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# Holding Amazon accountable

## Amazon has fired 10.000 employees — planning to increase its revenues on the back of its workers. Changing that will require pressure from below

Amazon's announcement this month, to lay off 10.000 workers caused an uproar in the media in both the US and Europe. Whereas the layoffs mostly concern tech workers such as the developers of Alexa – Amazon's software Assistant for the home which has made losses in the last years – they are also starting to affect the workers at the warehouses. While 10.000 jobs might not seem much for the second biggest employer in the world with a workforce of 1.6 million employees, this announcement is a further indication of a profitability crisis in the Amazon Empire. This crisis will have a big impact on the struggles of workers at Amazon for the next months and could offer new opportunities for unionizing at the company.

The dismissal of the tech workers was not the only company decision concerning the number of employees. Few weeks ago – shortly before the stressful Christmas business, the so called peak season – Amazon announced that it will stop hiring new workers in a post on its own website. This came after the company had doubled the number of its employees since the beginning of Covid-19. In real terms, this means a decrease in the number of employees in the next few months, mostly due to the very high worker turnover rate at Amazon, especially in the US. The Guardian reported that 'Amazon was losing about 3 per cent of its workforce weekly, or 150 per cent annually' before the pandemic, which means many workers will leave Amazon after a short time. And now Amazon no longer wants to replace them.

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Additionally, Amazon will reduce the costs of labour not only by reducing the staff but also by cutting wages. In summer 2022, Amazon infuriated workers worldwide even more than it usually does, when it announced 'wage rises' between 3 and 4 per cent in a period with inflation rates around 10 per cent all over Europe and Northern America. This so called

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This decision symbolises a change in Amazon's labour regime. In the last decade, at least in Western Europe, Amazon adjusted wages to inflation annually and even paid a Covid-19-bonus of 2 € at the beginning of the pandemic. The idea was that paying wages that are relatively high for the sector and constantly increasing would allow for Amazon to find new workers, and to prevent discontent and uprisings among workers. The wage was meant as a compensation of sorts for stress caused by a system of control through digital applications, annoying leads, a lack of respect for the workers and unhealthy working conditions. Now, Amazon's break up with this labour regime caused the most recent developments of the struggles in its empire.

## Shady tactics

After the announcement that the company will raise the wages only by 3 per cent, workers in the UK started wildcat strikes in at least 11 warehouses. The so called 'wage rise' announcement was not only disrespectful to the workers, who risked their lives during the 'golden years' of the pandemic and worked while everyone else around the world was in quarantine at home, but also risks their ability to pay their bills. The ridiculous wage increases in times of inflation was also the main issue in the last strikes in France and Germany. In the latter, workers from different locations report that the number of participants on strike actions has risen up sharply in the recent months. At the facilities in Bad Hersfeld and Leipzig, where the strike movement has started in 2013, over 50 per cent of the workforce went out to strike for the first time. Let us see what will happen at the traditional Christmas strikes!

There is also a further Amazon strategy on how it can save on labour costs and externalise labour unrest. More and more often, Amazon uses 'shadow warehouses' in its logistics chains. These warehouses are operated by logistics service providers such as DHL, Kühne & Nagel or Ceva Logistics. But, as far as we know, they work as normal Amazon warehouses. They only differences are the names on their external walls. Amazon is a contractor which pays its service partners for the handling of the goods. In the end, the customer does not know if his new video game or hand fan comes from an Amazon or service partner driven warehouse. But the workers have understood that they are part of the Amazon Empire, as can be seen in the current struggles in Turkey.

Furthermore, Amazon uses 'service partners' in the labour extensive last mile business to save costs at least in Europe. Those service partners bring

the packages from the warehouses to the consumer at home. None of the drivers has a direct contract with Amazon. The service partner companies are interested in operating as cheap as possible, motivated by profits and under pressure from Amazon. This is the reason why the workers suffer from enormous time pressure during the parcel delivery.

## Inability to keep growing

There are also other signs that Amazon is in a crisis other than the reduction of labour costs. We saw in France and Germany that Amazon has not opened warehouses which were already built and has stopped new projects. One example is the enlargement of its facility at the airport in Leipzig, Germany, where the company has its air freight hub for mainland Europe.

This is a clear indication that Amazon hasn't grow as fast as it was expected. During the Covid-19 pandemic, Amazon took in record revenues when shops were closed, and the consumers ordered their stuff through the web shops. As the demand had increased, the company invested profits in labour power and new infrastructures. They had not foreseen the end of this extraordinary boom.

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Nevertheless, Amazon's problem is not that the company makes losses but that the revenues are less high than they were in the last two years. The rate of profitability is shrinking. Amazon depends strongly on the investors on the finance market. Those investors expect an increase in revenues compared to the year before. While the former CEO and big tech guru Jeff Bezos was still able to string investors along with his talk of 'day one' – a reference to the idea that Amazon is as innovative as it was at day one and should it reach day two, the company will start to go down – his successor Andy Jassy has to deliver realistic concepts in order to calm the shareholders. This is especially important considering we're at the eve of a global recession caused by the current rates of inflation.

Nevertheless, we should not overestimate the 'crisis' of Amazon. Announcements to the public like the layoff of 10.000 employees are directed to an audience. First to the investors but also to the workers who have joined unions in the last years or have planned to join soon. It is good for the Amazon management if the workers are afraid of losing

their jobs. Amazon wants to create uncertainty. But we have yet to see how the customers will change their behaviour impacted by the inflation, and how the revenues will develop in the next months and come back to bite Amazon.

Amazon will most likely take further measures to increase its revenues on the back of the workers in order to calm down the shareholders. But the workers will not accept the conditions in the warehouses as they have before. This situation will strengthen the militant workers and unions at the warehouse. There will be many conflicts at Amazon in the upcoming winter. The outcome is open. But one thing is clear: Amazon will only start to bargain with its workers and their representatives after very strong pressure from below.

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