

Amazon engages in job cutting as economic crisis worsens

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After two years of breakneck expansion, Amazon is scaling back its warehouse operations as the economic downturn weighs on its main marketplace business.

Amazon has closed down or canceled plans to open 44 facilities in the US in 2022, according to MWPVL International, which maintains a tally on Amazon's facilities. These are mostly its last-mile delivery stations. Amazon has also delayed the opening dates for some 25 facilities. Amazon has also announced closures in Europe.

Combined, the square footage for all closures is over 53 million square feet, or 1.9 square miles of space.

Many facilities are located in California, New York and New England, with five facilities set to close in Massachusetts alone. Additionally, multiple facilities planned for logistical hubs near major population centers like Atlanta and Cincinnati will be affected.

In addition to renegotiating leases on warehouses it does not own, Amazon has been exploring subleasing 10 million or more square feet of warehouse capacity.

In addition to closures, mass layoffs have accumulated. Earlier this month, Amazon announced it was freezing all new hires for corporate positions in its retail division. Outside of its direct retail operations, Amazon announced the closure of all its US-based call centers except one, along with closing all its brick-and-mortar books and pop-up shops and the end of Amazon Care telehealth services.

At the end of the March quarter, Amazon had 1,608,000 full- and part-time employees, excluding contractors. By the end of the June quarter of this year, Amazon slashed that number to 1,523,000, a drop of 99,000 people.

It is uncertain how many people will end up without jobs due to these closures or delays, but in the Baltimore, Maryland, metro area, Amazon announced in August it had opted to close two delivery stations. One, in Hanover, has 190 workers while the other, in Essex, has 163 workers. The closures are set to start October 25.

For its part, Amazon claimed, "No employees were laid off in Maryland and every one of the employees was offered a position at a nearby facility." Nevertheless, these forced

transfers came with the caveat that workers would have to switch to night shifts or accept new shift start times and hours that may conflict with their responsibilities outside of work.

"My friend worked at [the Hanover] location. Amazon ended up firing her," a worker at a Baltimore warehouse told the *International Amazon Workers Voice*. "They changed the schedule up at the last minute and told her that she had to work 12-hour days or she could quit."

Workers who cannot make these shift changes fit into their schedules will not receive accommodation; they will have to find other jobs. Another worker outside the nearby BWI5 facility in Dundalk, Maryland, told the IAWV that he had noticed Amazon was issuing more reprimands for minor infractions such as the dreaded "Time Off Task" in order to enforce speed-ups with the intent of pressuring more workers to quit.

At the end of 2019, Amazon's warehouse footprint spanned about 272 million square feet in the United States. By the close of 2021, Amazon had almost doubled its size to occupy over 525 million square feet of warehouse space.

Amazon found itself unprepared for the slowdown in e-commerce demand as inflation began to accelerate in 2021 and 2022, putting pressure on shoppers and business customers alike as prices rose. Rising fuel and labor costs related to the COVID-19 pandemic and the war in Ukraine further impacted investors, hitting Amazon's profitability.

In April, after releasing its first-quarter earnings, Amazon Chief Financial Officer Brian Olsavsky stated on a call with investors, "We have too much space right now versus our demand patterns." Olsavsky continued, "As the [Omicron COVID] variant subsided in the second half of the quarter and employees returned from leave, we quickly transitioned from being understaffed to being overstaffed, resulting in lower productivity. This lower productivity added approximately \$2 billion in costs compared to last year."

The company has responded by announcing various measures aimed at slashing costs and reducing the scope of expansion plans made at a time company bosses believed

double-digit rates of growth would continue.

CEO Andy Jassy, who succeeded founder and longtime multi-billionaire Amazon chief Jeff Bezos last year, has made it his priority to restore a “healthy level of profitability” at Amazon, calling the past two years “incredibly unusual” at the company’s annual shareholder meeting in late May.

Since its inception in the 1990s as an online book seller, Amazon has reliably delivered investors double-digit annual sales growth. In 2022 that pace of growth slowed to a single-digit rate for the first time since 2001, threatening the assumptions of future profitability that underlie its share price.

Along with this slowing top-line growth, Amazon has swung from record profitability to net losses over the past year.

The company lost \$3.8 billion in the first quarter and \$2 billion in the second, the first time in seven years it hasn’t posted net profits. While the broader stock market has also fallen over the year as global central banks hike interest rates, Amazon shares are down about 33 percent since the start of the year, its worst year since the market crash of 2008.

At an all-hands meeting on October 10 at its corporate headquarters in Seattle, Jassy told assembled employees, “Good companies that last a long period of time, who are thinking about the long term, always have this push and pull. There are some years where they’re expanding really broadly. Some years where they’re checking in and working on profitability, tightening the belt a little bit.”

Of course, it will not be Jassy or Amazon investors who are expected to tighten their belts, but Amazon workers. Despite the company’s announcing \$1 pay increases for its warehouse associates, far below the current rate of inflation, the company is notorious for its exploitative and Dickensian working conditions.

In a TikTok video that went viral last month, an Amazon delivery driver in Florida went on a tirade after having to deliver more than 170 packages on a day when Hurricane Ian was pummeling the state with heavy winds, rain and storm surges. A pregnant Amazon worker in Liverpool, New York, was sent to clean up the facility parking lot for 10 hours this summer after attempting to talk to coworkers about organizing.

Indeed, conditions in Amazon can be fatal. Between July 13 and August 4, four Amazon employees died while working at Amazon facilities in New Jersey and Pennsylvania. Injuries at Amazon warehouses are also far above industry averages.

To this day, it also remains unknown how many Amazon workers who contracted COVID-19 while at work died

because of it. Amazon’s decision to end all safety accommodations, mask mandates, ventilation and testing is part and parcel with its goal of squeezing every last ounce of labor out of its army of workers to satisfy the stock market’s demand to restore conditions required for continued profitability.

Amazon workers, rightly deemed “essential workers,” have not taken these attacks lying down. Amazon workers in Illinois and Georgia and California walked out last week in protest during Amazon’s second “Prime Day” sales event of the year. On June 1, at the company’s DEW8 facility in Bellmawr, New Jersey, workers walked out in protest over Amazon’s decision to close the warehouse by the end of the month.

Earlier this month, workers at Amazon’s JFK8 facility in Staten Island initiated a mass protest after the company tried to herd them back into the warehouse after a fire broke out in the trash compactor.

Amazon responded to this protest by suspending dozens of workers. In April, workers at JFK8 voted to become the first unionized Amazon facility in the country in April. The IAWV has responded to this firing by calling on Amazon workers to demand their co-workers be reinstated with back pay.

After risking their lives working in the midst of a deadly pandemic, Amazon workers now face closures and layoff, once again exposing the complete disregard of corporate owners for the workers who create their wealth. These are conditions faced not just by Amazon workers but workers across the US and globally. The intensification of job cutting comes amidst a rising tide of anger by Amazon workers over dangerous working conditions and low pay. To be successful, the defense of jobs and decent pay and working conditions demands collective action by all workers in warehousing and wider sections of the working class.



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