

# New York State Budget Director on the 'Fundamental Ignorance' That Killed the Amazon Deal

New York State Budget Director Robert Mujica is not pleased his state is missing out on Amazon's second headquarters.

In [an open letter](#) that ran on Governor Andrew Cuomo's page, Mujica explained what the loss would mean to the state:

*As just about everyone in this state, if not the country, knows by now, Amazon has terminated its plans to bring its second headquarters to New York State. It is a tremendous loss for New Yorkers and I hope that at a minimum, we understand the lessons learned.*

*In my 23 years in the State Capitol, three as Budget Director, Amazon was the single greatest economic development opportunity we have had. Amazon chose New York and Virginia after a year-long national competition with 234 cities and states vying for the 25,000-40,000 jobs. For a sense of scale, the next largest economic development project the state has completed was for approximately 1,000 jobs.*

Mujica, who is responsible for the development and management of New York's fiscal policy, said unions, politicians, and activists on Twitter were largely to blame.

*People have been asking me for the past week what killed the Amazon deal. There were several factors.*

*First, some labor unions attempted to exploit Amazon's New York entry. The RWDSU Union was interested in organizing the Whole Foods grocery store workers, a subsidiary owned by*

Amazon, and they deployed several 'community based organizations' (which RWDSU funds) to oppose the Amazon transaction as negotiation leverage. It backfired. Initially, Whole Foods grocery stores had nothing to do with this transaction. It is a separate company. While Amazon is not a unionized workforce, Amazon had agreed to union construction and service worker jobs that would have provided 11,000 thousand union positions.

New York State also has the most pro-worker legal protections of any state in the country. Organizing Amazon, or Whole Foods workers, or any company for that matter, is better pursued by allowing them to locate here and then making an effort to unionize the workers, rather than making unionization a bar to entrance. If New York only allows unionized companies to enter, our economy is unsustainable, and if one union becomes the enemy of other unions, the entire union movement – already in decline – is undermined and damaged.

Second, some Queens politicians catered to minor, but vocal local political forces in opposition to the Amazon government incentives as 'corporate welfare.' Ironically, much of the visible 'local' opposition, which was happy to appear at press conferences and protest at City Council hearings during work hours, were actual organizers paid by one union: RWDSU. (If you are wondering if that is even legal, probably not). Even more ironic is these same elected officials all signed a letter of support for Amazon at the Long Island City location and in support of the application. They were all for it before Twitter convinced them to be against it.

Mujica did say state officials could have done a better job of communicating the facts of the project. Proponents of the deal, he suggested, were lured into a sense of complacency since it enjoyed the support of 70 percent of New Yorkers and its benefits were "self-evident."

He's right. But I'm not sure any communications effort would have been able to save the Amazon deal. Why? Read what Mujica wrote next:

*Incredibly, I have heard city and state elected officials who were opponents of the project claim that Amazon was getting \$3 billion in government subsidies that could have been better spent on housing or transportation. **This is either a blatant untruth or fundamental ignorance of basic math by a group of elected officials.** The city and state 'gave' Amazon nothing. Amazon was to build their headquarters with union jobs and pay the city and state \$27 billion in revenues. The city, through existing as-of-right tax credits, and the state through Excelsior Tax credits – a program approved by the same legislators railing against it – would provide up to \$3 billion in tax relief, IF Amazon created the 25,000-40,000 jobs and thus generated \$27 billion in revenue. You don't need to be the State's Budget Director to know that a nine to one return on your investment is a winner. (Emphasis added)*

This was more than a mere communications problem. Supporters of the plan were fighting both anti-corporatist hysteria (which cares little for facts) and *economic ignorance*. (Some might contend they are one and the same.)

FEE's Tom Mullen made a similar point when [he suggested](#) the Amazon deal was sunk because New Yorkers couldn't distinguish a tax exemption from a subsidy.

For an example, look no further than freshman New York Congressman Alexandria Occasio-Cortez, the economics major.

"If we were willing to give away \$3 billion for this deal, we could invest \$3 billion in our district ourselves if we want to. We could hire more teachers, we can fix our subways, we can put a lot of people to work for that money if we wanted to," she [told reporters](#) while celebrating the deal being scrapped.

Mujica is right that unions deserve some of the blame. So do politicians and Twitter. But they ultimately are not what killed New York's Amazon deal. Economic ignorance did that.

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