Superstar Firms and the State: Amazon in the U.S. and France during the Covid-19 Pandemic

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Superstar Firms and the State: Amazon in the U.S. and France during the Covid-19 Pandemic

A Thesis Presented

by

PRISCILLA HERNANDEZ

Submitted to the Graduate School of the
University of Massachusetts Amherst in partial fulfillment
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Sociology
Superstar Firms and the State: Amazon in the U.S. and France during the Covid-19 Pandemic

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ABSTRACT


FEBRUARY 2022

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This article explores the relationships between superstar firms, states, and labor during a period of sharp challenge to normal functioning of capitalist societies. My working definition of superstar firms includes firms that have amassed a formidable economic power in their home markets, but also hold a large amount of social, economic, and political influence in societies more generally. They are powerful enough to maneuver within the global capitalist field to sidestep challenges from the state and labor as well as market competitors. This paper is focused on superstar firm Amazon in the United States and France during the height of the Covid-19 pandemic. I find that governing practices affect Amazon workers through their state’s relationships to both firms and labor. Amazon workers in the U.S. have no strong ties to the firm, the state, nor the labor movement, while French workers have strong ties to labor unions and unions to the state, which ultimately informed the outcomes in each country. Similarly, I find that there can be variation even within nations, most apparent in the distinct behavior of U.S. (local) states. The U.S./France comparison illustrates that although both countries operate under neoliberal capitalist logics, each state’s relationship to firms and organized labor is significant in understanding the autonomy of Amazon, and by extension other superstar firms, from state
control and labor challenges. It is with the rise of superstar firms and the variable power between superstar firms, state, and labor, that inequality is upheld, strengthened, and reinforced as normal within the system. Still, I hope that this work is lined with optimism in that there is a more just approach in managing superstar firms in an effort to delay or curb the harmful effects that workers or customers face.
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2. Summary of the events in the U.S. and France during the Covid-19 Pandemic..................21
Firms are becoming more autonomous as governments have less control of firms and the economy pushing advanced capitalist societies further towards a more neoliberal forms of capitalism (Streeck and Thelen 2005). This new era of technological and organizational transformation is linked to the rise in global, economic, social, and political power of large firms (Culpepper and Thelen 2019; Autor et al. 2020). Amazon, Facebook, Google, and Apple have been at the forefront of conversations surrounding relationships between power, the state, and firms; but the superstar firm phenomenon goes beyond big tech. The accumulation of power that some companies, henceforth referred to as superstar firms (Autor et al. 2020), have amassed should be a cause for concern as they are changing the rules of the game and play an active role in altering markets, states, and capitalism as a whole. Superstar firms produce material consequences within the labor market due to changing labor processes, shift the exchange rules among supplier and consumer firms, and widen inequality while reducing economic security for many (Davis 2015; Moore and Tambini 2018).

In this paper, I examine the relationship between states, superstar firms, and labor within the political economy of France and the United States. Supplementing Autor et al.’s (2020) definition of superstar firms and drawing from Culpepper and Thelen (2019) and Tomaskovic-Devey and Avent-Holt’s (2019) notions of platform power; I am understanding superstar firms as increasingly wealthy and powerful firms that hold social, political, and economic influence and are rather novel and innovative firms that have a technological component. They are trendsetters in many ways and set new standards by way of setting an example of a profitable and influential firm in their respective markets examples that seep into other firms and markets,
thus altering entire economic systems. They tend to dominate not only their market but bleed into other markets promoting supplier and customer dependency on superstar firms.

It is important to differentiate superstar firms from monopolies though. Superstar firms can, and in Amazon’s case, does assume monopolistic characteristics but they differ in that superstar firms have their figurative hand in an array of diverse markets and influence how and what society consumes. That is, their breadth is one distinctive characteristic of superstar firms. Beyond a capitalistic lens, superstar firms influence various other social institutions that dictate people’s lives. One example is Amazon’s Ring products that share their data with law enforcement agencies which can alter entire communities, affect housing costs, and promote the surveillance state, among other things. In many ways, superstar firms become cultural hubs that many aspects of life flow through and thus become agents of social change.

I argue that states can empower superstar firms by failing to impose restrictions on them but can also pressure them—often in collaboration with unions—to curb the effects of a changing landscape that favors these firms. This leads to variation between and even within states, as is the case in the U.S.. I also argue that superstar firms are becoming powerful and influential enough to change their environment (i.e., their market, field, and respective political economies); and are progressively becoming rule makers within the labor market and the political economy. This allows for superstar firm’s power to transcend geographies and provide a choice to opt in or out of political spaces that display more resistance to their labor processes and business practices. That is, this paper aims to provide necessary context to understand the current landscape in which superstar firms have the power to side-step the state, but also the conditions under which states, and labor with the support of states, can curb that power.
For this analysis, I will be comparing the response of governments in France and the U.S. to Amazon during the Covid-19 pandemic. Both have strong economies and are wealthy countries, but they diverge in terms of their logics of capitalist regulation and internal class political formations (Menz 2005; Hall and Soskice 2001). This comparison allows for patterns to emerge in regard to Amazon’s role in relation to the state in each country under conditions of an exogenous shock, highlighting the institutional and political differences between both countries.

During the pandemic, France was the only country to force Amazon to shut down all distribution centers in the country for failing to provide their workers with adequate safety measures (CNN). On the other hand, while there were some protests from both workers and local state actors, workers in the U.S. were fired for speaking out about Amazon’s lack of safety measures and there has been a discontinuity in governments’ approach to Amazon during the pandemic overall (NY Times). These contrasting positions for Amazon in the U.S. and France during the pandemic highlights stark differences in Amazon’s relationship to the U.S. and the French states.

More broadly, the power of superstar firms varies between states that adopt various aspects of neoliberalism especially in response to union power, as is the case in both the U.S. and France. I see union power as the material and symbolic antithesis of neoliberalism, and as such a potential break on superstar firm power.

Many scholars argue that exogenous shocks can be a force that drives institutional change (Avner and Laitin 2004; Mahoney and Thelen 2010; De Loecker and Goldberg 2014). In this case, the exogenous shock, the Covid-19 pandemic, highlights the already-present differences between the governing institutions in the U.S. and France and showcases both the power and limits of superstar firms, like Amazon. Given that the exogenous shock and the firm are the same in both geographies spotlights the role of the state in the political economy, especially in relation
to the firm and labor. I argue that the state plays a critical role in bolstering the position of superstar firms in the political economy and at times pressuring firms to curb their negative social effects.

The accumulation of power by superstar firms has grave implications for their future influence on society, while also suggesting policies to limit their power and minimize their negative material consequences for society and workers. Without active resistance from civil society and unions in conjunction with support from the state, the capitalist system is moving towards a model in which certain firms hold more power than and have the capacity to side-step states. Superstar firms are also providing a blueprint for less established firms in terms of labor processes, expansion, and relationships with the state, workers, and other firms. Ultimately states are losing the ability, willingness, and/or imagination to rein in these firm’s power which has implications for the future.

The remainder of this paper is organized as follows. First, I outline the logic of my argument by providing my theoretical framework. Next, I will give a brief overview of Amazon in the U.S. and France to illustrate their differences and similarities and to establish a foundation for the comparative analysis. This includes a summary of their operations prior to the pandemic. This leads to the exploration of the relationship between superstar firm, Amazon, and the French state and then the U.S. state. Finally, I will unpack this comparative case in relation to the theoretical framework. This is followed by a short discussion and conclusion.
CHAPTER II
THEORETICAL FRAMEWORK

Literature surrounding states’ relationships to firms often present their arguments as comparative cases and contrast specific sectors, state economies and governments, including their response to varying exogenous shocks (Hall and Soskice 2001; Thelen 2001; Fioretos 2001; Harvey 2005; Mahoney and Thelen 2010; Steger and Roy 2010; Duménil and Lévy 2011). This paper aims to add a new thread to existing literature to better understand government’s relationship to superstar firms within the context of different versions of capitalism under the same pressures (exogenous shock). Thus, this paper will shed light on how effective the state is in relation to superstar firms and how state-supported worker resistance can be an effective tool to curb destructive outcomes brought on by powerful superstar firms. My research provides a contemporary example of the evolving state of capitalism and introduces superstar firms as novel and notable actors within the political economy, something that has yet to be done. This work also displays power as dynamic and adapting to different contexts and especially between states and superstar firms.

A: Superstar Firms

As it stands, neoliberal ideologies are increasingly pervasive within capitalist economic systems in nearly all advanced capitalistic societies (Streeck and Thelen 2005). This rise of neoliberalism and technological shifts have subsequently created an environment conducive for large profit margins, the promotion of globalization, and market concentration on a global scale (Moore and Tambini 2018; Culpepper and Thelen 2019; Autor et al. 2020). That is, neoliberal ideologies created an environment for superstar firms to rise and thrive. At the same time,
workers are experiencing more precarity, a decline in wages, less union membership, and declining state representation (Kalleberg 2011).

I pull from the following definitions of superstar firms to center my argument. Autor et al. (2020) base their model on the idea that “industries are increasingly characterized by a ‘winner takes most’ feature where a small number of firms gain a large share of the market.” Manyika et al. (2018) define them as, “a firm… that has a substantially greater share of income than peers and is pulling away from those peers over time.” Autor et al. (2020) suggest that these superstar firms become powerful actors because globalization and technological advancements propel sales towards the most efficient firms. Culpepper and Thelen (2019) on the other hand, argue that firms like Amazon have “platform power”—a distinctive form of political influence, where they stand to benefit from an unspoken allegiance between consumers and firms that, in some ways, shields them from regulation. Tomaskovic-Devey and Avent-Holt (2019) point out that this platform power extends not only to consumers, but also to suppliers. Amazon’s platform power, for example, includes its control over access to retail markets for many other firm’s products. Google has similar power over advertising, Microsoft over computer applications, and Apple over music sales and smart phones.

Expanding on these broader understandings of superstar firms, my working definition encompasses a sense of novelty and originality that stem from these firms. Of course, they are wealthy, dominate their markets, and hold social, political, and economic influence and power. As a consequence, they set the rules of the game in many ways by setting an example of what a profitable and influential firm looks like. These rules bleed into other markets as well, thus altering entire systems. Finally, they tend to monopolize not only their market but seep into other markets promoting a supplier and consumer dependence on the superstar firm.
Some scholars take the position that critical to executing these features of capitalism “is the quality of the relationships the firm is able to establish, both internally, with its own employees, and externally, with a range of other actors that include suppliers, clients, collaborators, stakeholders, trade unions, business associations, and governments (Hall and Soskice 2001:6). An important question here then is, where does the power that superstar firms gain stem from? In other words, how does a superstar firm have numerous relationships with multiple actors in society, and are in many ways dependent on them, while gaining more power and retaining their autonomy to move relatively unchecked within various institutions, while establishing inferior relationships between actors? To further clarify, Hall and Soskice (2001) are arguing that good quality relationships between actors are crucial for a functional capitalistic system. My research complements prior research in that, although superstar firms are not self-reliant and depend on external relationships and networks, the changing environment is encouraging a monopolization of power between the actors and within the system as a whole in favor of superstar firms which diminish the quality of relationships, especially between firms and the labor force, and the state and the labor force.

Superstar firms can maintain their autonomy from national regulation by transcending borders without necessarily interrupting business plans, even in instances of resistance. Superstar firms gain power and resources through the domination of markets in conjunction with state support and also by embedding themselves firmly within society in ways that create a dependence on their products and services. This concentration of wealth and power solidifies a company’s position in the global economy and sets a standard for other firms, which further promotes a neoliberal capitalistic system.
B: State’s Role in the Economy

The state plays a vital role in most political economies, in that the nature of the state’s involvement has implications for the power that superstar firms are able to wield, especially through the state’s policy making (Hall and Soskice 2001; Mares 2001; Thelen 2014; Culpepper and Thelen 2019). Thelen (2004) argues that the state plays “a crucial role in establishing the power of key actors, in influencing the kinds of coalitions that were likely to come together, and thus in shaping the landscape in which institutions were being constructed” (31). Arguably though, “policy outcome is shaped according to the preferences of the more powerful actor” (Menz 2005). Thus, the ‘more powerful actor’ can be different at different times and in different spaces. The rise of superstar firms challenges the assumption that the state is always the more powerful actor within the political economy.

Frank Dobbin’s (1994) work highlights how a society’s political culture influences the perception of a problem and thus then how it is addressed in that political culture’s image. Using railway policy in the 19th century, Dobbin (1994) situates the U.S., Britain, and France within their respective political economy. He found that in the U.S., local and state governments maintained their autonomy and reflected the values of the community. Britain valued individual autonomy and policy was driven through the private sector. France, on the other hand, promoted state governance and government actors were responsible for developing public policy. This work, similar to Dobbin’s, aims to situate the U.S. and France in a more contemporary temporality with a novel type of firm from an emerging market. Differently though, my focus lies less in the cultural component (although still very much at play) and concentrates on power and relationships.
Being that my focus is on the relationship between governments and superstar firms, I pose that it is through this key relationship, that the (superstar) firm is able to maintain their dominance within the political economy or be regulated by the state to ensure that workers, customers, or suppliers are being protected. Furthermore, although numerous scholars center firms in their accounts (Hall and Soskice 2001; Hall and Thelen 2009; Mahoney and Thelen 2010; Culpepper and Thelen 2019), they do not distinguish between types of firms. Superstar firms, specifically, hoard power and continuously expand both geographically and in markets rendering the power of the state weaker than it is when facing more run-of-the-mill capitalist firms.

Historically and contemporarily, governments have played an important role in labor relations and in managing the extent of firm’s reach and power (Dobbin 1994; Robinson 1983; Thelen 2001; Hall and Thelen 2009; Mahoney and Thelen 2010). Of course, the state’s role in labor relations and setting the terms for markets varies over time and space, moving with historical events and struggles. Similarly, there is also variation in states’ roles in numerous countries in regard to their response to powerful, or increasingly powerful firms (Thelen 2001; Fioretos 2001; Hancké, Rhodes, and Thatcher 2009; Mahoney and Thelen 2010, Thelen 2020), as is the case between France and the U.S. When these altering modes of governing are compared, one can see how even increasingly powerful companies adjust their business practices in accordance with what governments will tolerate and how governments adjust to powerful firms. States, like France and the U.S. as a whole, and local governments within the U.S. have differing responses to firms, the labor market, and political power, again varying at different points in time and in connection to the political leanings of elected officials and the demands of civil society.
**C: The U.S. State**

The U.S. sits comfortably within a neoliberalist framework. Thelen (2001) states “the neo-liberal trend in US industrial relations rests on a set of political and political-economic conditions—shareholder value, short-term financing, restrictive labor law—that are biased against union organization and collective labor representation” (94). Under a neoliberal governance model, deregulation or non-regulation is treated as the most effective way to improve coordination between market actors. Although there are other actors, like civil society and unions in a liberal market economy, they do not always—or easily have the means or access to hold structural influence in most cases, meaning there is a concentration of power at the firm level; arguably most firms since labor laws in the U.S. tend to be biased against unionization (Thelen 2001). This form of deregulation impairs the system’s ability to resolve labor problems leading to lower wages, higher rates of unemployment, and fewer transferable skills (Thelen 2004; Harvey 2005; Menz 2005; Nölke and Vliegenthart 2009; Steger and Roy 2010), resulting in more low-skilled job opportunities. The economic system in the U.S. is often used as an ideal typical example of neoliberalism because of its marked tendency to retreat from state solutions to economic and social problems, relying increasingly on market solutions for labor relations (Harvey 2005; Dean 2009; Steger and Roy 2010).

To disrupt this case of methodological nationalism, the implication that there is homogeneity within countries and overlooking the variation within (Bechter, Brandl, Meardi 2012), I propose that there is consequential variation within the U.S.. Similar to Dobbin’s (1994) conclusion. That is, some individual states, and actors within them, can have the resources, pressures, and political intention to have more progressive coordination between actors and create more sustainable labor processes; while others fall in line with the more conservative
values of the community. Still, this is contingent upon many factors and is even more so dependent of the historical time and the context. U.S. governments are highly decentralized (Krislov 1997; Tate 2001) which allows for variations in the interpretation of law and the insertion of local political processes, leading to less standardization between states and between states and the federal government. Broadly, there are issues of standardization in regard to wages and unionization that affect the labor processes differently in different U.S. spaces.

**D: The French State**

Some scholars categorize France as a ‘state-led political economy’ (Levy 2005; Menz 2005), while Schmidt (2003) uses the term ‘state-enhanced,’ and Dobbin (1994) argues that French political institutions reinforce state autonomy. At the same time, the French state is steadily moving in a liberalized direction (Streeck and Thelen 2005). The state is arguably an influential actor within the French political economy that has the ability to alter the economic landscape. The French state sets the minimum wage, advances labor policies, and act as a pseudo-union and intervenes in labor issues during critical moments (Menz 2005; Vincent 2019). More concretely, the French government “still plays a central and dominant role in regulating and ‘governing’ the economy, yet its policies are often either shaped directly or later interpreted to its advantage by business…. Governments may use quid pro quo strategy by granting unions some favors and business other” (Menz 2005: 73).

Upwards of 98 percent of all French workers are covered under some union umbrella, including 96 percent of private sector workers (Vincent 2019). French policy surrounding labor ensure extension agreements for collective agreements which results in greater union coverage and the implementation of more progressive labor policies. This has vastly shaped labor relations in France and although they are generally moving towards liberalization, they do show signs of
resistance against it, primarily through union activity. Three aspects of labor relations in France ensure worker’s rights: government mandated minimum wage which vary by industry but are extended to all workers in the industry because of collective bargaining action, the usage of agreements and extension of agreements, and widespread union contract coverage beyond actual union membership. All of which are possible through the work of unions and the subsequent state support and implementation of collective bargaining agreements.

**E: Amazon**

Amazon is able to write and rewrite their rules to fit the landscape in which they are operating; landscape meaning a market, geographical location, or period of time. This is not to say that it is always easy or even that they always get their way, only that they have the power and resources to sway the field to their benefit even in the face of state and public resistance.

Arguably, there are aspects of Amazon that are quite unique but perhaps not for long. With their rise in power and dominance superstar firms are providing a roadmap for other firms in a wide range of industries. Similar to other superstar firms, Amazon promotes dependency on their products, services, and even employment model. They are competitive within the market economy in an effort to appeal to consumers and ensure that they are seen in a favorable manner in the eyes of the public.

Still, unlike other dominant companies, Amazon’s economic range exceeds further than what one imagines technology companies to be. Sheer numbers alone show how increasingly powerful and wealthy they are becoming. Amazon founder, Jeff Bezos, is currently the richest person on the planet (Forbes) and Amazon’s stock value is significantly higher than the other three major tech companies and other companies outside of tech (MarketWatch). The company is currently valued at over one trillion dollars (MarketWatch), growing significantly during the
pandemic (Kinder, Stateler, and Du 2020). Amazon’s most visible enterprise is e-commerce, where they utilize distribution centers to supply goods—from countless vendors to consumers. The enterprise is known as Amazon Marketplace. Amazon launched Marketplace in 2000 allowing other vendors to sell on their site, drastically expanding their catalog and reach. In 2005, Amazon introduced Prime, now known as Amazon Prime (CNN), a membership program that gives customers expedited shipping for an annual membership fee. This program now boasts 150 million paying customers globally (Business Insider). With their acquisition of Whole Foods in 2017, they became the fifth largest supplier of groceries in the U.S. (Day and Gu 2019). Only naming a few of their successes, these major milestones solidified their position as a retail powerhouse in the U.S. and abroad. It was also through this expansion that they dominated markets and minimized their competition, all of which is possible because of the labor that is supplied by an overworked labor force and a vast network of distribution centers (Amazon).

Amazon is simultaneously a pathbreaking tech firm and a mass employer, with a large part of their workforce being blue-collar workers. Amazon was one firm at the forefront of the ‘Fight for $15’ political movement and set a precedent for higher wages within the warehousing industry and beyond. They are not, however, a particularly “good” employer. In some cases, folks leave a company because leaving is more attractive than staying (Shaw et al. 1998). Turnover rate then refers to how many employees leave the company and are subsequently replaced. The yearly turnover rate for Amazon in California, the state that houses the most fulfillment centers in the U.S., was 100.9 percent in 2017 (Tung and Berkowitz 2020). More recently, it is estimated that turnover rates during the height of the pandemic, March through September 2020 was 111 percent, at least double the average of the warehousing industry (The Seattle Times).
Amazon is also different from other big tech companies in that they have reached well beyond their initial business domain, e-commerce. Amazon Web Services (AWS) is a large part of their business and added more than half of operating revenue in 2020 (Amazon). AWS is a supergiant in its own right, supplying cloud data for major companies like Shell, Netflix, and Apple, and even bidding on a contract to supply cloud data to the U.S. government (Amazon). Meaning they provide a service for other superstar firms, within and outside of big tech. Rooted in their ability to grow beyond the confines of particular industries Amazon is able to seep into the lives of consumers and create a consumer-dependency for the service and products they provide. This is most evident with their Amazon Prime services and was especially the case during the Covid-19 pandemic.

The Amazon Effect is a self-reinforcing phenomenon, built upon ideas of customer satisfaction, efficiency, speed, growth, and productivity have created considerable market gains for the company while greatly harming the workers that make this business model possible (Krishna 2021). Customer satisfaction is attained through their ability to always be the convenient choice for consumers, demonstrated in the rapid delivery of products and providing the lowest prices possible. The Amazon Effect is one phenomenon that highlights the influence of superstar firms more generally. They create norms, set an example, and provide new industry standards that have material consequences on workers (Krishna 2021). The Amazon Effect encompasses the business model that competitors are utilizing to continue to compete with Amazon. They include faster shipping for consumers, mimicking the firm’s organization and business practices, and incentivizing consumers to encourage other forms of consuming. That is, not only does this novel business model affect Amazon workers, but it is also becoming widespread in the warehousing industry and beyond.
As Amazon’s supplier and customer dependence grows so does their public scrutiny. Reports surfaced about issues pertaining to hyper-surveillance, unreasonable productivity expectations, break restrictions, intolerance of unionization attempts, high turnover rates, and physically demanding work that generated workplace injuries. Workers are reprimanded for going to the restroom, taking breaks, not meeting productivity quotas, being surveilled to assure efficiency and speed. Reveal: The Center for Investigative Reporting (2020) found that Amazon warehouses that have robots, as opposed to those that do not, have high rates of injuries, with 7.7% serious injuries per 100 employees in 2019, nearly double the industry standard and an increase of 33% since 2016. They also found that the rate goes up around prime day and cyber-Monday, where productivity and efficiency expectations are higher. In other words, Amazon’s maintains its position as a superstar firm because of supplier and customer dependence allows harsh and efficient business practices.

Because the foundation of the Amazon Effect is also rooted in productivity and efficiency, it promotes precarious employment models—like temporary workers and gig workers (flex drivers), unsafe working conditions—the rate of serious injuries at Amazon is nearly double the industry standard in the U.S. in 2019, at 7.7% (Reveal), and unreasonable work expectations—that also results in higher rates of injury and a stressful work environment which have implications for overall quality of life. This model also generates high turnover rates, i.e., a more unstable job market (Tung and Berkowitz 2020). In addition, lack of union representation has also been attributed to the Amazon Effect since it is in the interest of the firm for workers to remain ununionized. This aspect might be partly ideological, but a non-unionized workforce is very much necessary for this labor process model to work.
The Amazon Effect promotes the adoption of policies that promote efficiency, speed, growth, and customer satisfaction, but treats workers as cogs in the increasingly efficient machine. In an effort to compete with Amazon, other firms have chosen, and in some cases, been forced to adopt Amazon’s business model. This model ensures a pool of workers readily available to Amazon while not addressing the exploitative factors within the labor process. Using the Amazon Effect as an example of Amazon’s market power exemplifies my claim that superstar firms are truly favorably positioned within the economy and are able to manipulate the market and how other firms operate within it. That is, because Amazon garners substantial profits and has a hold of a large part of the e-commerce market, they can and do influence the economic field. Still, this is only possible because, at least in the U.S., the state is a passive and at times an enabling actor within the political economy. The Amazon Effect coupled with Amazon’s pervasiveness and the state’s frequent passive role is normalizing an even harsher labor process model for workers and promoting and sustain consumer and supplier dependence within the market.

The success of Amazon is reliant on ideas of consumerism and a consumer dependence on their company. This was even more apparent during the pandemic where their business model was favored over traditional retail locations. As households stayed home and increasingly shopped online, folks were able to purchase any product in a few clicks. Amazon’s labor process directly reflects neoliberal ideologies and magnifies its social impact, mainly the inequality this system produces.
CHAPTER III

METHODS

I employ a comparative historical methodology, focusing on contrasts between France and the U.S. in connection with the superstar firm, Amazon, during the Covid-19 pandemic. This comparison highlights the ways in which Amazon’s relationship to the state is variable and dependent upon relationships between actors, including unions, state agencies, the firm, and individuals within each.

The research sprouted from a single news article; French courts had successfully shut down Amazon warehouses at the height of the Covid-19 pandemic. The pandemic served as an ideal exogenous shock to investigate for three reasons; (1) it affected both countries in the same matter; neither country had much control at the onset of the pandemic as it was a novel virus that spread quickly in each country. Whereas the response to the pandemic in each country was different (2) there were no prior policies or clear pathway to handle a pandemic of this magnitude in modern times; and (3) the pandemic was not initially tied to the economy, in a way that some exogenous shocks are, so the manner in which the economy of the respective country responded was dependent on the outcomes of relationships between firms, the state, and the civil society. My research focuses on the pandemic between March and December 2020. Figure 1 shows the covid-19 cases throughout the pandemic (World Health Organization
2021) in France and the U.S.. The two countries have quite similar trajectories and levels of infection, although the U.S. had a surge in early 2021 that France did not. The trends in cases are similar in that the upticks reflect moments in which states became lax in terms of stay-at-home orders and/or the opening of businesses.

To further situate the case, I unpack the similarities and differences between Amazon in each country prior to and during the pandemic. I began by examining numerous primary sources that included, Amazon records, financial documents, and many journalistic pieces on Amazon in the U.S. and France to understand the firms position in each space. This initial exploration revealed that Amazon has a strong foothold in both countries and had successfully implemented themselves as notable actors within their respective political economies. Once I had established Amazon’s role, I dove into each country’s approach to labor relations to better understand the systems in place to support workers.

After I did the groundwork that showed that these two cases had similarities I further explored how their differences unveiled how important state-firm relationships are. I turned to contemporary news sources written about Amazon during the Covid-19 pandemic in 2020, between March and December 2020. These data capture Amazon’s trajectory and provides a clear timeline in both the U.S. and France showing how different actors; the firm, civil society, and the state, react to the pandemic and each other. As a superstar firm, the quantity and quality of media coverage of Amazon, is quite high, as it appears that all eyes are on their every move.

I created Google news alerts for key terms that would inform what was happening in regard to Amazon in the U.S. and France. They included; Amazon; Amazon+France; Amazon+US; Amazon+Covid; Amazon+international; Amazon+antitrust; and Amazon+union. There was some overlap between the alerts but I found this helpful because it ensured I was
getting all relevant articles. In addition, I created three separate alerts through The New York Times site; Amazon; Amazon+France; and Amazon+United States. Through these mediums I gathered and analyzed over 400 articles, press releases, letters, state correspondence, and internal documents to get the scope of Amazon as a company and to thoroughly understand the cases in both the U.S. and France during the pandemic. Some news articles provided access to vital documents that supported the validity of the sources. Because the labor dispute and resolution in France was more linear, reflecting at least in part a more centralized state and state response, there are less data pieces pertaining to France. The U.S. on the other hand had many moving parts and different events happening in individual states, revealing the importance of the more decentralized governing apparatus in the U.S. For this reason, there are more data pieces pertaining to the U.S. Having a variety of channels to gather information I was able to validate and cross-reference my data while I strung the story together over time to provide context for a larger, broader narrative.

After gathering and reading these pieces, I manually coded them for themes connected to the state, unions, workers, protests, politicians, and safety. This process provided a timeline for the happenings during the pandemic. With the coded data and timeline I pieced together the story in France and the U.S. that shed light on how their relationships provided such different results under similar conditions.
CHAPTER IV

AMAZON IN THE U.S. AND FRANCE

In both countries Amazon is the number one online retailer and becoming an increasing force in national and local economies (Disfold). As of the end of 2020, in the U.S. Amazon employs over one million people, about 1 in 252, or .4 percent of the total labor force (Washington Post). In France, they employ almost 10,000 workers, about 1 in every 6,699, or .015 percent of the labor force (Reuters). As of 2020, there were a total of nine Amazon warehouses in France, five are located in poorer regions of the country with high levels of unemployment (The New York Times). In the U.S. there are currently 110 operating warehouses, and the company has plans of integrating 33 more into their already extensive distribution network (Amazon). Amazon’s reach is smaller than in the U.S., but they still are the largest online retailer in France (Disfold). Amazon holds about a 22% share of France’s e-commerce market (Kantar) and about 40% in the U.S. market as of 2020 (The New York Times); both of which are expected to grow in the next decade (Forbes). In 2019, Amazon became the largest retailer in the U.S., a position previously held by Walmart for 19 years (Forbes).

Amazon’s workforce and revenue in each country, although somewhat different in scale, show that they are dominant in both economies and are gaining traction in their reach and power. Arguably, their business model is the same regardless of geographical location, namely their focus on customer satisfaction and a rigid labor process. The strategic focus on customers at the expense of their workers is a likely explanation for Amazon’s delayed response to the criticisms of worker protections that arose throughout the pandemic.

The following diagram gives an overview of the French and U.S. case and summarizes what happened during the pandemic.
A: Amazon in France during Covid-19

The French state have been leaders in the attempts to regulate the power of big tech firms. In 2019, France led efforts and enforced new taxes on tech companies including Apple, Amazon, Google, and Facebook (NPR 2019). Similarly, the French state was one of the few governments to apply and enforce some semblance of checks and balances on Amazon during the pandemic. In response to worker dissatisfaction pertaining to worker safety, on April 16, 2020, all six Amazon distribution centers were closed in France due to legal proceeding brought by a group of French trade unions (The New York Times; SUD Culture Solidaires) led by progressive and leftist Solidaires Unitaires Démocratiques (SUD) worker’s union (Mathers 2017). President Emmanuel Macron declared a nationwide shut down on March 17th (CNN) and soon thereafter, Amazon workers began to criticize the company for not allowing for social distancing measures and pandemic protections (Fortune). This led to organized walkouts to protest Amazon (The New York Times). On April 10, 2020, the Tribunal Judiciare de Nanterre
declared that Amazon must include employee representative bodies in epidemic risk assessments of the workplace and provide safe working conditions (The New York Times; Library of Congress). This came after the SUD filed a complaint about Amazon failing to provide a safe work environment amidst the pandemic (The New York Times). The court mandated that Amazon reduce its operations to only include essential products like, food, medical supplies, hygiene products, etc. (The New York Times). Although the SUD wanted Amazon to cease all operations, the judicial order limited them to ten percent of their catalog (The New York Times; Library of Congress). Furthermore, Amazon faced a €1 million fine for each day and incident of non-compliance (Reuters). The court also ordered the company to pay €4,800 in damages to SUD (Library of Congress). Six days after the initial hearing, Amazon chose to close down all six of their French distribution centers to avoid the “financial risk” (The New York Times) from the €1 million fine they faced.

Soon after the second ruling, Amazon tried to appeal the French court’s decision (The New York Times). Still, after a visit from a labor inspector during the shutdown, they found that Amazon was still not in compliance with worker safety laws and more action was needed to protect workers (The New York Times). It was then that the Court of Appeals of Versailles weakened their restrictions and allowed Amazon to sell electronics and pet food, in addition to the list of essential commodities the tribunal judiciare had allowed (The New York Times). If they were to violate these guidelines, they would be further fined, €100,000 per delivery (The New York Times; Reuters). Finally, they stated that the court would review the case in one month. The closures were then set to remain in place until May 8, 2020, to give the company time to figure out how to operate under the terms of the ruling (Reuters). On May 7 the closures
were extended once again, this time until May 13th, during which the company paid worker’s their full salaries as was mandated by the ruling (Reuters).

After investing millions and implementing 150 new safety measures, the distribution centers began reopening on May 19, 2020 (The Verge). Altogether, they were closed for 35 days and had to implement substantive changes to their labor process in order to protect workers. Once the distribution centers reopened, workers were first returning to work on a voluntary basis and were given a €2/hour raise upon their return (The Verge). Still, Amazon was resistant and uncooperative with the trade unions and SUD throughout the entire process. French workers though, earned a permanent 1.6% raise due to these court actions, as well as pandemic bonuses for frontline workers (Amazon).

For the duration of the closures, Amazon relied on distribution centers in fre, Belgium, Italy, and Poland to carry out France’s Amazon orders (The New York Times). It was only in 2021 that it was reported that although French Amazon did experience growth in revenue during the pandemic than the year prior it was modest in comparison to the growth of e-commerce as a whole. Amazon’s market share in France dropped from 22 percent to 19 percent in one year (Retail Detail 2021). Although Amazon was able to sidestep the French state and use alternate distribution lines, the actions of labor unions and the state did in fact have economic consequences for the firm.

There were also attempts to protest Amazon working conditions in Germany, where the workers organized a two-day strike in six of their warehouses (Reuters) and a 24-hour strike in Italy in response to unrealistic delivery demands (Reuters). None were as successful materially or symbolically as labor organization in France. That is, similar to the U.S., some concessions were made but the labor process remained relatively the same.
In an effort to curb the effects on the economy due to the pandemic, the French government chose to pay companies to not furlough workers, an approach adopted by Germany during the 2008 recession and much of Europe during the Covid pandemic shutdowns. The French witnessed how the German economy was able to recover quickly in comparison to other countries in the E.U. during the financial crisis and ensuing global recession (The New York Times). The French government concluded that laying off workers would actually be more costly to the state and prove to be more harmful to the economy in the long run. The action plan called for companies to pay twenty percent of worker’s salaries while the government would reimburse the company for the remainder. During the height of the pandemic, 1 out of 4 French workers were on paid furlough (The New York Times).

Amazon tried to take advantage of this policy put forth by the French government while their distribution centers were closed. On May 4, Amazon’s request to have the government subsidize their worker’s salaries was rejected because the closures were due to a court order, not due to inactivity in response to the pandemic. Amazon was then obliged to continue to pay their worker’s wages under French law (Reuters).

The French union and the state played an active role in resolving labor disputes that resulted in providing suitable working conditions for workers and permanent benefits. Although Amazon was resistant to the demands of the workers, union, and state they ultimately had no choice but to adapt. Additionally, although French Amazon workers were able to attain better working conditions and benefits, they were not afforded to Amazon workers elsewhere, not even in neighboring Germany. Still, throughout the judicial process, Amazon had the capability to relocate distribution to neighboring countries, an option that is not available to smaller firms. This ensured that there was little, if any, gap in production and profits.
B: Amazon and U.S. during Covid-19

In the U.S. during the Covid-19 pandemic, Amazon was in the spotlight more than usual for a myriad of reasons. The U.S. witnessed what happened when worker’s that were often disregarded and pushed to the margins, became “essential” employees. Prior to the pandemic, Amazon faced public scrutiny for the way their workers were treated, and this was only amplified during the pandemic. From the onset, Amazon provided little support or safety precautions for their workers (Vox; The New York Times). The eventual response to the pandemic from Amazon, the U.S. government, individual states, and civil society protests included making symbolic concessions, labor organizing attempts, firing labor organizers, temporary workplace closures, with varying but generally weak local and state government interference in Amazon’s labor process.

Journalists, rather than labor unions, played the major role questioning Amazon’s labor practices during the pandemic. Their reports influenced Amazon’s and government actor’s response to the pandemic. It was the negative press, in conjunction with sporadic employee organizing, that caught the eye of elected officials. Prominent journalists that write about Amazon include, Liz Alderman, Karen Weise, and Will Evans, among others.

Amazon began to combat negative press by offering their worker’s a temporary $2/hour wage increase in April 2020 (The New York Times), which was extended twice, until May 16, 2020, then to May 30, which marked the end of pandemic hazard pay, if not pandemic hazards (The New York Times; Vox). Distribution center employees were allowed two-weeks paid time off if they contracted the disease and unlimited unpaid time off otherwise. Under normal conditions, workers would be fired if they missed too many shifts. Another option was that
workers could take time off and be paid if they had accumulated paid time off hours or had sick
time, which is standard Amazon practice outside of pandemic protocol (The New York Times).

These concessions were not afforded to all of the labor force. Flex drivers, for example, were not paid at all if they did not work even though they are a crucial component in executing Amazon’s business goals. Flex drivers fill gaps in Amazon’s labor pool to ensure they meet customer demand. Still, they were also ineligible to two-weeks paid time off if they tested positive for Covid-19 (The Verge). Because Flex drivers are employed as independent contractors they are not considered employees by Amazon or under U.S. labor law (U.S. Department of Labor).

Uncertainty in the labor pool, due to both surging consumer demand and worker absence because of the covid-19 virus, drove Amazon to hire a total of about 175,000 people nationwide in two months at the height of the pandemic, in March and April (Amazon) and more than 420,000 globally between January and October 2020 with the majority being warehouse workers (The New York Times). It appears that these positions were permanent, but they could be absorbed because of the high turnover rates that the company already experiences (Tung and Berkowitz 2020), which were at least double the warehouse industry standard during the pandemic (The Seattle Times) and the estimated 100,000 additional temporary workers that were hired for the holiday season—within the last three months of 2020, and an estimated 500,000 delivery flex drivers that were contracted throughout the pandemic (The New York Times). There is considerable difference though in the treatment of the types of workers Amazon employs. In the first weeks of the pandemic, Amazon allowed white-collar employees to work from home and this continued to be the case until much later (The New York Times). On the
other hand, it was blue collar, warehouse employees that contracted Covid-19 enmass (The New
York Times).

Sporadic attempts by U.S. workers to press Amazon to implement better protections were
met with termination of employment, defamation, and disregard of the issues that were brought
up (The New York Times). In just a two-week span, six workers were fired for organizing
walkouts, sending emails to fellow workers about addressing climate justice, and bringing up
worker’s safety; all on separate occasions and at different distributions centers (The New York
Times).

A notable incident involved, Christian Smalls, a Black man who was fired from the
Staten Island Amazon warehouse when he tried to convince management to close the premises
for a week in order to sterilize the facility. His efforts were unsuccessful. He then organized a
walk-out in which twelve other Amazon employees participated. Smalls’ employment was
terminated soon after the walk-out, the reason Amazon gave was that he was not following
quarantine guidelines (The New York Times). In the aftermath of this incident Amazon
promoted a public relations plan to exploit Smalls in order to minimize unionization efforts.
Amazon executives referred to Smalls as “not smart or articulate” and aimed to use him as the
face of unionization attempts in an effort to minimize them (Vice). Smalls then wrote a series of
letters to New York governor, Andrew Cuomo, in the hopes of mandating a shutdown (The New
York Times), all of which went unanswered.

Instead of shutting down, the Staten Island distribution center, along with all distribution
centers and Whole Foods (an Amazon subsidiary), Amazon implemented temperature checks
and provided masks for workers at all their businesses (The Verge). The N.Y. attorney general,
Letitia James and Mayor Bill de Blasio then called for an investigation into the dismissal of
Smalls (The New York Times). Workers at Small’s distribution center, JFK8, tried to unionize in 2018, their attempt was ultimately unsuccessful (The Verge), but they continue in their attempts to unionize with Christian Smalls leading the efforts as recently as April 2021 (The Verge).

In April 2020, two female Amazon employees were also terminated for “violating internal policies.” They sent out an invite for a virtual meeting for Amazon employees to discuss climate justice. At first, Amazon was not clear what internal policies were violated. It was later that they confirmed a company policy that states workers can’t ask coworkers to donate to causes or sign petitions (The New York Times). Other incidents include an organized walkout in Detroit in which workers asked to be able to leave the premises while the facility was disinfected (Reuters).

In late April, another man of color, Bashir Mohammad, was fired for bringing up worker’s safety in Minnesota (Recode). Throughout the pandemic, workers in Michigan, New York, Illinois, and Minnesota protested, against the treatment of workers during the pandemic (Reuters). These protests were acts of resistance by workers and the firings were Amazon’s standard reaction to worker resistance.

Attempts were made by various arms of government to pressure Amazon to provide adequate working conditions. On a national level, on March 25, 2020, attorney generals of fourteen states and Washington D.C. sent a letter to Bezos to loosen the company’s sick leave policy (Healey et al. 2020). The attorney generals that signed on to this letter are all members of the Democratic party—the more traditionally left-leaning party in the U.S.’s dominant two-party system. This is the only example of national intervention. This speaks to my point that there is state variation within the U.S. case that is arguably strongly tied to political affiliations of people in positions of power and/or the state as a whole.
Two days after the letter was sent, Amazon expanded its safety policies in all states (The New York Times; Huseman 2020). This was the most successful nationwide tactic throughout the height of the pandemic, March to December 2020. Different states and local governments responded differently though to workers organizing. Pennsylvania democrat congressman, Matt Cartwright asked OSHA to investigate three major employers in the Poconos area, Amazon included. OSHA’s response was to ask workers to investigate safety measure themselves. The complaint was quickly closed after Amazon provided documentation of their safety efforts (The New York Times). It is unclear why OSHA dismissed worker’s and congressman Cartwright’s concerns and requests to investigate the firm but the documentation that Amazon provided seemed to suffice in not pushing the matter further for the sake of the workers; documentation that remains unavailable to the public.

The most successful local action was the Democratic governor of Kentucky, Andy Beshear, ‘requested’ a temporary shutdown of a midsized Amazon facility in an effort to curb the growing number of cases in the area (The New York Times). Unpredictably, his request was granted by Amazon and only this locale was closed for a total of eight days (NPR).

In California, attorney general, Xavier Becerra began examining a case of worker’s safety at Amazon warehouses. Then in October 2020, California’s Division of Occupational Safety and Health (Cal/OSHA) fined Amazon a total of $1,870.00 because of Covid-related safety violations at two of their distribution centers (Los Angeles Times). For reference, OSHA’s fines range from $975.00 for a high gravity violation and do not exceed $13,653.00 (U.S. Department of Labor), which is miniscule in light of the astronomical profits that Amazon sees.

During the same time, there were reports from workers that claimed they were working under unsafe conditions and a worker called for the warehouse to be temporarily shut down.
San Francisco health officials denied the worker’s request because there were “two enforcement agencies [that] have the technical expertise to check on and take action against Amazon’s response to state and local requirements to protect worker safety and public health” (Bloomberg Law). Instead, health official inspected the facility and “found no current violations” and the matter was seemingly put to rest (Bloomberg Law). This instance highlights two things, (1) even under progressive leadership in a progressive state, the state—California—was unable to regulate Amazon; and (2) even if unsafe working conditions were or were not present, the systems that workers rely on to ensure they have proper working conditions minimize their grievances and in many ways authenticate the labor processes of superstar firms. That is, state mechanisms shielded Amazon from valid critiques of their labor process and allowed for harmful labor practices to continue. This is not to say that this is only a reality for superstar firms and their employees but that state lacks consistency and imagination for restricting the power of firms that have no rulebook to follow whilst creating their own rules.

In response to lack of accountability by the state and firm, and no union presence in San Franciscan Amazons, workers blocked trucks from leaving the warehouse premises, halting productivity in protest of worker’s safety issues and demanding increased pay, two-weeks paid leave for workers exposed to Covid-19, transparency in the number of cases, and a redesign of the warehouse that allows for social distancing (Vice). Ultimately they were unsuccessful. In a separate instance, workers marched by Bezos house in Beverly Hills on October 5, 2020, to demand $2 wage increase and more personal protective equipment (PPE), which they did not receive (Los Angeles Times).

Although Amazon had been less than transparent throughout the pandemic, in mid-May they revealed that in fact at least seven employees had died due to Covid-19 (The Verge). It was
not until October 1, 2020, that Amazon confirmed that 44% of Amazon/Whole Foods frontline workers had contracted the virus, roughly 19,816 people by that point (Reuters), in comparison to the national rate in October of the same year at ~23% of the entire population (CDC). What is quite interesting is that by the end of May, in the midst of the first peak infection rate in most locales, Amazon had ended the unpaid leave policy that allowed workers time-off if they showed symptoms and halted the $2 hazard pay (Recode). It is unclear why Amazon ended hazard pay and the unpaid leave policy and when a spokesperson was asked directly, they avoided answering and used the opportunity to redirect the conversation to customer satisfaction (Recode). This instance highlights how their business model and focus on customer satisfaction, as opposed to their workers, drives their operation. It also shows that Amazon is able to resist criticism, especially from workers, civil society, and the media. But when pressured by the state, they address the issue at hand and make concessions, at least symbolically and/or temporarily.

This does three things, (1) solidifies their position as an influential consumer brand by redirecting the focus back to the consumer, (2) minimizes the very real harmful effects of their labor process and while still not addressing the issues, and (3) normalizes this type of labor process which effects workers even outside of this one firm.

Rather than reforming its labor process, the response to widespread collective organizing, Amazon invested time, resources, and money to tracking unionization efforts within their company (Recode, The Verge). Interestingly, the firm chose to focus of unionization efforts instead of the numerous critiques from state leaders, civil society, and workers. It was discovered that Amazon HR subscribed to various listservs pertaining to minorities and activists. The company claimed that they did this in an effort to get feedback on company culture and denies that it was to track union activity. Later, Amazon confirmed they were monitoring private
Facebook groups tied to flex drivers to observe organizing strategies and worker’s complaints (Recode). They also posted two job listing that detailed a position that aimed to “monitor labor organizing threats” and sought French and Spanish language as a desired skill. After receiving major backlash, Amazon took down the job postings and claimed it was put up in error (The Verge). In response, European parliament members sent a letter to Jeff Bezos to ask if they deliberately spy on workers seeking to organize, to which trade unions called for a European Commission investigation (Vice).
CHAPTER V
DISCUSSION

The superstar firm is either emboldened or contained by the state which is apparent in the case of Amazon in France and the U.S. The main difference between France and the U.S. though lies in the degree of government response and inaccessibility to institutions that support workers in the U.S. That is, in France the state intervened and extension agreements in place pressured non-unionized Amazon. The French state was successful in ensuring that Amazon shifted its business model to the worker’s benefit as opposed to the U.S. where their business operations remained relatively untouched, with the focus being on the consumer. Arguably, France was successful in their efforts because of the work of labor unions, even though Amazon itself was not unionized, and the state support of those unions. Since France has high union coverage and the policies in place promote extension agreements, labor unions are relatively powerful, and they leverage that power to challenge even the biggest firms. The union and civil servants in the court system, in this case, functioned in accordance with policies already in place in France which produced a more favorable outcome for workers.

In both France and the U.S. Amazon workers are not unionized and workers protested unsafe working conditions, but only in France were workers supported by organized labor and subsequently by the state. That is, there were acts of resistance and calls for action in both the U.S. and France, what differed was how the state responded and what systems were in place to support workers. In France, workers were unhappy with working conditions and garnered union support, a case against Amazon was brought to the courts, ‘harsh’ but fair penalties were issued for non-compliance which prompted the firm to shut down, changes were made, and workers returned to work. In the U.S., there were inconsistent outbreaks of resistance in which even
workers were more or less divided; there was little, if any, organized labor attention or support. State response was also disproportionate and fell in line with politics. In other words, individual states responded differently, or not at all, to labor issues and their response was marked by the political affiliation of the state or representative; more progressive leaning actors and states were more vocal and made more of an effort to generate change. Amazon also suppressed resistance efforts by terminating workers and tracking unionization attempts in the U.S. Ultimately, almost nothing was done in the U.S. and Amazon workers were strong handed into remaining in unsafe and precarious work environments. Although the firm is to blame for their exploitative labor processes, the lack of state action and resources in addition to variable responses by individual states creates an environment where the firm does not need to react or respond to critiques of their labor process and business model.

One similarity though is that in both the U.S. and France the political leanings of the significant state actors mattered. In the U.S., it was state officials that aligned with more progressive ideologies that were outspoken and attempted to curb the power that Amazon wields against their workers. Although the political leanings of elected officials in France had less of an impact, the institutions in place proved to be more resistant to individual actors’ political leanings. The progressive political leanings of the labor union that aided Amazon workers in France was important because it pushed past Amazon’s expectations of labor organizing. Resistance from a collective, like unions, combined with state support is something that Amazon in unaccustomed to, especially in the U.S. Which draws attention to Amazon’s motives behind the lengths they go to suppress unionization attempts in the U.S.

A critical takeaway from this analysis is that in the face of resistance from labor unions and the state in France, Amazon had the ability to move their operations to neighboring
countries. This minimized the lapse production and ensured that once again, the consumer came first for Amazon, at the expense of workers. Although the firm has to abide by the rules of the state, most firms are limited by the boundaries of the state if sanctions are imposed. Superstar firms often have the option to bypass borders and move into spaces where their labor process and business models are less scrutinized and/or the state and labor unions are weaker and are less likely to enforce restrictions.

Amazon treated the pandemic as an opportunity to expand production, profit, and build a stronger reliance on their service. But they had only reluctant responses to workers grievances and needs in both France and the U.S. I would argue that the concessions they did make; like hazard pay, paid time off for those infected by the virus, and unlimited unpaid time off, were primarily for optics since they were constantly and consistently scrutinized for their business practices throughout the pandemic and to minimize threats of unionization in the U.S. A valid question to be asked is why did Amazon not share the wealth since their profits grew astronomically during the pandemic?

Scholars argue that neoliberalism has made its way into the economic systems of various countries and is the new normal (Dean 2009; Steger and Roy 2010; Streeck and Thelen 2005). Still, power can be reclaimed by workers in the form of collective action and opposition, as we have seen be the case in both the U.S. and France. Workers, state agents, and unions advocated for a more just labor process. At the forefront of my contribution is that within the current system of capitalism, the relationship between states and superstar firms are becoming increasingly important and should be focused on now more than ever. It is this key relationship that empowers or puts limits on superstar firms. As an empowered actor, superstar firms are able to side-step states, disregard geographical borders, change the labor process by setting the standards
and altering the rulebook to meet their business goals, all the while producing a consumer-dependence on them. Without the support, endorsement, and intentional policies put in place by the state, superstar firms would be unable to hold the position that they do within the economy and be as powerful as they are increasingly becoming. For example, the movement towards deregulation allows for superstar firms, like Amazon, to create business models without minimal checks and balances which actively promotes exploitative labor processes.

Although Amazon has been at the forefront of increasing wages for blue-collar warehouse workers, this should not shield them from criticisms of their unethical workplace conditions, although it probably does as it redirects the narrative of them being a bad employer, but these two issues are not mutually exclusive but rather intimately intertwined. Furthermore, Amazon being a leader in the increase of wages also supports the notion that Amazon is a major player in today’s economic system. Whereas in other countries, including France, the minimum wage is set by the state, in the U.S. the standard is being set by a leader firm, at least in the warehousing industry, and sometimes individual states. This can arguably be tied to political leanings as well, whereas it is politically left U.S. states who adopt higher minimum wages than the federal minimum wage. Still, I would argue that the firm’s short-term increasing wages during the pandemic was also for optics as they would very likely receive more backlash if they paid lower wages and had a harsh labor process. There are numerous ways in which Amazon has flexed their power that are harmful to workers that casts a shadow on their presumed higher wages, union suppression for one.

Superstar firms are becoming more prominent and powerful as society becomes more dependent of their products and services which bolsters their position within the political economy. They are afforded substantial autonomy from state policies that might aim to curb their
power and influence but also autonomy from other firms, suppliers, business associations, and consumers, even if there is some dependency on those relationships. For example, Amazon is able to operate effectively and profitably in the midst of a global pandemic where the general labor pool is affected, under constant public and state scrutiny, while maintaining consumer dependence and seeing astronomical profits. This cannot be said about smaller firms in any country, even in the U.S., in contrast these smaller firms are likely to be caught in the platform power of Amazon and similar superstar firms (Tomaskovic-Devey and Avent-Holt 2019).

The French and U.S. cases highlights the following: In France, state institutions strengthen labor unions and create a policy apparatus that ties workers to firms, rather than to the state. In the U.S., workers sort of hang in the balance, with no strong ties to either the firm or the state which allows firms to impose their own ideas and business models. Thus, Amazon’s business model aims to tie suppliers and customers to the firm but treat workers as expendable cogs in the otherwise stable set of relationships. These cases also demonstrate superstar firm’s ability to transcend national—and state—borders if/when they are met with resistance from a state. When distribution centers were closed in France, they shifted distribution to neighboring countries. In the U.S., they relied on their vast network of distribution centers to ensure there were no meaningful delays for their customers. Not having to play by the rules of a given state gives superstar firms more freedom to implement harmful business practices without addressing the harms or concerns of workers and civil society. Thus, even a ‘strong” state response in France is weakened by the weak state responses of neighboring countries.

The pandemic reactions to Amazon’s labor process in the U.S. and France were in stark contrast to one another. In the case of Amazon during the pandemic, the state’s reaction to the firm was vastly different depending on the institutions and actors at play in the field and the
relationships between the actors and institutions. In the U.S., collective action was actively suppressed by Amazon, and overwhelmingly dismissed by federal and state governments. While in France, although Amazon fought the outcomes of union-led court sanctions, the firm was effectively forced to bend to unions through state intervention. With the emphasis on worker resistance, both the U.S. and France showed the ways in which firm and state practices have an effect on the progression of capitalism. More importantly though, the relationship between the state and labor unions is key because they must work together to promote worker rights in otherwise powerful firms.

The U.S.’s relationship to Amazon is a complicated one that during the covid-19 pandemic, displayed massive flaws. The main takeaways are that Amazon, in this current system and moment in time, has been and continues to be very harmful to workers. Amazon employees do not have access to union support because they are not unionized, and the firm actively undermines worker unionization efforts. Generally, the state in the U.S., both federal and local, prefers not to get involved in labor relations between the firm and workers. This leaves workers in a precarious position with limited institutional support to secure fair and ethical labor practices, in terms of compensation, safety, and benefits, etc. An important caveat though is that in the U.S., local and state governments, as opposed to the federal government, were marginally more successful in putting restraints on Amazon. This leads me to conclude that although the U.S. is firmly on the fast track to a more harmful capitalism, there are some forms of resistance within this system which unfortunately, depend on the actions of a select few in positions of power, which coincidently fall in line with the democratic party. Because there is little to no state regulation on superstar firms, like Amazon, in the U.S., there are very real and dangerous consequences for their workers that have implications for the larger labor force.
CHAPTER VI
CONCLUSION

The relationship between superstar firms, states, and workers are continuously changing and are becoming that much more complicated. States play a vital role in positioning superstar firms at the crux of society, ones that are major play makers in the political economy. States empower superstar firms by failing to implement checks and balances on their power, producing less standardization within states, especially when addressing labor issues. This allows for firms to bypass states that display more resistance to their business plans. At the same time, some states do attempt to and successfully rein in firm’s power. As was the case in France, it was in Amazon’s interest to accommodate state demands as it would be more costly to the firm not to do so. Still, national power is limited. During the mandated shutdown in France Amazon had the power to sidestep the French state and run their operations from neighboring countries to ensure there was no lapse in deliveries to consumers. The U.S. on the other hand, displayed a variety of responses to Amazon by individual states. Often, actors and states within the U.S. that demonstrated more resistance to superstar firms were those aligned with more left-leaning politics. This creates less standardization in labor relations which limits the success of unionization efforts, sustains a divided workforce, and creates more precarity for the labor force.

Global capitalism is undergoing a shift where certain firms are gaining more power relative to workers, suppliers, customers, and even states. Still, something that can be done and it begins with collective action and the implementation of state policies that uphold and support labor unions and workers more generally. Authors of existing literature try to remain neutral when discussing the evolution of capitalism, state’s relationship to firms, and superstar firms, which should be pushed back on. Neutrality sets a dangerous precedent that implies acceptance of a
system that is damaging to working-class folks. Although personally I would argue that the entire capitalistic system should be extinguished; within the current system and during this particular historical moment, as we can see in France, there are ways to incorporate more institutional support, resources, and provide more economic security for working people.

The adoption of neoliberal ideologies in advanced capitalistic societies has created suitable conditions for superstar firms to develop and thrive (Streeck and Thelen 2005; Culpepper and Thelen 2019; Autor et al. 2020). This case shows though that there is variation in how different neoliberal states interact with superstar firms. Superstar firms like Amazon are becoming more entrenched in our lives and creating new rules by which we live. At the same time these firms are monopolizing various industries that only strengthen their positionality within society and the political economy. Without state intervention and support of the labor force, superstar firms will continue to alter the labor field and implement harmful business practices that further widen the inequality gap while also promoting even more precariousness in the labor market. The state has a responsibility to its citizens to protect them and uphold their voices through policy creation and implementation.
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