



“Lucky Lindy” vs. Jeff Bezos: Who Is the Better Bet for Missouri?

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It may be the biggest and most closely watched competition since Charles Lindbergh – backed by a group of Saint Louis businessmen – won the \$25,000 Orteig Prize as the first pilot to cross the Atlantic Ocean. That was 90 years ago, in 1927.

Will Saint Louis (or Kansas City) surprise the business world in winning the Amazon Prize? I speak, of course, of the bidding war to decide what city, suburb, or close-in town – out of 238 contestants – will be selected as the site of Amazon’s second headquarters. In every important way, “HQ2” is supposed to equal its existing headquarters in Seattle. Amazon will announce its choice in the spring of next year. Both of our two biggest metro areas are in the bidding – with enthusiastic support from Gov. Eric Greitens and his team.

The potential payout dwarfs the Orteig prize, but so too do the costs to the cities and states doing the bidding. Amazon says it is prepared to invest about \$5 billion of its own money at its new site and create up 50,000 jobs with an average annual compensation of more than \$100,000 per job.

In Lindbergh’s case, Saint Louis businessmen put up \$15,000 (to his \$2,000) to underwrite the cost of building his airplane. As for HQ2, it seems clear that the costs to local and state taxpayers over a period of 15 to 20 years will run into the billions of dollars.

It's a big and potentially wildly uneven trade-off, beginning with the fact that Amazon cannot guarantee 50,000 sustainable jobs – or even 5,000 jobs or 1,000 jobs. Who is to say Amazon will continue to grow at the same phenomenal pace that it has maintained over the past two decades? In the tech world, many once-hot companies have either fallen into bankruptcy (think Wang Laboratories and Digital Equipment Corporation) or stopped growing and faded into insignificance (think AOL and Yahoo).

Remember that the initial build-out of HQ2 is supposed to take 15 years. That is a long time, and it makes this competition a very different proposition than the Lindbergh flight. Less than three months after getting his final go-ahead from Major Albert B. Lambert (after whom Saint Louis's airport is named) and other backers, Lindbergh had designed and built his *Spirit of St. Louis* monoplane and completed his historic flight from New York to Paris.

It is disturbing that city and state officials in Missouri have responded with such rapturous glee to the Amazon bidding – while maintaining that they must, in deference to Amazon's wishes, remain mum about what they have offered in the way of tax breaks and other subsidies.

Nobody knows what Amazon will look like in 15 or 20 years. In that sense, HQ2 is a multi-billion-dollar pig in a poke. Whatever city wins the Amazon Prize, you may be sure that local and state taxpayers will, for a long time, be deeply in hock to trying to make a go of it.

About the Author



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A former foreign correspondent who spent four years in the Middle East and served as Business Week's London bureau chief during Margaret Thatcher's first two terms as Britain's prime minister, Andrew is a regular contributor to leading national publications, including the American Spectator, the Weekly Standard, and the Wall Street Journal.

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