

Behind Harris's false claim to oppose "price-gouging"

Kroger's EDGE and other corporate swindlers use AI to rob working people

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One of the many points raised by Vice President Kamala Harris, the Democratic nominee for president, when she announced her economic agenda on Friday, was the increased "price gouging" by corporations, particularly of food and household staples.

After admitting that inflation for food has gone up by as much as 50 percent even before the onset of the ongoing COVID-19 pandemic, she asserted in her speech, "My plan will include new penalties for opportunistic companies that exploit crises." Inflation in general has gone up by more than 20 percent during that period.

Later, however, Harris revealed the real aim of her plan, to "help the food industry become more competitive, because I believe competition is the lifeblood of our economy." As a well-heeled servant of Wall Street, the presumptive candidate is well aware that "competitive" ultimately means cutting costs through layoffs and even higher prices.

One aspect of the drive for competitiveness by corporate America is the increasing use of artificial intelligence (AI) in grocery stores to change prices in real time, allowing for times of "surge pricing" for necessities, such as for bottled water on a hot day. Among the most developed of these programs is operated by Kroger and its Enhanced Display for Grocery Environment (EDGE) program.

EDGE is a partnership between Kroger and Microsoft which was introduced in 2015. It uses digital shelves, known as Electronic Shelving Labels (ESLs) to track and predict demand and was first tested in Cincinnati, Ohio (where Kroger is headquartered). The then Chief Information Officer, Christopher Hjelm, said, "It's not a question of if; it's a question of when." Now, in 2024, the shelves are in over 500 of its stores nationwide, with plans to expand further.

It is telling that Harris said nothing about the program,

despite undoubtedly knowing how the increasingly prominent use of AI has been employed to sharply increase prices during peak hours. Ride-share service Uber has already implemented a surge pricing policy, and Wendy's is planning to roll out its "dynamic pricing" model in 2025.

Harris has the closest ties to the giant IT corporations, many based in Silicon Valley, which are heavily funding the Democratic Party presidential campaign. As is typical of a capitalist politician, she talks out of both sides of her mouth, claiming to sympathize with working people being robbed by big business, both as consumers and as employees, while pledging herself to defend the interests of the giant corporations.

Harris is not the only Democratic Party politician to posture as an opponent of price-gouging. On August 5, US Senators Elizabeth Warren (D-Mass.) and Bob Casey (D-Pa.) co-signed a letter to the CEO of Kroger, Rodney McMullen about its increasing use of EDGE, stating in part that they were "concerned about whether Kroger and Microsoft are adequately protecting consumers' data, and that as Kroger expands the personalized customer experience, customers will ultimately be offered a worse deal."

Warren's hypocrisy is of particular note, given her support for such initiatives as California's "Fast Food Labor Council," which consists of corporatist union bureaucrats and representatives of the companies themselves, and was appointed by Democratic Governor Gavin Newsom. Demonstrating his right-wing politics, Newsom, after the Supreme Court's ruling allowing cities and states to make homelessness illegal, issued an executive order to sweep up encampments around the state.

Warren's "concern" stems purely from her class

interests as a capitalist politician in the richest capitalist country, attempting to present a veneer of opposition to the parasitic financial interests of these companies. Her true interest is only in preventing the growth of discontent in the working class, which price-gouging shelves threaten to inflame.

The digital shelves used by Kroger are run by Intelligence Node, based in Mumbai, India. Its business page reads: “Intelligence Node is a real-time retail price intelligence platform that empowers businesses to drive product level profitability and grow margins using data-driven competitive insights.” (The location is notable, given the recent revelation that Amazon’s Just Walk Out A.I. technology, was in fact operated by 1,000 superexploited Indian workers.)

Additionally, in partnership with Microsoft, the EDGE shelves are to be equipped with cameras that utilize facial recognition software to generate profiles for each customer. Data collected includes age, gender, and other biometrics. Coupled with aggregate and individual data from Kroger’s own app, and those of its partners, the shelves will modify prices on a per-customer basis to determine the maximum amount that a person is willing to pay for a product.

The only way to opt out of such an invasion of privacy will be to not shop at Kroger stores, an impossibility in many working class and poor neighborhoods where Kroger owns the only grocery store. And with the contested \$25.6 billion acquisition of Albertson’s, the use of ESLs will become even more widespread.

The rollout is part of Kroger’s long running “Restock Kroger” initiative which is “fueled by capital investments, cost savings and free cash flow.” That is, it aims to generate maximum profit for its shareholders off of the backs of customers, employees and the working class as a whole. With a \$9 billion capital investment, the plan expected to generate \$4 billion in cash flow, double the previous three-year period.

This comes at a time when households are spending 11.2 percent of their budget to purchase food, according to a US Department of Agriculture study of US food prices and spending in 2023, published in June, 2024. This percentage has since only increased, and will continue to climb as surge pricing models expand into a growing number of goods and services. Meanwhile, Kroger’s gross profit has risen 20 percent over the last five years.

Other grocery chains have begun to implement similar technologies, with Walmart pledging to install ESLs in

2,300 stores. But the price-gouging isn’t limited only to food.

The city of San Francisco has recently banned the use of AI rental software, used by corporate landlords to price working class families out of homes and rentals, the first such ban in the nation.

These companies, including Brookfield Properties, Greystar, Equity Residential, and UDR, Inc., own over 70 percent of the multi-family rentals in the city. Utilizing software including Yardi and RealPage, they collude to manipulate the rental and housing markets to increase prices and extract maximum profits from the working class. With an average apartment rental at over \$3,200 dollars, San Francisco’s rent is 57 percent higher than the national median.

RealPage has also been the target of an anti-trust lawsuit, alleging that the software allows rental companies to collude to increase prices, or even hold properties vacant to drive prices up. RealPage’s own site brags that it can help landlords outperform the market by 3 to 7 percent. One particularly egregious example in Seattle, Washington saw an increase of 33 percent in a year using the software. A similar, non-algorithm-priced rental rose just shy of 4 percent. Nationally, rental prices are up 22.5 percent over their 2019 median. As companies seek to find innovative ways to extract profit from the working class using emerging technology, these costs are inevitably going to rise.

In a rational (that is, an international socialist) society, AI and other advanced and emerging technologies would be used to alleviate the burdens of workers and society as a whole. Utilized in a humane and socially rational way, these technologies could assist in the development of medicines, new materials, breakthroughs in physics, and the allocation of goods and resources where they are needed.

Such capabilities have already been demonstrated, but they will be subordinated to extracting maximum profit from the working masses by any means, including job cuts, price gouging, spying, and targeted killings, as long as capitalism persists.



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