

Amazon's purchase of Whole Foods and the case for public ownership

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On June 16, Amazon announced a bid to purchase US grocery giant Whole Foods for \$13.7 billion. The deal, which is expected to close later this year, sent Amazon's shares soaring and netted \$2.88 billion for CEO Jeff Bezos in a single day.

The Whole Foods purchase gives Amazon a foothold in the \$800 billion grocery industry and ownership of over 460 grocery stores across the US, Canada and Great Britain. The expansion is an expression of the unprecedented concentration of economic power among a handful of corporations that dominate the world capitalist economy.

The *Wall Street Journal* reported on June 17 that Amazon's purchase "is just the most extreme example of a larger, more consequential phenomenon"—the fact that many businesses across industries "are going to get bought or bulldozed and power and wealth will be concentrated in the hands of a few companies in a way not seen since the Gilded Age... We're going to have to ask ourselves, as a country and as a civilization, just how much power we're comfortable having consolidated in the hands of so few businesses."

The move foretells a ruthless assault on the jobs, wages and working conditions of Whole Foods workers, which will mark a new stage in the assault on all retail service workers. Bloomberg News noted that Amazon "wants fewer employees in each [Whole Foods] store, with those who remain providing product expertise, rather than performing mundane tasks." Amazon workers' horror stories of super-exploitation will give Whole Foods workers an idea of what they can expect.

Amazon has not only grown to become the largest online retailer, it increasingly owns the infrastructure of the marketplace, netting \$1 out of every \$2 spent online. Its algorithms conduct the flow of billions of dollars of products across the world each day. It has used its domination of the online market as a springboard into other industries, leveraging its economic clout to drive less powerful companies out of business by artificially lowering prices and then sweeping up market share.

Lina Khah wrote in a 2017 *Yale Law Journal* in regard to

Amazon's growing monopoly, that "in addition to being a retailer, Amazon is a marketing platform, a delivery and logistics network, a payment service, a credit lender, an auction house, a major book publisher, a producer of television and films, a fashion designer, a hardware manufacturer, and a leading provider of cloud server space and computing power. For the most part, Amazon has expanded into these areas by acquiring existing firms."

Amazon's cloud data storage service, for example, controls 33 percent of total market share, more than Microsoft, IBM and Google combined. Its clients include leading corporations and the Central Intelligence Agency, National Security Agency and Department of Defense.

The company controls a significant portion of the logistical veins of international distribution, linking together roughly 400,000 warehouse workers at hundreds of fulfillment centers spread across five continents. Amazon commands a fleet of trucks, freighters, drones and airplanes, plus a small army of Uber-like flex delivery drivers who transport goods to over 100 countries.

Amazon's growing dominance is part of a broader concentration of power across all industries. The share of GDP produced by America's largest 100 corporations rose from 33 percent in 1994 to 46 percent in 2013. The five largest American banks now account for 45 percent of total banking assets, nearly double from 25 percent in 2000.

Each industry—airlines, telecommunications, health care, computers, pharmaceuticals, etc.—is dominated by a smaller and smaller number of corporations. This is the product of deliberate policies enacted by the Democratic and Republican Parties gutting corporate regulations and pulling the teeth from already meager anti-trust laws from the early and mid-20th century.

As a result, mega corporations are linked by a common network of owners concentrated in the financial industry. A small number of Wall Street firms own most of Amazon and Whole Foods, with institutional shareholders owning 62 percent and 93 percent, respectively. Three financial companies—BlackRock, Vanguard and State Street—are

among the largest institutional shareholders of both Amazon and Whole Foods.

When their ownership stakes are combined, these three financial institutions represent the largest shareholder of 1,662 of the 3,900 publicly traded US corporations, employing over 23 million people and with a market capitalization almost equal to the GDP of the United States.

The domination of the banks and monopolies fuels competition among corporations to intensify the extraction of surplus labor value from their workforces, drastically expanding social inequality.

One 2017 study by two academics from Colombia University and the University of Girona in Spain, titled "Finance and the Global Decline of the Labour Share," found that up to 57 percent of labor's declining share of world income is explained by the growing domination of finance capital over the world economy, further enriching the financial oligarchy. According to US data from a 2016 report by economists Saez, Picketty and Zucman, 89 percent of all corporate equities are owned by the wealthiest 10 percent of the population.

Amazon's vast international operation testifies to another subterranean process taking place in the world economy. The organization of global supply lines, spurred by advancements in the areas of communication, transportation and engineering, are transforming social relations, linking the international working class in different industries together in the process of production like never before.

The conditions for bringing the world economy into harmony with the needs of the human race are already present. But under capitalism, these progressive tendencies are turned against the working class and society as a whole. The advances in technology and the global integration of production become weapons in the hands of the capitalist class to destroy jobs and living standards for the broad masses of people, while the conflict between the global character of economic life and the nation-state system of capitalism erupts in the form of militarism and war.

What is required is the socialist transformation of the world economy, expropriating the wealth of corporations like Amazon and turning them from for-profit exploitative giants into international public services, organized and directed democratically by the workers themselves.

Amazon's international logistics network is a prime example. Instead of enriching Amazon shareholders and facilitating the exploitation of the working class, the precision and rationality of Amazon's supply lines could be used to rationally organize the distribution of goods across the world, from each region according to its ability, to each region according to its need, on a real-time basis.

Amazon's vast data troves and its Echo device could be

used to detect emergencies, disasters or areas of general social need. At the click of a button, workers could direct the distribution of medical equipment, building materials, clean water and food from all corners of the world. Thousands of schools, libraries, museums, hospitals, theaters, water treatment facilities and parks could be built. Geographic limitations would no longer determine the availability of resources or the cultural level of the inhabitants.

In May, the International Committee of the Fourth International launched the *International Amazon Workers Voice*, an online publication aimed at reporting on the struggles of hundreds of thousands of Amazon workers and providing a political strategy based on the understanding that the fight against this international behemoth requires an internationally unified response. The IAWV has been met with overwhelming enthusiasm from workers in dozens of countries, thousands of whom follow the IAWV on Facebook.

The growing opposition to the company dictatorship among Amazon workers reflects the response of the working class to social inequality and the concentration of wealth and power among a handful of banks and corporations.

To defend their rights, workers must establish their own factory committees, based on the principle of the class struggle and free from the influence of the company, the nationalist and pro-capitalist trade unions, and the parties of the ruling class. The aim of these committees will be to link up with their class brothers and sisters around the world in a united international fight. This must be connected to a political struggle of the entire working class to end the dictatorship of the giant banks and corporations and establish a society based on social need, not private profit.

To learn more, contact the IAWV today and join the fight for socialism.



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