

# Exploiting social and economic crisis, Amazon launches massive expansion in New York City

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The internet retail giant Amazon has profited off every aspect of the pandemic, from the surge in online shopping since the shutdown began in March 2020 to the surge of mounting social crisis. This pandemic profiteering has found particularly acute expression in New York City, home to Wall Street and the highest concentration of the world's wealthiest individuals. At the same time, the city is home to a vast multinational, multi-ethnic working class, which has been devastated by a pandemic-generated economic crisis of an intensity not seen since the depression of the 1930s.

Due to the pandemic, Amazon now delivers an estimated 2.4 million packages in the city each day, an increase of half a million packages, 80 percent of which are to residential addresses. Amazon's 50,000 workers in New York City—who even before the pandemic had to accept brutally exploitative conditions for what, at \$17.25 per hour, amounted to poverty wages in the most expensive city in the world. These workers have had to work at a far faster and more intense pace to meet this increased demand while facing the daily risk of exposure to the deadly coronavirus. The alternative they face is to join the ranks of the 631,000 workers who lost jobs in the city in the past year.

For its part, Amazon has seen an 84.1 percent increase in profits over 2019. According to recent reports, Amazon has been using this pandemic windfall not to ameliorate the conditions in its fulfillment centers, but to buy up New York City real estate to further secure its hegemonic position over online shopping, which, with the acquisition in 2017 of the Whole Foods grocery chain, now includes food. At every step of the way, Amazon's expansion has been guided by the mantra, "Do not let a good crisis go to waste."

## Bankruptcies of small businesses make space for Amazon

With only 128 million square feet of industrial space available, New York City had presented a logistical challenge for the behemoth. The city has far less, and consequently more expensive, warehouse space than many smaller cities such as Detroit, where Amazon has also picked up significant tracts of vacant industrial space in 2020. The scarcity of space was so severe that Amazon resorted to using "mini-warehouses," paying 1,000 residents in Manhattan and Brooklyn to use their apartments to store and ship goods for retailers.

Now, due to the pandemic-induced closure of nearly a third of small businesses in New York City, much more space has become available. Seizing the opportunity, Amazon is acquiring 12 warehouses across the city's five boroughs, including a massive 1 million-plus square

foot space in Queens.

Initially kept out of the city by zoning regulations, Amazon had been forced to locate its fulfillment centers in adjacent industrial areas of New Jersey and Long Island. Since the highest costs of delivery are in the so-called final mile, its drive to gain a foothold within the five boroughs has been relentless. As soon as regulations were weakened in 2017, Amazon opened its first major warehouse in the borough of Staten Island followed by a second in Maspeth, Queens. The present expansion will enable the online retail giant to cut delivery costs by an estimated 22 percent as it opens 10 new delivery stations in the city in 2021.

Amazon has also added 14 new warehouses in New Jersey and on Long Island, totaling more than 7 million square feet combined. Although the square footage is large, the projected number of additional jobs is relatively small. Each of the new delivery stations will employ 100 to 150 workers, for a total of 1,000 to 1,500 workers. However, this may change as Amazon takes advantage of its newly secured warehouse space and the city's high unemployment rates to expand its operations in the city at the expense of rivals like Walmart and Target.

In addition, the pandemic-induced closure of 6,000 small businesses and a 40 percent increase in the bankruptcy rate in the city have further concentrated wealth in an ever smaller number of corporate enterprises leading to increased vacancy in commercial office spaces. Even as 80,000 city workers are being prematurely ordered back into offices in May in order to signal that New York City is back in the business of churning out profit, there is widespread recognition that it will prove more cost effective for a significant portion of the white-collar workforce to continue to work remotely once the pandemic has subsided.

Here too Amazon has not missed an opportunity. After its first attempt to build a corporate headquarters (HQ2) in Long Island City, Queens collapsed ignominiously in 2019, Amazon has now established its corporate beachhead in the heart of finance capital at a deep discount. Along with tech giants Apple, Facebook and Google, Amazon has taken advantage of the glut of vacant office space to acquire eight office spaces, most of them in Manhattan.

In addition, it paid roughly \$1 billion for the iconic Lord & Taylor building on Fifth Avenue in March 2020, announcing in August that 2,000 employees would eventually work there. This would increase by half its current tech workforce of 4,000. And irrespective of the low vaccination rate and increasing number of more deadly and contagious variants circulating in the city, Amazon told employees last week that there would be a "return to an office-centric culture as our baseline."

## Exploiting the social crisis in New York City

In its drive to expand in New York City, Amazon is also exploiting the conditions of social devastation that prevail in large sections of the working class.

New York City is home to Wall Street and no less than 92 billionaires. This layer of social parasites, with Amazon's Jeff Bezos leading the pack, has seen its wealth increase \$1.3 trillion since mid-March, 2020. The country's 664 billionaires now have combined wealth of \$4.3 trillion, an increase of 44 percent due to the \$3 trillion pumped into the financial markets by the so-called C.A.R.E.S Act passed almost exactly a year ago.

By contrast, due to the pandemic, no less than 630,000 workers have seen their jobs destroyed in New York City, and across the state 850,000 people are out of work. According to the New York State Department of Labor, unemployment rose nearly 10 percentage points to 13 percent, which is twice the national average. In the Bronx, the city's poorest borough, it is as high as 17.7 percent. For millions, unemployment is bound up with food insecurity.

In 2020, an estimated 1.4 million New York City residents were struggling to afford adequate food in 2020, according to Feeding America, a nationwide network of food banks. This amounted to an increase of nearly half a million over the last year. Enrollment in food stamps programs has also increased by 12 percent to 1.6 million in the same period. Among the most affected are children, who, with the shift to remote learning required to halt the spread of the coronavirus at schools, have lost access to the 1 million free school breakfasts and lunches that formerly might have provided their only reliable source of nutrition.

The homelessness crisis is also bound to get worse as hundreds of thousands of New York workers have fallen months behind on their rent over the past year. An eviction moratorium enacted by Governor Andrew Cuomo is set to expire on August 20. The federal weekly supplemental unemployment benefit of \$300, which has helped many cover their rent, will also end in July.

According to Politico New York, "Lawmakers acknowledge that without another infusion of federal funds, the city and state will be unable to address potentially billions of dollars in unpaid rent for tenants who have lost jobs or income due to the crisis." The state approved a \$100 million rent relief fund in May. But this is a pittance relative to the hundreds of billions that have been accrued by the wealthiest 1 percent.

The intense exploitation of and hazardous conditions faced by Amazon workers have likewise been intensified by the pandemic, with speed-up and electronic surveillance used to drive workers to meet the increased demand. Minimally enforced social distancing and the absence of other health measures has resulted in more than 20,000 Amazon workers in the US contracting COVID-19, resulting in an unknown number of deaths, since Amazon refuses to report them.

As the severe economic and health fallout of the pandemic continues to make itself felt into a second year and with corporations like Amazon taking further advantage of the changed conditions to restructure their operations in the drive to ever greater profits, there is enormous opposition growing in the working class against social inequality and a demand for living wages and decent working conditions.

Already 2021 has seen strikes by Hunts Point Market workers in the Bronx, Warrior Met coal miners in Alabama, thousands of ATI

steelworkers in Pennsylvania and other states, Massachusetts nurses and New York City graduate student workers.

In each of these struggles, however, workers have come up against not only the employers, but the unions that have for the past four decades, time and again, isolated and shut down their struggles. It is becoming increasingly clear to workers both in the US and internationally that these old organizations (in the US the AFL-CIO, UMW, Teamsters, UFT, and others) serve not to fight for but to stifle and derail this growing opposition of their members.

With unions in the US representing just 6 percent of the private sector workforce, the alienation and suspicion that all workers feel for these discredited organizations found a particularly sharp expression in the vote at Amazon's Bessemer, Alabama plant earlier this month to reject organization by the Retail, Wholesale and Department Store Union (RWDSU). That the RWDSU's unionization drive—carried out with the full backing of the Democratic Party, from President Joe Biden on down to the various middle class pseudo-left organizations, along with sections of the Republican Party like the fascistic Florida Senator Marco Rubio—could win only 13 percent of the vote was a stunning repudiation of this pro-corporate, state-directed operation.

Under conditions where unions all over the world have been transformed into arms of management and the state, Amazon workers, together with all sections of the working class in the US and internationally, face the critical task of building their own independent organizations. The *World Socialist Web Site* and the International Committee of the Fourth International have initiated the call for the formation of the International Alliance of Rank-and-File Committees that *will* fight the corporate union gang-up against workers.

These committees will fight against the sacrifice of human lives during the pandemic for the sake of private profit and for decent living standards and safe working conditions. This requires they be guided by a socialist and internationalist perspective. This includes the demand that the billions in pandemic profits being spent by Bezos and his cronies to expand this vast network of exploitation with additional warehouses, fulfillment centers and corporate offices must be expropriated to serve the needs of society, not private profit.

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