

Amazon and Foxconn in Kenosha, Wisconsin: The new American “special economic zone”

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The opening of operations at Amazon’s Fulfillment Center in Kenosha, Wisconsin in 2015 was a major early step in an economic transformation underway in the southeastern Wisconsin. Amazon, Foxconn, and other massive companies are taking advantage of the devastation wrought on this region over several decades of deindustrialization, to develop the area into a platform for low-wage labor.

On Wednesday, July 26, the Trump administration together with Governor Scott Walker and Representative Paul Ryan announced that Foxconn, the Taiwanese electronics manufacturing giant which assembles the Apple iPhone and is the largest technology manufacturing contractor in the world, will be constructing a 20-million-square-foot factory in the southeastern Wisconsin region that would employ up to 13,000 workers.

Foxconn, which generated approximately \$135 billion in revenue in 2016, is notorious for its horrific working conditions and record on-the-job employee suicides at its operations in Shenzhen, China. The \$10 billion investment is expected to receive \$3 billion in tax subsidies and include plans to build a virtual city with company housing and stores, effectively turning the region much further into an American version of the “special economic zones” that exist in third world countries.

Nick, a gas station attendant in Kenosha, noted that good-paying jobs were difficult to come by in the area: “I worked at Snap-On for about a week and a half, and then they let me go. A lot of places do that kind of thing around here, or just hire you as a temp for a little bit.” He added, “My dad worked as a supervisor at a steel castings plant and was making over \$30 an hour, but then got laid off. He was unemployed for a while, but finally ended up taking a job at about \$18 an hour.”

These experiences embody the historical economic transformation taking place. Large and small American cities which were once historical centers of manufacturing and offered the highest standard of living for the working class have been transformed into centers of mass poverty, unemployment, and social inequality through the decades-long process of deindustrialization.

The auto industry in Kenosha employed 16,000 workers during the 1950s and 1960s. Auto assembly ended in 1988, but engine production staggered on, with 1,300 workers or fewer, until Chrysler’s bankruptcy in 2009. Obama’s auto task force of Wall Street “turnaround” specialists insisted on its closure, along with GM’s Janesville, Wisconsin plant, wiping out 2,400 jobs. The final 575 workers in the Kenosha engine plant lost their jobs when it closed in October 2010. In 2003, Snap-On, which in April hosted a nationalist rant by President Trump, closed its tool manufacturing

plant in Kenosha, laying off 290 workers as part of a two-year companywide layoff of nearly 2,000 employees. Manufacturing in Racine County, just north of Kenosha, peaked in 1979, with 60 percent of the jobs in the area. In the early 1990s and 2000s, Young Radiator, motor and gear-maker Dumore Corporation, electronic and hydraulic manufacturer Sauer-Danfoss and agricultural and construction equipment multinational CNH Global closed plants in Racine County.

According to US Census data, 22.4 percent of residents of Racine, or nearly one in four, lived in poverty in 2014. Racine also has the highest jobless rate among Wisconsin cities at 7.2 percent, according to the Department of Workforce Development’s report in March 2016.

After the decades-long process of deindustrialization unfolded, areas of the Rust Belt including southeastern Wisconsin are now seen by Amazon and other corporations as fertile ground to locate their operations with the promise of record profits guaranteed by the creation of a massive low-wage labor pool.

The 1.1 million-square-foot Amazon Fulfillment Center in Kenosha employs around 2,500 workers, with more than 1,000 additional seasonal positions during holidays. The fulfillment center and attached 500,000-square-foot sorting facility employ a total of 4,000 regular employees. Amazon’s full-time fulfillment positions are structured in 4 consecutive 10-hour shifts, with mandatory overtime that is announced the prior workday, which can add up to a required total work week of nearly 60 hours.

Amazon’s operations in Kenosha created disruptive economic shifts in other industries in the southeastern Wisconsin area, particularly in low-wage positions in food service, retail, and health care. There is now a significant shortage particularly of entry-level health care and caregiving workers, as these workers have moved from those positions, whose starting pay averages around \$8-9 per hour, to order fulfillment at Amazon with starting wages for full-time positions at \$12.25-13.25 per hour, or around 30 percent higher.

Amazon compares their starting wages to retail, but the responsibilities of positions in fulfillment and sorting are more comparable to manufacturing. According to the Institute for Local Self Reliance’s analysis of local employment data, “Amazon has eliminated about 149,000 more jobs in retail than it has created in its warehouses, and the pace of layoffs is accelerating as Amazon grows.” In Illinois, for example, about \$1.5 million in Amazon sales employed one worker, compared to seven jobs at brick-and-mortar stores for the same volume of sales. The shrinkage and geographic consolidation of retail jobs, which currently make up about one-eighth of the labor market, have killed jobs that were “distributed across

virtually every town and neighborhood.”

An additional analysis of 11 metropolitan areas demonstrated that Amazon fulfillment center wages are 15 percent lower than the average wages for comparable non-Amazon workers in warehouse and fulfillment work. In Kenosha, Amazon warehouse workers earns nearly \$3.40 per hour less than the average local warehouse worker, or over \$4 less than the local hourly living wage of \$16.50. These findings explode the lie that Amazon is “helping the community” by providing jobs. In reality, it is bringing wages down and causing higher unemployment, which creates a further downward pressure on the wages of the region.

Not only is Amazon preying on the impoverished workers of the region, the company has received vast amounts of free money from the government (worker-generated tax revenue) to do so. Amazon received a total of \$61.1 million in local financing, tax-increment financing, and income tax credits for the construction of the Kenosha fulfillment center. This covered nearly 25 percent of the entire investment cost of the facility. The giveaways of tens of millions of dollars from workers’ taxes are completely in line with Republican Governor Walker’s long-term plans to transform Wisconsin into a cheap-labor platform. The tax credits and local financing are not as much “credits” and “local funding” as they are government bribes. Under the economic scheme envisioned by Walker for the region, local governments effectively fight each other for the “privilege” of giving free money, acquired through workers’ taxes, to one of the most powerful companies in the world. This essentially amounts to a further economic shakedown.

On June 3, 2015, Walker attended the opening ceremony of the Kenosha facility. “The decision by Amazon to open their latest fulfillment center here in Wisconsin is a testament to our infrastructure and workforce assets available to companies looking to grow or initiate operations here,” he declared at the ceremony. “It’s a win-win for everyone involved. We’re thrilled to welcome the world’s largest online retailer to the state, which will increase our economic activity, and Amazon gains access to the state’s skilled workforce. Our reforms are working for Wisconsin, and looking forward, we will continue to invest in programs and initiatives that benefit the hard-working taxpayers of Wisconsin.”

The move by the Walker administration to transform Wisconsin into a low wage labor platform is also inseparable from the defeat of the struggle of hundreds of thousands of workers in Wisconsin in 2011 in response to Walker’s attempt to impose sweeping attacks on public sector workers and state services. That significant struggle was defeated when the unions and the Democrats disarmed that struggle in relegating it into a phony recall campaign to replace Walker with Milwaukee’s Democratic Mayor Tom Barrett.

This process also contains the logical conclusion of the advocacy for economic nationalism shared by figures like Trump, Bernie Sanders, and the trade unions. The consensus of all of these forces is that in order to retain and create new manufacturing jobs in the United States, the living standards of workers and the wages they are paid must continue a historical decline to incentivize companies to not move their operations to cheaper labor markets, or in the case of “insourcing,” return to areas of the United States. It is also telling that this economic transformation has been celebrated by self-styled progressive Democrats such as Senators Ed Markey and Elizabeth Warren, who attended opening of Amazon’s fulfillment center in southeast Massachusetts on March 24.

A reporting team with the International Amazon Workers Voice

campaign spoke to workers at the Amazon Fulfillment Center in Kenosha. One worker with two years at the warehouse, who like many others had two jobs, initially said he had no complaints about conditions at Amazon. However, after a few minutes of discussion, he opened up, saying, “Human Resources sucks. They don’t have any answers to your questions. You could take any worker driving around the parking lot here, put them in HR, and they would know more.”

“Basically, I’m disabled. I had a traumatic brain injury from an accident. I broke my back and was in a coma for months. If I hadn’t had insurance, the medical bills would’ve been just under \$1 million. HR didn’t reach out to me at all when I started here to accommodate my disability. They said, ‘We don’t ask the candidate, they have to come to us.’ But it’s a little hard standing all day with spinal fusion ... I mean, at least give me a broom and have me sweep the floor, or something to do where I can sit down. I’ve also developed pain in my wrists, and the specialist I went to see recently said I’ve got carpal tunnel.”

Describing his work, he said, “Boxes come down, cut them open, and put them on a cart. Then repeat that a few thousand times. They want you to keep moving constantly, but we’re not machines.”

Another worker added, “Some of the stuff they do in there is pretty rough. Like, standing in one spot for 11 hours. They only give you 15-minute breaks. There aren’t enough breaks. I’m sure for older people in their 50s and older it’s pretty rough. I’m a young cat so I can handle it.”

Another gas station attendant and a former Amazon worker commented, “Everything else has gone up, too. I mean, I have a pretty decent-paying job but I have three kids so it’s garbage. I make nothing really, because the cost of living is so expensive due to inflation and everything else.”

Reporters for the IAWV, after being asked to leave the warehouse parking lot by management, later spoke to workers at a nearby gas station where many Amazon workers stop after their shift. One worker at a fast food restaurant inside also works at the fulfillment center. She said, “They’re forcing everyone to work 11-hour shifts. They used to make people work 12-hour shifts, through mandatory overtime (MOT), but daycares don’t keep kids for 12 hours so now they’ve shortened it to 11-hour shifts.”

Nicole, a gas station attendant who had a number of friends at Amazon, said, “My relative’s mom was fired because they said their surveillance videos showed her taking something, but they looked at the camera footage too and it didn’t show anything.” She added, “I wouldn’t want to work there with the heat in the summers. They should at least get air conditioning.”



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