

Amazon confirms layoff of 18,000 workers

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The technology monopoly Amazon officially confirmed on Wednesday the layoff of 18,000 employees, significantly intensifying the impact of the US government-instigated recession on tech workers.

In an update published on the company news site, Amazon CEO Andy Jassy wrote that, including the layoffs announced in November, “we plan to eliminate just over 18,000 roles.” Jassy said that the “majority of the role eliminations are in our Amazon Stores and PXT organizations.”

Last March, Amazon announced it was closing all 68 of its physical retail store locations without specifying how many jobs would be impacted. The layoffs in Amazon’s PXT—which stands for People Experience Team—are essentially what are called human resource department employees at most companies.

Jassy wrote that one of the company’s employees had leaked the information about the total number of Amazon layoffs and management decided “to share this news earlier so you can hear the details directly from me.” The employees who are about to lose their jobs will begin to find out from Amazon officially, “starting on January 18,” Jassy added.

In late November and early December, tech media outlets began reporting that Amazon was planning to lay off as many as 20,000 employees, after leaks about the extent of the global e-commerce company’s cost-cutting plans began to emerge. At that time, Jassy confirmed layoffs were in the works but declined to specify the number.

Jassy, who took over as CEO of the world’s second largest corporate employer from billionaire founder Jeff Bezos in July 2021, went on to claim that the mass layoffs were a good thing. He wrote, in corporate-speak that serves to obscure the meaning of what is happening, “These changes will help us pursue our long-term opportunities with a stronger cost structure,” and, “I’m also optimistic that we’ll be inventive,

resourceful, and scrappy in this time when we’re not hiring expansively and eliminating some roles.”

On the same day of the Amazon announcement, the cloud-based business software company Salesforce announced it would lay off 10 percent of its staff. In a letter to employees, Salesforce CEO Marc Benioff said, after “thinking a lot about how we came to this moment,” that he had hired too many “leading into this economic downturn we’re now facing, and I take responsibility for that.”

Also on Wednesday, Anjali Sud, the CEO of the video platform Vimeo, said 11 percent of the staff would be laid off in the new year, citing an “uncertain economic environment.” Sud wrote that Vimeo is “entering 2023 with a more focused strategy” and the job cuts enable the company to “achieve our growth and profitability goals in a way that is far less dependent on the broader market.” The video hosting and sharing company with 260 million users went public in May 2021 and its stock market value has fallen steadily ever since, going from \$57 a share down to \$3.72 today.

The layoffs at Amazon, Salesforce and Vimeo are added to the 238,000 tech workers who lost their jobs in 2022. According to TrueUp’s tech layoff tracker, so far there have been 25 company layoffs impacting 17,815 workers in 2023. On January 5 alone, there were 11 companies that announced layoffs of a total of 1,320 workers.

What none of the corporate statements have acknowledged is the fact that the primary cause of the economic slowdown behind the layoffs is the shift in US Federal Reserve monetary policy, with a series of sharp interest rate increases aimed at driving up unemployment.

The primary objective of this strategy—which is modeled on the policy implemented in the late 1970s and early 1980s during the era of Fed Chairman Paul

Volcker—is to use unemployment as a weapon to suppress the growing demand of workers for increases in wages and benefits under conditions of skyrocketing price inflation.

The sharp edge of the Fed's recession policy is being felt among tech workers because the internet, social media, software and computer technology industries are dependent on investment capital and highly susceptible to changes in interest rates. The transition away from near-zero to 4.25-4.5 percent interest rates, which have increased borrowing costs to the highest levels since 2007, is having a dramatic and immediate impact on tech jobs.

Meanwhile, tech stocks on Wall Street have seen the most dramatic declines over the past year and the financial oligarchy is demanding dramatic cost-cutting measures. In the case of Amazon, for example, the stock value on January 7, 2022 was \$162.55 and today it was \$83.12, or a decline of nearly 50 percent in the past year, for a drop in the company's value of \$856 billion.

On Monday, pymnts.com reported that the top ten tech stocks—including Amazon, Alphabet (Google), Apple, Microsoft and Meta (Facebook and Instagram)—lost a total of \$4.6 trillion in market capitalization in 2022.



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