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OPINION | COMMENTARY

How to Liberate Amazon Workers

A \$150,000 salary goes a lot further in Virginia or Tennessee than it would in high-tax New York City.

By Andy Puzder

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Anti-Amazon protesters celebrate in New York City, Feb. 14. PHOTO: GETTY IMAGES

Progressives are touting Amazon's decision to cancel its plan to build a headquarters in New York as a great victory over "corporate greed," "worker exploitation" and "the richest man in the world." This may well turn out to be a victory for workers, exploited or otherwise, but perhaps not in the way progressives intend.

As Amazon disburses its 25,000 employees earning an average of \$150,000 annually to other locations, let's take a look at what it could mean for those employees who end up living in regions more capitalist than socialist.

Amazon is proceeding with its previously announced expansion plans for a 25,000-employee headquarters in Arlington, Va., and a 5,000-employee operations center in Nashville, Tenn. As CEO of CKE Restaurants, I moved our company headquarters to the Nashville area from California in 2016, so it's a subject with which I am personally familiar.

For Amazon employees, the income-tax benefits can be significant. A single person living in New York City and making \$150,000 a year would pay \$9,252 in state income tax plus a

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municipal income tax of \$5,379. In Arlington, that same employee would pay only \$8,142 in state income tax—\$6,489 lower. Tennessee has no income tax, for a saving of \$14,631 compared with New York.

And those dollars go further in Virginia or Tennessee. BestPlaces.net has a calculator that compares the cost of living between cities (including taxes). For a single, childless homeowner, the cost of living in Queens—site of the scrapped Amazon New York headquarters—is 4.4% higher than in Arlington and 80.4% higher than in Nashville. To have the same standard of living \$150,000 would in Arlington would take \$156,628 in Queens. The equivalent of \$150,000 in Nashville is \$270,580 in Queens.

Across the East River in Manhattan, the cost of living is 51.8% higher than in Arlington and 173.1% higher than in Nashville. Thus the equivalent of \$150,000 in Arlington and Nashville, respectively, is \$227,700 and \$409,710.

Both Virginia and Tennessee pride themselves on being business-friendly. Amazon is familiar with governments that are less friendly from its headquarters in Seattle, one of the most progressive U.S. cities. Last May, Seattle's City Council unanimously passed a \$275-an-employee tax on businesses making more than \$20 million a year. Amazon vigorously opposed the tax, and the City Council repealed it, to the chagrin of progressives across the country. The New York Times called it "a warning to cities bidding for the retailer's second headquarters that the company would go to the limit to get its way." Apparently, New York didn't get that message. There's no danger of that in Arlington or Nashville.

Unions were also an issue for Amazon's New York site. Under the National Labor Relations Act, workers have a well-established federal right to unionize and, within limits, employers can oppose unionization. No matter where Amazon locates, the employees have the right to unionize if they so choose.

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The problem for unions is that their popularity is waning. Private-sector union membership stood at 16.8% in 1983 when the Bureau of Labor Statistics began tracking the data. It has steadily declined to a record low of 6.4% in 2018.

With this decline, the unions have resorted to using their political power to hobble business resistance to unionization. The day before Amazon withdrew its plan for a corporate headquarters in New York, Gov. Andrew Cuomo held a meeting between Amazon executives and labor leaders to negotiate—in effect, to limit—how aggressively Amazon would urge its employees to resist unionizing. The next day,

Amazon announced that it was abandoning its plans for New York.

Again, there is little chance of a union dust-up in business-friendly Virginia or Tennessee. Both are right-to-work states, meaning even if a majority of employees vote to unionize, every worker is free not to join the union. Not many private-sector employees choose to join unions in either state. In both Tennessee and Virginia, only 3.2% of private-sector workers belong to unions. In New York state, the figure is 13.2%.

Given the substantial tax and cost-of-living benefits that come from living in states with capitalist free-market policies like Virginia and Tennessee, it could well be that workers don't see the need for unions. They might even be afraid that progressives and their union allies could drive businesses like Amazon, and their good paying jobs, out of the state. I wonder where they got that idea?

Mr. Puzder is a former CEO of CKE Restaurants and author of “The Capitalist Comeback: The Trump Boom and the Left’s Plot to Stop It.”

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