) deadline on October 19th, 2017, the behemoth online retailer had received 238 bids from cities wanting to play host to the company's new headquarters. Amazon required a formal application, citing evidence of a city's ability to provide sufficiently large land parcels, proximity to airports, and a public transportation infrastructure to support the company's needs. In turn, the company is virtually guaranteeing \$5 billion in economic benefits and 50,000 jobs with average

incomes of around \$100,000 (Amazon 2017). It appeared as if every city in North America was jostling to make theirs the most appealing to Amazon. For many cities, it seemed self-defeating to not put their names in the hat for the potential to win Amazon's HQ2, which the company claims will be equal to Seattle's, both in numbers of jobs and importance. These bids stretched across the entirety of the North American continent, coming from forty-three states, the District of Columbia, Puerto Rico, seven Canadian provinces, and three Mexican states. Within the United States, Arkansas, Hawaii, Montana, North Dakota, South Dakota, Vermont, and Wyoming were the only states that did not respond to Amazon's request for proposals (Day 2017c). For some of these states, like the Dakotas, Montana, Vermont, and Wyoming—where total populations don't reach one million—they simply did not have the resources the company was looking for. In its request, Amazon stated that for a location to be competitive it should have a metropolitan area over a million people, offer access to mass transit and be in an area that is less than forty-five minutes from an international airport (Amazon 2017). These rural, low population density states did not fit any of Amazon's criteria.

Other states and their municipalities used Amazon's search as an opportunity to make a statement. Little Rock, Arkansas decided to publicly announce why they were not going to submit a bid and why Amazon wasn't for them. The capital of Arkansas released a break-up-esque ad entitled "It's not you, it's us." A city official touting a "Love Little Rock" t-shirt said, "our lack of traffic and ease of getting around would be totally wrecked, and we can't sacrifice that for you" (DeMillo 2017). San Antonio, Texas, one of the fastest growing cities in the country, made a similar decision to drop out of the race for Amazon's HQ2. The Mayor of San Antonio wrote Jeff Bezos a letter saying,

As we invest in San Antonio to prepare for its future growth, we are also working to address 21st-century challenges head on and collaboratively. Other cities will confront similar challenges. But the difference for San Antonio is that we aren't just thinking about tomorrow, we've already been working on it (Nirenberg and Wolff 2017).

Unlike Seattle, San Antonio was attempting to be predictive about future growth, building up civic infrastructure before the population explodes even more. By denying Amazon's request for proposal publicly, Little Rock and San Antonio were making a statement about the powerful role that business is playing in city building and questioning whether these megadeals are worth it.

The Power of Megadeals

In recent years, the frequency of megadeals has grown. Megadeals are incentivization tactics and other intangible benefits that are used to attract business; they can cost state or local governments upwards of \$50 million (LeRoy 2017). Corporate RFPs pit cities and states against each other in order to drive incentives up and find the best deal for their company. In turn, the business offers the winning bidder the benefits of job creation, and other direct and indirect advantages that come with having a major corporation in your backyard. In the summer of 2017, just months before Amazon began its search for HQ2, two major megadeals were negotiated. Wisconsin gave the Taiwanese technology group Foxconn \$3 billion in subsidies, while a suburb of Des Moines, Iowa, with help from the state, granted Apple \$213 million to locate a plant there (LeRoy 2017). Since the recession, the frequency of megadeals has been on the rise (Fig. 4.1). Around the economic recession, the total supply of economic development deals hit a sharp downturn. Due to this decrease in supply, demand rose, and cities were willing to

spend more to attract business to their towns—especially when it meant job growth.

Despite the fact that today, unemployment rates are low in most United States cities, and government revenue is still recovering from the recession, because of neoliberalism and the new urban politics it has been ingrained in the people who administer cities, who run for office, who run chambers of commerce, and even voters and the public at large, that they must compete and provide incentives to attract business. Businesses are exploiting this deeply established belief by trying to get the most out of cities through megadeals.

Annual Number of Megadeals

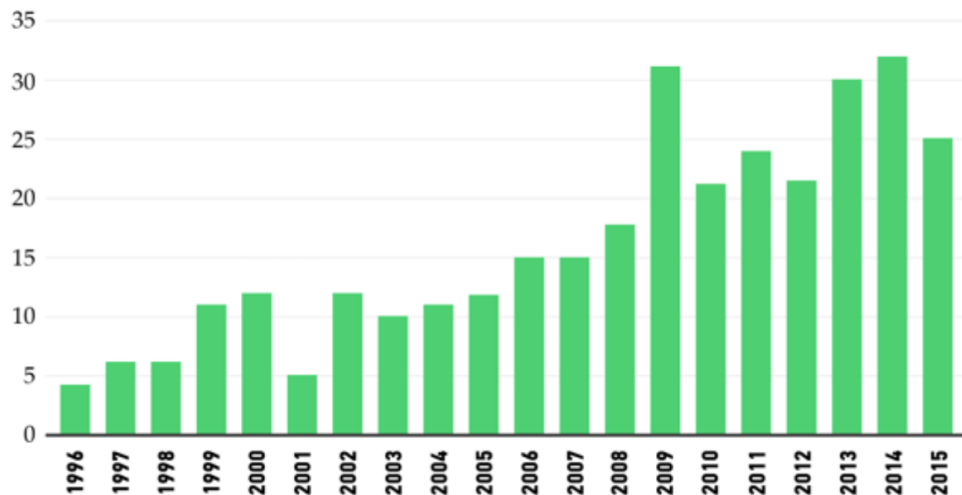


Figure 4.1

Annual frequency of megadeals from 1996 to 2015 (LeRoy 2017).

Some cities have begun to question if the prize is worth the expense. In a nation where the unemployment rate has held stable at 4.1 percent for the last four months and a majority of local governments have not recovered from the revenue hit caused by the great recession, many question if it makes sense to be spending millions, if not billions, on luring big corporations to a locality. Many would argue no. In his book, *The Great American Job Scam*, Greg LeRoy (2005, 1) estimates that taxpayers lose \$50 billion a

year to corporate tax breaks. In 2017, the cost per job for these megadeals was \$658,000—up from \$100,000 in 2005 (LeRoy 2017). There is mounting evidence that these megadeals do less for cities' economic development than investing in small businesses that are already in the city (Frey 2018). Between 2015 and 2016, Boston invested \$1.8 million in the city's "Main Street Commercial Districts," and subsequently saw a \$7.3 million increase in tax revenue. It is believed that focusing economic development on the local created four times as many jobs than would have been realized by a big business deal (Frey 2018). In addition, most of the jobs created by corporations like Amazon go to high tech elites and do little for the population that need jobs the most. In fact, by bringing wealthier residents into a city, a corporation may do more harm than good for working-class residents. If the costs of "winning" the employer outweigh the benefits to a locality's residents, why have megadeals become so popular (LeRoy 2017)? A new narrative that recognizes the power cities have to resist such megadeals must emerge.

Incentives

Despite this growing question over megadeals, a majority of the country was uncritical, excited about the opportunities and growth that Amazon could bring to their cities. Many would argue that a city would be crazy to turn such an opportunity down. However, for many cities, attracting Amazon was not possible without providing the company massive amounts of incentives. Chicago offered to return \$1.32 billion of the income taxes paid by their employees back to the company (Garfield 2018). These are taxes that are usually used to invest in public infrastructure, such as schools, health care

and roads—infrastructure that will be put under more strain if Amazon comes to town. New Jersey, on the other hand, is offered \$7 billion in incentives to Amazon. The state could give Amazon as much as \$5 billion in tax incentives depending on the number of employees that the company relocates to the state. The other \$2 billion come from property tax abatements and local tax incentives offered to the company by Newark (Garfield 2018). Even Poughkeepsie has made a play for Amazon's affections. In an Instagram post, the city of Poughkeepsie cited the vacant former headquarters of IBM as a potential office space for the company. Incentives offered by various cities have not only come in the form of economic benefits, but also symbolic gestures. Stonecrest, Georgia offered to rename itself Amazon City if the company chose it for its second headquarters, while Tucson, Arizona drove a twenty-one-foot cactus to Amazon's Seattle headquarters to woo the company (Liao 2017).

The Finalists

In January of 2018, Amazon announced the finalist cities in its HQ2 search: Atlanta, Austin, Boston, Chicago, Columbus, Denver, Indianapolis, Los Angeles, Miami, Montgomery County, Nashville, New York, Newark, Northern Virginia, Philadelphia, Pittsburgh, Raleigh, Toronto, and Washington, D.C. (Holder 2018). These twenty cities represent a large cross-section of the United States and the resources and ideals that Amazon highlighted in its request for proposals. However, in some ways, it is difficult to determine what Amazon is looking for in its second headquarters. Some of the cities, like Denver and Austin, seem similar to Seattle in size and ethos—liberal cities, with growing tech sectors and access to the outdoors—while others, like Pittsburgh and Montgomery

County, Maryland present completely different ideas for what Amazon's second headquarters could look like.

Although it is impossible to know which of these cities Amazon will choose, each comes with its own set of advantages and disadvantages. One major way in which the cities are differentiated from each other is by region. Although Amazon picked cities from across the country, half of them are on the eastern coast of the United States. These cities give Amazon a particular advantage that interior or West Coast cities cannot. Its current headquarters in Seattle has close access to Asia, but by moving to the Eastern Seaboard, Amazon could gain increased access to European markets. However, in order for this proximity to be useful, Amazon must be located near a major international airport. This gives an advantage to cities like Atlanta, Chicago, Los Angeles, New York, Newark, Denver, Miami, Toronto, and Boston, each with one of the twenty largest international airports in North America.

Pull vs. Push Factors

Since its conception, Amazon has been on a journey of nonstop growth. Quadrupling in size in less than a decade, the tech giant was running out of space to expand in the South Lake Union and Denny Triangle neighborhoods of Seattle (Rosenberg 2017b). In addition to this, the average cost of office space has increased from \$26 dollars per foot in 2010 to \$32 today, and the number of vacancies has fallen from twenty percent to eleven percent (Fig. 4.2). This lack of space for growth, as well as the general disdain that many residents have shown publicly for the company, are largely believed to be the factors that pushed the company to look elsewhere. When a city's

residents make it clear that they don't want a company and the change it is creating, and it is harder and harder for that company to find places to expand where it wants, it is not surprising that a company would choose to look elsewhere. As Heather Redman, Chair of the Seattle Metropolitan Chamber of Commerce put it, “the negative attitude of many citizens and of our government to business in general and to Amazon, in particular, has created an environment for Amazon and, even more importantly its employees, that is unpredictable and outright hostile” (Nickelsburg 2017a).

OFFICE RENT & VACANCY TRENDS

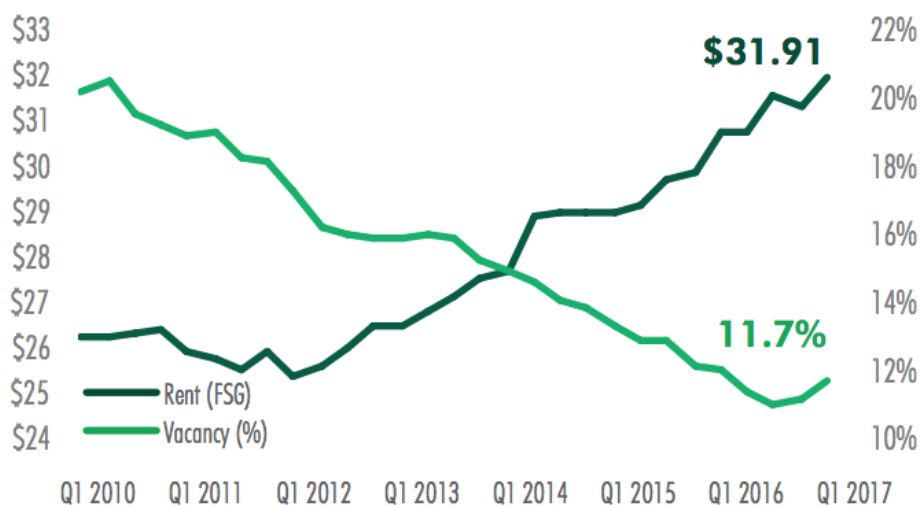


Figure 4.2

Quarterly trend for office rent per square foot (dark green) and percent vacancy (light green), from the first quarter of 2010 to the first quarter of 2017 (Collins et al. 2017).

Along with these push factors, there were other reasons that Amazon decided to search for a second headquarters. By creating another center of operations, in another area of North America, Amazon will gain the geographic and economic advantages of another location, as well as access to a new talent pool (Martin and Radke 2017). In addition, by having two headquarters, Amazon can pit these two cities against each other, threatening to move more operations to the other city when a policy is promoted that may

make it harder for the business to operate. Because Amazon's business spreads across such a wide range of sectors—from online retailer, to robotics, to smart devices, to groceries—Amazon is in the unique situation of being able to divide its headquarters successfully.

The Bid for Washington

Despite Amazon's HQ2 announcement, Seattle and King County officials were not ready to let go of the sustained growth that Amazon had helped create. Although Amazon made it clear that cities in the Pacific Northwest had a very slim chance of attracting HQ2, two proposals were submitted within the Seattle area in an attempt to keep Amazon's businesses growth isolated to the region. The first came from a conglomeration of many of Seattle's suburbs and was sponsored by King County Executive Dow Constantine (Nickelsburg 2017a). Like many other proposals, this one came with its own set of incentives. Although Washington State prevents its government from putting money directly into the hands of businesses as an incentivization tactic, government officials cited the state's low taxation rate as a major reason for why the business should remain in Washington (Day 2017a). The State Commerce Department calculated that if HQ2 were to set up in Toronto, by 2023, Amazon would pay \$904 million in additional annual taxes, and \$583 million and \$326 million more respectively if it chose Chicago or Denver (Day 2017a). The proposal, created by a combination of officials in King and Snohomish County (King County's neighbor to the north) proposed ten possible new location for Amazon's HQ2, none of which were in the city of Seattle (Day 2017b).

Another bid for the region came from Tacoma, Washington's third biggest city, which lies just thirty-five miles south of Seattle in Pierce County. Although some of the proposed sites for these two bids were within a few miles of each other, each county did not see the other as competition. As Dow Constantine put it, if Amazon picks Tacoma, "we still win" (Nickelsburg 2017b). However, despite efforts to keep Amazon in Seattle's backyard, none of the Seattle area proposals made it past Amazon's initial selection. Although Washington officials attempted to appeal to the company's sense of place, the benefits of moving elsewhere made the success of a Seattle area bid unlikely.

What Does This Mean for Seattle?

Despite the good riddance approach that many Seattleites have towards Amazon's HQ2 announcement, Seattle is already seeing the effects of Amazon's decision to expand elsewhere. While Amazon doubled its headcount in the city between 2013 and 2017, in the final months of 2017 after Amazon began its HQ2 search, Amazon job openings in Seattle dropped to its lowest since the beginning of 2014 (Day 2017e). This brings up questions for many Seattleites who have gotten used to this seemingly endless boom. What does it mean for the city that growth may have already begun to slow going into the first months of 2018?

Ironically, Amazon has created a paradox. The city needs the company's tax dollars to fix the problems of congestion and displacement that have been partially caused and exacerbated by the company's growth. Residents have begun making parallels to Boeing's headquarters move to Chicago in 2001 (Martin and Radke 2017). Similar to Amazon, Boeing's announcement blindsided the city. Although Boeing moved its top

executive jobs out of the city, nearly all of the company's 79,000 Washington State employees kept their jobs, and by 2012 the company employed 87,000 people in the Seattle area (Gates 2017). However, since 2012, as the company's top executives have had less of a connection to Seattle and its employees there, Boeing has started to outsource plane manufacturing to other areas of the country, and employment within Washington State has dropped to 67,000. Although it is a possibility that Amazon will go through the same process in Seattle, the company currently does not have any public plans to reduce its workforce, and because it is dividing its headquarters rather than moving it, Amazon executives will keep their connections to Seattle. Amazon's growth may slow, and in turn, there is a strong likelihood that the city's will as well, but this is not necessarily a bad thing. It is unlikely that Amazon's Seattle workforce will contract like Boeing's did and it may allow Seattle's infrastructure to catch up and allow home prices and rents stabilize. However, so many external factors fuel Seattle's economy that it is difficult to truly predict at what rate Seattle's growth will continue (O'Rourke 2018).

Who Will Amazon Choose?

In order to predict which city has the best shot at acquiring Amazon's HQ2, I examine seven important factors in Amazon's search and evaluate each city's ability to address the needs expressed by Amazon. I combined the bids for Washington, D.C., Northern Virginia, and Montgomery County, Maryland because they all are within the greater Washington, D.C. area. In addition to this, it is difficult to find the same type of information on counties and regions that can be acquired about cities. I used a score of

one through five for each of the categories, one being the least likely to win the headquarters based on that category, and five being the most likely.

The factors I analyzed were location; the quality of the airport in the city based on traffic, and number of locations flown to; the quality of public transportation; how business-friendly the city is; how easily the company will find space to build there; the amount of tech talent in the city; and the cost of renting office space. For example, in terms of location I gave Los Angeles the lowest score because of its proximity to Seattle, and cities on the Eastern Seaboard the highest score because of the geographic advantages that come from being on the East Coast. In its request for proposals, Amazon asked for locations with international airports within forty-five minutes of its proposed site. Although each of these cities has an airport that flies internationally, they vary greatly in the number of flights they offer and the variety of locations they fly to. Large international airports were given a higher score than small airports.

Next, I looked at cities' public transportation options. For this, I used walkscore.com's transit score for each city and converted it into my one to five-point scale. To calculate the score, the site assigns "a 'usefulness' value to nearby transit routes based on the frequency, type of route (rail, bus, etc.), and distance to the nearest stop on the route" (Walkscore.com 2018). To evaluate how each city felt about business, I looked at the *Wall Street Journal's* publication comparing the business climates in each city. One of the main reasons Amazon decided to expand out of Seattle was because of a lack of space. To determine the space cities have to offer Amazon, I calculated cities' densities from their 2016 Census Bureau population estimate and the cities' population sizes per square mile. Extremely dense cities like New York were given lower scores, while

sprawling cities with more room for an urban campus were given higher scores. Next, I looked at the amount of tech talent that each city possesses. To do this I used analysis of tech talent from CBRE, the world's largest investment firm. The firm ranked the fifty largest markets for tech talent (which included all of the Amazon finalists) by their competitive advantages, appeal to tech companies, and appeal to their employees. Finally, using CBRE again, I looked at the cost of office space per square foot. Cities with a lower cost were given a higher rating than those where the cost was greater (Table 4.1).

	Location	Airport	Public Transport	Business Friendly	Room to Grow	Tech Talent	Cost of Office Space per SqFt	Average
Atlanta	5	5	2	4	4	5	4	4.14
Boston	5	5	5	4	3	5	2	4.14
Newark	5	5	4	4	2	4	4	4
Toronto	4	5	5	4	2	5	3	4
Washington, D.C	5	5	5	4	2	5	2	4
Philidelphia	5	5	4	3	2	4	4	3.86
Denver	3	4	2	5	4	4	4	3.71
Raleigh	5	2	1	5	4	5	4	3.71
Austin	3	3	1	4	4	5	3	3.43
Chicago	3	5	4	3	2	4	3	3.43
New York	5	5	5	2	1	5	1	3.43
Pittsburgh	3	2	3	4	4	3	5	3.43
Indianapolis	3	2	1	4	5	3	5	3.29
Miami	4	5	4	3	3	2	2	3.29
Columbus	3	1	1	4	4	4	5	3.14
Los Angeles	2	5	3	2	3	4	2	3
Nashville	3	1	1	3	5	2	4	2.71

Table 4.1

Suitability analysis of the 18 finalist cities for Amazon's HQ2. Compiled by the Author using data from The U.S. Census, CBRE, Walkscore.com, and The Wall Street Journal.

From this analysis, I hypothesize, that Atlanta or Boston will become the host of Amazon's new headquarters. However, while Atlanta has room to improve its offerings, Boston does not, which is why I believe Atlanta has a slight edge over Boston. Although

Atlanta has a less developed public transportation system than Boston, in November of 2016 Atlanta residents passed a sales tax increase to allow funding for the expansion of MARTA, the city's public transportation system (Kahn 2017). Although Boston is famous for its extensive transportation system, the cost of renting office space in the city is much higher than in Atlanta. In Atlanta, office space costs an average of \$24.38 per square foot, while in Boston a square foot costs \$35.91 (Collins et al. 2017). Because Atlanta is cheaper and is in the process of expanding its public transport, I predict that Amazon will choose Atlanta over Boston for its second headquarters. In an article published by Business Insider which combined the rankings created by the Wall Street Journal, Moody's Analytics, Sperling's Best Places, Everest Group, The New York Times, CityLab and CNBC, they came up with the same results I did—Atlanta in first, with Boston as a close second (Garfield and Green 2018).

Because many of the cities have not released the incentives that they propose to offer Amazon, I was unable to include this information in my analysis of which city Amazon will choose. Incentives could play a major role in elevating cities that, on paper, look less likely to win Amazon's second headquarters. Although it is impossible to know what each city is offering, some, like Newark, have released their bids. It would not be outlandish for Amazon to choose Newark, or another city that offers the company massive incentives and meets a majority of the requirements over Atlanta or Boston. However, Florida et al. (2018) believe that these incentivization tactics are wasteful and counterproductive and will not alter where Amazon chooses to locate. Whichever city the company chooses, whether or not it offered incentives, will see a significant change to its built environment.

Amazon's search for a second headquarters has not improved the company's public image, and in many ways has served to publicly hamper it. If Amazon is leaving Seattle to get away from public disapproval, it may find a more welcoming population difficult to come by. Residents of finalist cities have been expressing their dismay towards their governments' decisions to pursue HQ2. In Atlanta, a website has popped up called "Atlanta against Amazon," while in DC, residents created a petition entitled "Obviously not D.C."—a play on the city's campaign slogan to get Amazon, "Obviously D.C." (Wong 2018). "Obviously not D.C." urges elected officials to fund "communities, affordable housing, schools, and transit. Not Amazon." The mounting resistance that many city governments are facing is often not directed at the company itself, but the incentivization packages that cities are offering Amazon. These tax giveaways and incentivization tactics underwrite public services that are more reliable job creators. Growing disapproval from residents, urbanists, urban economists, policymakers, and experts on cities spurred over one hundred of them—led by Richard Florida—to author a petition. It urges the twenty finalist cities to agree to not offer Amazon incentives. Its writers proposed that, rather than engage in an incentivization race that advantages wealthy cities and takes money away from much needed public services, the finalist cities should sign a non-aggression pact for HQ2 (Florida et al. 2018). Despite the fact that Amazon is attracted to cities that possess Florida's creative class, Florida believes that to attract big business cities should be focusing on the underlying strengths of their communities. As Brad Landers, a city council member in New York, and one of the few finalist city officials who signed Florida's petition put it,

You're not opening a second headquarters as a charitable project, you are opening it to make more money, and that is going to impose all these costs that our city

has to bear, especially around transit, infrastructure, schools, and housing. You're not expected to pay more, even though you have some outside impacts, but to ask to pay less is just appallingly bad corporate behavior (Wong 2018).

What Does it Mean for the City That Amazon Chooses?

A large amount of media coverage has been geared towards the reality of what it would mean for a city to be chosen by Amazon to host the company's HQ2. However, each city is unique, and the effects of Amazon's presence on housing would look very different in sprawling and expensive Los Angeles than it would in dense and dilapidated Pittsburgh. The Brookings Metropolitan Policy Program recently conducted a study looking at the abilities of the finalist cities to accommodate the potential housing needs of Amazon employees (Fig. 4.3). They divided the cities into four classifications; high priced and hard to build; recently gentrifying; stable, growth-friendly; and more capacity, older housing (Mishra 2018). Los Angeles, Boston, New York, Washington D.C., and Miami were classified as high priced and hard to build. These cities would have the hardest time absorbing the strain Amazon would put on the housing market; their already expensive markets would most likely face a housing shortage with rents and home prices rising even higher. If Amazon were to choose Denver, Nashville, Austin, or Raleigh—similar to Seattle—these cities would most likely see home prices skyrocket and experience a quick transition from being recently gentrifying to high priced and hard to build. In terms of housing, the Brookings Metropolitan Policy Program predicts that the cities that would be least affected by Amazon are Atlanta, Dallas, Chicago, and Columbus. These four cities have large housing stocks, stable home prices, and policies that are growth-friendly. Although Amazon will make its presence known in whatever city it chooses, the residents of these cities are the least likely to experience major

changes in affordability. Finally, there are the rust belt cities; Pittsburgh, Philadelphia, and Indianapolis. These cities have a large capacity for housing, but it is an older, more dilapidated housing stock. In addition, the average incomes in these cities are lower than their fellow finalists, making them more vulnerable to gentrification. Because of their older housing stock, these cities could see major upgrades and redevelopment occurring in much of the city leading to rising home prices and the displacement of lower-income residents.

Which metros have enough housing capacity to absorb Amazon HQ2?

HQ2 finalists by housing market type and size, 2016

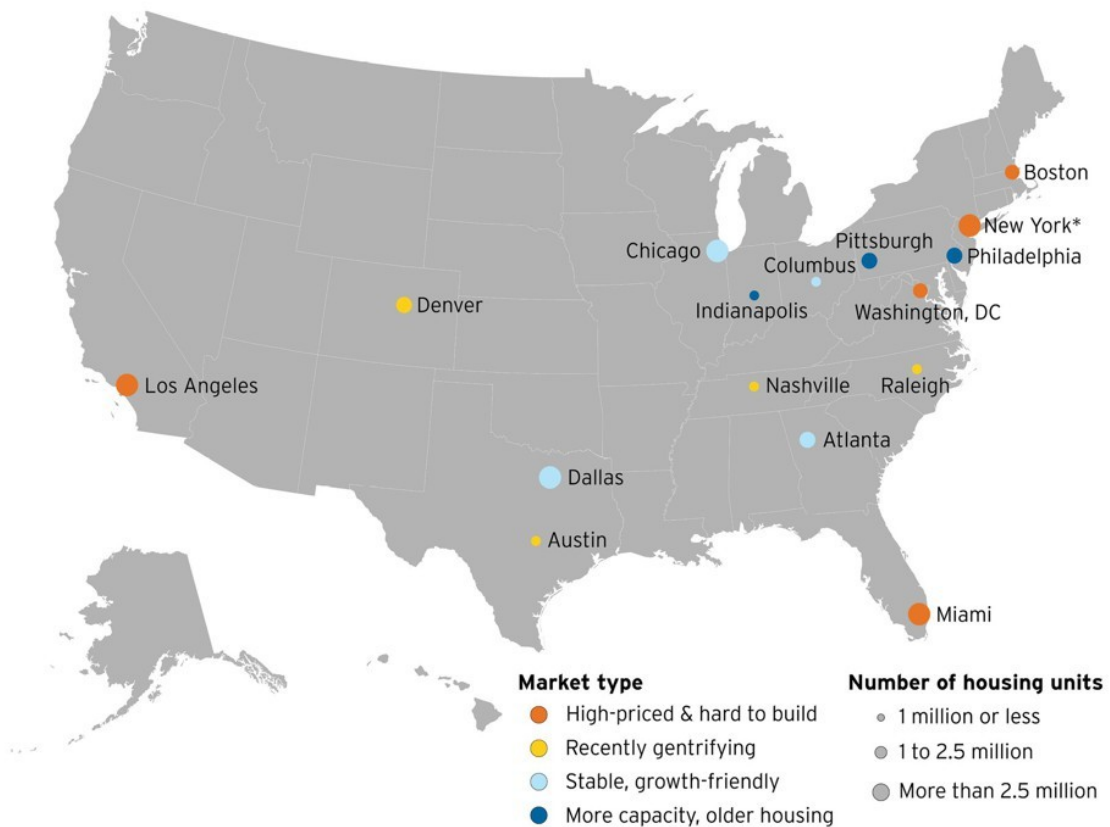


Figure 4.3

Analysis of housing capacity of HQ2 finalist cities. Shows cities' population size (the larger the dot the larger the population) and divides their housing market types into four groups; high-priced & hard to build; recently gentrifying; stable, growth-friendly; and more capacity, older housing (Misra 2018).

This study provides a concrete analysis of how the potential effects of Amazon in other cities relates to the changes that have occurred in Seattle. Although they are the main driver, incentives are not the only thing leading to backlash against the company's search for a second headquarters. Many fear the impact the company's presence could have on non-white and low-income communities. If basing changes off those that have occurred in Seattle, it is not just communities that Amazon will put a strain on. Housing, home prices, congestion and population growth will also be affected by the company's presence. No matter the city, the influx of 50,000 new jobs will disrupt the status quo. However, if the government of the city can react to this growth in a timely manner, whichever city Amazon chooses may not feel the negative effects of such rapid change as acutely as Seattle.

Conclusion

Whatever city is chosen, Amazon will likely emerge as the only true winner in its search for a second HQ. Although the company could have been private about its search, Amazon decided to exploit it to keep itself in the media and to encourage cities to offer it the best deal. By drawing out the process and making it a competition, Amazon is displaying how much power businesses have in the neoliberal era. Amazon's HQ2 could prove to be the biggest megadeal in the history of the country. The company is purposefully pitting cities against each other in order to create the best deal for itself, and cities are allowing it because it has been ingrained in them that if they don't, companies will look elsewhere, and their residents will lose out on the opportunities that big business provides.

Chapter 5. Conclusion

Over the course of the last decade, Amazon has helped create a Seattle whose residents are afraid of change. As Amazon has grown, so has the city's anti-growth movement. In many circles "density" and "upzoning" are seen as bad words synonymous with gentrification and change. The political left, neighborhood associations, historical preservationists, and ethnic and racial organizations concerned with displacement have banded together against Amazon and the changes that Seattle is facing. The government's inaction and the company's growing presence is making many Seattleites question if they collectively have a right to the city in the neoliberal era. However, Seattle is just following the pro-business strategy that cities across the country have developed in the latter half of the twentieth century. The agglomeration of industry in certain cities, like tech in Seattle, and car manufacturing in Detroit, leave cities vulnerable to economic downturn if those industries fail. Although agglomeration may help companies, diversification helps cities. Without diversification, a booming economy is unsustainable. While governments are focused on attracting big business, they should be looking at how they can keep, foster, and grow the businesses and people that already exist in their cities. Because of the increasing importance put on business, and a city's relationship with business, the role of residents in cities, especially low-income residents, is being diminished.

Unlike car manufacturing and other 20th-century industries, the clustering of creative class industries has greater implications for its host city's residents. Traditional industry agglomeration employs unskilled laborers who more often than not already reside near their place of work. Industrial clumping provides jobs to the local working class, in turn raising a city up from the bottom. Conversely, due to the desirability of the

jobs they offer, creative class industries seek the educated elite and cast a much wider hiring net. Because of this, a high concentration of tech jobs can actually exacerbate the problems that exist in cities.

The growth machine and Amazon tell us that Seattle needs Amazon and that to get the company to stay Seattle must do all that it can to make business easier for Amazon. However, the reality is that Amazon needs the city as much as, if not more than, the city needs Amazon. Although the tech industry wants cities to believe otherwise, this creative class industry is far more place dependent than the major industries of the industrial era. When you evaluate the creative class—a population that Amazon must attract to run a successful business—location is key. They want to live in a city with a certain cache, like Seattle. Amazon has to go where the creative class wants to be, and although there are many other cities Amazon could have chosen, the truth is that companies looking to attract the creative class far outnumber the number of creative cities in the United States. With or without Amazon, high-tech companies will be drawn to Seattle because of the foundation set by Boeing and Microsoft. The presence of these companies already exacerbates income inequality, so rather than providing tax breaks and incentives for these companies to come, Seattle should be using its resources to protect the rights of residents who will be the most adversely affected by the presence of these companies.

Seattle's relationship with Amazon reflects a nationwide or even worldwide trend that is much larger than the company itself, and therefore more difficult to address. As the movement for urbanization and centralization continues to strengthen, longtime residents have less and less control of the future of their cities. David Harvey writes in

The Right to the City (2008, 23) that “the freedom to make and remake our cities and ourselves is, I want to argue, one of the most precious yet most neglected of our human rights.” Amazon’s search for a second headquarters shows how neglected this right is. Formal and informal public-private-partnerships between cities and their major corporations have defined or redefined cities by putting power into the hands of the political and financial elite. If we continue to put power into the hands of large corporate interests, whose main motives are profit and not livability, inequality will continue to rise, and residents will continue to be unhappy about the type of growth their cities are experiencing. Instead of putting the power to shape cities into the hands of corporations and billionaires like Paul Allen, Michael Bloomberg, and Jeff Bezos we must look to empower the working and renting class. Otherwise, inequality will not only continue within cities, but also between them. Cities should not only be about producing capital but also creating livable places for people to inhabit. Striking a balance between the needs of these two—people and capital—is the key to creating a successful city. Too much focus on the people and there won’t be enough jobs, leading to urban flight. Too much focus on capital and a city’s resources will be extracted and its population priced out. In the case of Seattle, this balance is weighted too far towards capital. Without an adjustment in priorities, Seattle is at risk of becoming soulless—a city run by the elite with no unique cultural identity.

Although a daunting task, in order for society to become more equal and for city dwellers to have a right to the city, we must no longer cede decision-making power to corporate interests and instead invest our energy into supporting working-class residents. Because of the increased competition between cities, the belief that this is no longer a

local fight but a global one has become widespread. Many believe that in order for one city's residents to gain back control of the way their city operates, every city must adhere, or the one outlier that fights back will be left behind in the global financial market.

However, I question the validity of this statement. Not all cities are equal. Certain cities, like Seattle, have more power to reshape their futures than others, and it is these cities that should lead the charge to dismantling neoliberal thinking. As Logan and Molotch state in the conclusion of *Urban Fortunes* (2007, 294-295), "the best way for the hands of the weak to gain strength is for the privileged places to get tougher." The only ones that can say no to neoliberalism and the growth machine are the innovative cities that have the power to resist it. By saying no to the neoliberal growth machine, Seattle faces little risk, just the consequences of its own actions. The truth is that people want to live in Seattle, they always have, and barring a major disaster, they always will. Seattle has the resources to say no to neoliberalism. It must lead the charge.

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