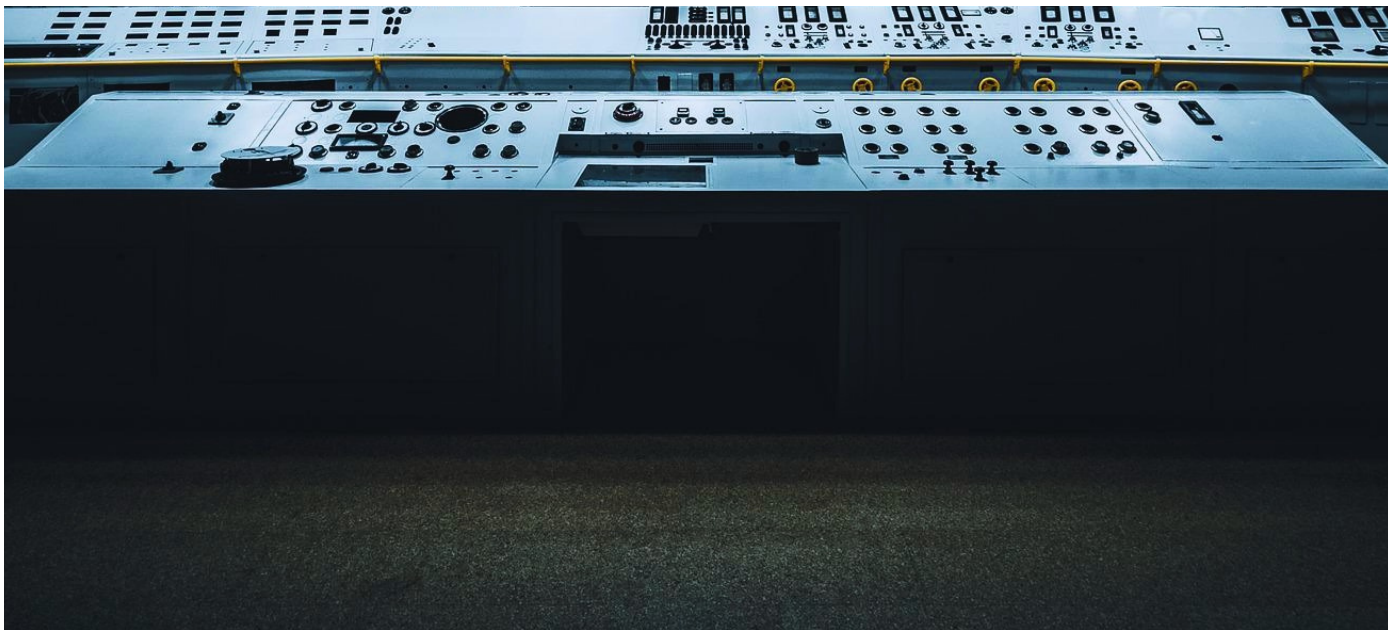


I QUADERNI DI  
INTO THE BLACK BOX  
VOLUME #4

# PLATFORMS HAVE THE POWER... AND PEOPLE CAN TAKE IT



EDITED BY BENVIGNÙ, CUPPINI, FRAPPORTI, MILESI, PIRONE



DEPARTMENT OF THE ARTS | UNIVERSITY OF BOLOGNA

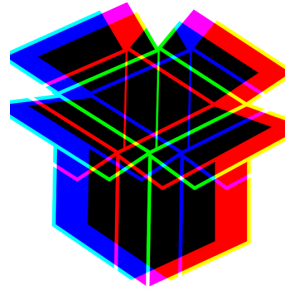


**I QUADERNI DI INTO THE BLACK BOX**

**PLATFORMS  
HAVE THE  
POWER... AND  
PEOPLE CAN  
TAKE IT**

**EDITED BY CARLOTTA BENVIGNÙ,  
NICCOLÒ CUPPINI, MATTIA  
FRAPPOTI, FLORIANO MILESI,  
MAURILIO PIRONE**

**DEPARTMENT OF THE ARTS  
UNIVERSITY OF BOLOGNA**



## **i quaderni di into the black box**

### SCIENTIFIC DIRECTOR

Sandro Mezzadra (University of Bologna)

### EDITORIAL COMMITTEE

Niccolò Cuppini (University of Applied Sciences and Arts of Southern Switzerland), Carlotta Benvegnù (Université Paris 13), Mattia Frapporti (University of Bologna), Floriano Milesi (University of Padua),  
Maurilio Pirone (University of Bologna)

### SCIENTIFIC COMMITTEE

Martín Arboleda, Cinzia Arruzza, Manuela Bojadzije, Vando Borghi, Antonio Casilli, Federico Chicchi, Francesca Coin, Deborah Cowen, Alessandro Delfanti, Keller Easterling, Verónica Gago, Giorgio Grappi, Naomi C. Hanakata, Michael Hardt, Stefano Harney, Rolien Hoyng, Ursula Huws, Brett Neilson, Ned Rossiter, Ranabir Samaddar, Tiziana Terranova, Niels van Doorn, Jake Wilson, Jamie Woodcock

The contributions in this volume have undergone a peer-review process.

### DEPARTMENT OF ARTS

Director Giacomo Manzoli  
University of Bologna  
Via Barberia 4  
40123 Bologna

CC BY 4.0 International

ISBN

DOI 10.6092/unibo/amsacta/

Graphic layout: Maurilio Pirone

First Edition: July 2022

Cover photo by Pexels from Pixabay  
Photo pag. 5 by Gerd Altman from Pixabay  
Photo pag. 12 from Pixabay  
Photo pag. 26 by Yuan Yuan from Pixabay  
Photo pag. 40 by Jarmoluk from Pixabay  
Graphic pag. 54 by Hasan from Pixabay  
Photo pag. 62 by wal\_172619 from Pixabay  
Photo pag. 73 by Altman from Pixabay

# INDEX

Platforms have the Power... And People can  
take it, pag. 5

Into the Black Box

Airbnb: leveraging the crisis of care to  
become essential urban infrastructure, pag.

12

Rabea Berfelde

New valorization logics in the figure of the  
digital platform. The case of  
MercadoLibre, pag. 26

Sonia Filippetto and Martin Harraca

A critical engagement with platforms  
through patent analysis, pag. 40

Lungani Nelson Hlongwa

Predatory Pricing and Multiplication of  
Exploitation in Amazon's Business Strategy,  
pag. 54

Tania Rispoli

Platforms as assets and as a battleground,  
pag. 62

Andrea Fagioli

Platform communism.  
A manifesto for struggling within and  
against platform capitalism, pag. 73

Into the Black Box

Authors, pag. 82



## Predatory Pricing and Multiplication of Exploitation in Amazon's Business Strategy

*Tania Rispoli*  
*Duke University (USA)*

In *The Social Network*, a 2010 film directed by David Fincher and written by Aaron Sorkin – which among its many merits also has that of clarifying the interlocking between sexism and capitalism in the digital age – the difference between the business model before and after the Dotcom Bubble is explained in a single sequence. Mark Zuckerberg and his friend and Facebook co-founder Eduardo Saverin – who will later sue him for being banned by shareholders – are in New York to try to close deals with advertising agencies. Here they meet Sean Parker, founder of Napster, who drags them between

electronic music and cocktails in the world of Californian Ideology of start-ups and clarifies how for a platform, unlike traditional businesses, it is not essential to generate revenue immediately, but to grow quickly, become “cool”, attract more and more users and only then to start to monetize – with the difference that in this case they will earn “billions” instead of merely millions of dollars.

In a single scene, Fincher and Sorkin explain what Nick Srnicek in *Platform Capitalism* defined as “network-effects”, i.e., the phenomenon according to which «the more numerous the users who use a platform, the more valuable that platform

becomes for everyone else».[1]

While Amazon definitive consecration as the most used platform for e-commerce came with the transition to Prime and user loyalty (business to consumer commerce), what allowed the corporation to acquire a monopolistic position in the market of book selling has been the aggressive pricing policy that destroyed the publishing market (business to business commerce). An overview of this genesis is offered by the House Judiciary Committee Antitrust Subcommittee Report published at the end of October 2020. From the report we learn that «Amazon is estimated to be the second-largest private employer in the United States, with over 500,000 employees» and that it is «one of the most valuable companies in the world, and its CEO Jeff Bezos, is reported to be the wealthiest person in the world».[2]

Interestingly, according to the Antitrust Subcommittee Report, Amazon's position within the market will remain unchallenged for the «foreseeable future», because of three intermingling factors «(1) network effects, which make it difficult for another marketplace to achieve a comparable number of buyers and sellers; (2) switching costs associated with consumer shopping outside the Amazon ecosystem; and (3) the steep costs of building a logistics network comparable in size and scope to Amazon's massive international footprint in fulfillment and delivery».[3]

Moreover, the COVID-19 pandemic has increased by March 2021 Amazon's profits

[1] Srnicek (2016), 27.

[2] Subcommittee on Antitrust, Commercial and Administrative Law (2020), 247.

[3] Subcommittee on Antitrust, Commercial and Administrative Law (2020), 260.

by \$138.8 billion, re-doubling the net income of the year before – so that in a situation of an unprecedented crisis, while small business have failed, the big corporation players have won the entire market.[1]

In the context of the pandemic, Amazon's strategy has been to privilege its own retail instead of «third-party sellers», which, at the beginning of the first wave, have been discouraged from selling their «non-essential products».[2] This snapshot of Amazon's rise and consolidation of power on the market helps us to define platforms' activity as a series of interconnected «operations», which combine the action of extraction of resources, with the infrastructure of logistics, and the financial supremacy in the stock market, towards an increasing concentration of margin and economic prominence.[3]

What clearly emerges from the Antitrust Committee Report is that whether Amazon's strategy is directed to costumers or to B2B commerce or to Cloud, through Amazon Web Services (AWS), its economic behavior results in predation obtained through the increasing of its «market power», the merging of other business activity, and putting into practice a series of business practices aimed toward monopoly.

For instance, in the case of AWS, the Report acknowledges that Amazon misappropriated data, offering to third parts «proprietary managed services based on knock-offs of

[1] Amazon.com (2021).

[2] Subcommittee on Antitrust, Commercial and Administrative Law (2020), 261.

[3] For a definition of capitalism as a combination of series of operations see Mezzadra & Neilson (2019), 64-74.

open-source code».[1] it directly harmed «innovation», pushing for proprietary policies; and it used «self-preferencing» in binding costumers and third-party businesses.[2]

All these strategies are aimed to enhance the three intertwined factors that ensure Amazon's prominence on the market, that are consolidating and monopolizing costumers and sellers, reinforcing the "ecosystem", and compacting on Amazon the entire associated logistics of buying and selling.

Looking at these three factors, in this article, I emphasize that Amazon's general business strategy was established through the litigation with book publishers from 2004 until 2012, when Bezos' company launched the idea to reduce the price of e-books to establish itself as the leader of the entire selling market. Combining a specific case with Marx's understanding of the process of intensification in the extraction of value (between relative and absolute surplus-value),

I argue that Amazon has combined the practice of predatory pricing with the multiplication of the exploitation of labor-power across the entire supply-chain. In influencing the organizational structure of production, distribution and consumption, a platform intensifies its capacity of extracting and exploiting surplus-value. Finally, I question what kind of political action we would need in a framework in which platforms constitute a new model of intermediation of different segments of economy (and politics).

[5] Subcommittee on Antitrust, Commercial and Administrative Law (2020), 327.

[6] Subcommittee on Antitrust, Commercial and Administrative Law (2020), 328-329.

## **Becoming the Infrastructure**

In his ground-breaking investigative report, *The Everything Store: Jeff Bezos and the Age of Amazon*, the Silicon Valley journalist Brad Stone emphasizes that the turning point in Amazon's strategy happened after 2004 with the launch of the e-books on the market. In the previous ten years, from 1994, when it was founded, until the invention of «Fiona» - the alias used for Kindle device - Amazon, while being largely unprofitable because of its low prices, slowly became the most prominent online mall of books and other goods. After 2004 this strategy was intensified following the principles of what Jeff Bezos called the «Gazelle project», according to which «small publishers» should have been approached «the way a cheetah would pursue a sickly gazelle».[1] The idea - having Amazon become the most important marketplace - was to have publishers accommodate to Amazon's increased cut on books selling by blackmailing them with the threat of reducing their visibility on the «recommendation system». In this framework, pursuing smaller or more "vulnerable" book publishers meant starting from the lowest elements of the publishing food chain. Following Sarah Gainsforth, we can see this mechanism as a combination of «predatory pricing» and «vertical integration» of different sectors of business aimed at acquiring a monopoly on the market, even with the initial risk of losing profitability.[2]

The question of predatory pricing is even more intriguing because of the changeability and opportunistic behavior of all the participants implied, which are

[1] Stone (2013), 387

[2] Gainsforth (2020), 46-47.

all subjected to the “irony” of a monopolistic conduct.[1]

An example of this mechanism can be found in the series of lawsuits around the «Big Five publishers»: the same Penguin, Hachette, Macmillan, Simon & Schuster that together with Apple Inc. in 2012 were charged with the “conspiracy” of raising prices together against Amazon, have been just recently (February 2021) charged with “fixing” the prices together with Amazon.[2]

Also, according to Stone, this aggressive strategy was not peculiar to Amazon only, since «The company had finally learned the tricks of the century-old trade that is modern retail. Profit margin is finite. Better financial terms with suppliers translate directly into a healthier bottom line – and create the foundation on which everyday low prices become possible».[3] Before Amazon, already Walmart experimented a strategy that linked together the restructuring of the supply-chain through distribution centers – which was at the basis of the logistics revolution –, the pressure on suppliers through lowering the prices and costumers’ binding.[4]

While, as highlighted among others by Van Dijck, «building an infrastructural core» is the factor that allowed the «Big Fives» (Meta, Amazon, Apple, Microsoft, and Google Alphabet) to construct their ecosystems and to guarantee their prominence within the market, lowering the prices, not only favored the network effects, but also the enhancement of exploitation of workers – at various stages

[1] Rub (2018).

[2] US v Apple, inc., et al (2012); US v Amazon.com, et al (2021). For the definition of Big Five publishers, see Cain (2021).

[3] Stone (2013), 390-391.

[4] See Cusumano, Gawer & Yoffie (2019); Duhigg (2019).

of production, distribution, and circulation. [1]

### **Intensifying Exploitation**

If we consider the fundamental role that platforms like Amazon had in the fluidification of the process of value realization in the sphere of exchange of the market – through its innovative management determined by the three factors combined with the extraction of data –, we still have to specify how this process occurs throughout a supply-chain in which Amazon is only the last link. Amazon manages through an aggressive policy of price management to force all the companies along the supply-chain to restructure their organization, cutting costs and increasing their own rate of exploitation on labor. In Marxist terms, it is not market exchange per se that can create an increase of productivity but only investment strategies and organizational structures. As it has been claimed by William Lazonick «costs, however, are not simply imposed on the business enterprise by exogenous technology and factor markets, as neoclassical economics textbooks tell us. Rather, these costs are the result of the innovative strategy of the business enterprise».[2]

That means that a policy imposed by Amazon of cutting the costs of the production process in the company of the supply-chain will inevitably results in a different form of investment. That is because modern enterprises are in fact at the center of a network of enterprises (the enterprises of enterprises).

On the one hand, they are part of a classic hierarchical chain of subcontractors,

[1] Van Dijck et al. (2018), 23-27; Alimahomed-Wilson, Allison & Reese (2020), 1-11.

[2] Lazonick (2016).

on the other hand they are part of an “ecosystem” – the definition is by Eamonn Kelly of Deloitte – where the decisions of the enterprises at the center of the system create consequences, like tectonic shifts, for all the others. More innovative companies, like Amazon, will drive the restructuring of other companies of the supply-chain, which, if they want to remain at their scale of growth, they have to cut costs and increase investment in order to increase their rate of exploitation.

Marx showed that in these cases the rate of exploitation can be increased only in two ways, either by increasing the working day, as in the model of the absolute surplus-value, or by a more efficient use of labor-time.[1] Given the already great pressure on salaries – which have been increasingly pushed to the bottom in real terms in the last decades – it is only the latter that can be viable in a situation where the supply-chain is driven by platform companies. When the working day remains the same (or theoretically even decreases given the contemporary increase of reserve army of labor), it is only the increase of relative surplus-value that can compensate the pressure from platforms like Amazon to cut costs even further in order to feed the drive to acquire data of the platform. But how is it possible for the extraction of surplus-value to increase if the working day remains the same?

According to the Marxian argument of the relative surplus-value, if the value of the means of subsistence required to reproduce the labor-power decreases, it means that a larger portion of the working day will have been used to produce surplus-value and less will have been used

[1] Marx (1990), 643-654.

to reproduce the labor-power. Innovation and pressure on salaries go hand in hand with this process because it is in the interest of a capitalist that needs to offer increasingly cheaper products to the platform to decrease the value of the labor-power in order to increase the amount of surplus-value while the length of the working day (or the size of the working population) remains the same.

For Amazon’s perspective, offering cheaper products means, on a systemic level, that the cost of the labor-power decreases not only because the amount of living labor contained in a commodity has decreased, but also because the purchase-power of salaries will have decreased, given that with the same monetary cost of the labor-power it would be possible to buy a larger basket of commodities.

In fact, even an increased purchase-power of salaries can coexist with an increase of the rate of exploitation. In these terms, the problem of the predatory pricing is not only an interesting topic for anti-trust policies with all their “ironic” mechanisms but also for workers struggles and rehearsals of unionization.

### **Perspectives of Struggles**

In the US the Antitrust Judiciary Committee launched some actions against «Amazon’s anticompetitive conduct» that, lowering the prices of e-books, superimposes “overcharges” for the retailers, thus violating the Sherman Act; also the European Committee has started, as early as 2019, investigations into Amazon’s retails strategy and has examined their use of data and abuse «of a dominant position».[1]

[1] US v Amazon (2021), 55-61; Antitrust Commission opens investigations into possible anti-competitive conduct of Amazon (2019).

In Europe, at the end of March 2022, «the world's most far-reaching laws to address the power of the biggest tech companies»[1] was propositioned, completing the initiative started with the General Data Protection Regulation approved in 2018. Whereas the already approved (at the end of April 2022), Digital Services Act supervises the management of online content in multiple ways, the Digital Market Act (to be approved, supposedly, in March 2023) aims at regulating the competition for the so-called gatekeeper companies. By contrast, in the US, not only any legislative action was undertaken, yet, but in some state lawsuits, such as the one in the District of Columbia, that alleged Amazon for its anti-competitive strategies towards the third party-sellers, giants, such as Amazon, even won the dismissal.[2] Even though the Senate Judiciary Committee of the US with bipartisan support across all institutions is trying to fill the gap with Europe, by discussing the two anti-trust bills – The American Innovation and the Choice Online and The Open Markets Act –, it seems that limiting by legislation the power of the big tech is a painful and arduous process.

More generally, while legislative actions might limit (at least in theory) the power of Amazon and other digital gatekeepers from above, through the implementation and transformation of regulatory policies, the question of challenging the interconnectedness and pervasiveness of platform networks still remains an open question for workers and social subjects challenging capital extractive practices from below, as bearers of living labor.

[1] Satariano (2022).

[2] Kinnon (2022).

In March 2021, the workers of Amazon's warehouse in Alabama – who are predominantly people of color – had relentlessly pushed toward the unionization, despite the company's well known anti-union practices and campaigns.[1] Even though this campaign failed, in other facilities, such as in the Amazon fulfillment center in Staten Island, the struggle against the corporation sparked. Here, in April 2022, the independent Amazon Labor Union won, with an unprecedented victory, the majority of votes in favor of the unionization.[2] The famous union-busting practices that qualifies Amazon as «fiercely anti-union»[3] have been temporarily defeated in this autonomous experiment, fueled over time (in particular before, during, and after the pandemic) by walkouts and blockades aimed to denounce inequitable and unsafe working conditions, as well as unjustified firings and labor precarization.[4] All these attempts pushed towards an increase of labor organizing and «circulation struggles», to borrow Joshua Clover's effective phrasing – meaning the interruption of the process of distribution and circulation across various segments of the supply-chain. These two combined strategies of struggles, on the one side, the blockade of the labor process and, on the other, the long-term grassroots unionization within a working unit seem to potentially constitute a counteraction to the power of Amazon's multiplication of exploitation.

[1] Sainato (2021).

[2] McAlevey (2022).

[3] Leon (2022).

[4] An account of these struggles can be found in Alimahomed-Wilson & Reese (2020), 275-281.

Still, a question remains: how to interlock different workers (through struggles and unions) across a supply-chain, which is often transnational and mixes different segments of production, distribution, and circulation – within Amazon, and beyond it.

## References

Alimahomed-Wilson et al (2020), *The Cost of Free Shipping. Amazon in the Global Economy*, edited by Alimahomed-Wilson J. & Reese E., London: Pluto Press.

Antitrust Commission opens investigations into possible anti-competitive conduct of Amazon (2019)

Amazon.com (2021) [Online], Amazon.com Announces Financial Results and CEO transitions  
[https://s2.q4cdn.com/299287126/files/doc\\_financials/2020/q4/Amazon-Q4-2020-Earnings-Release.pdf](https://s2.q4cdn.com/299287126/files/doc_financials/2020/q4/Amazon-Q4-2020-Earnings-Release.pdf) [last accessed: 12/06/2022].

Cain S. (2021), Amazon.com and 'Big Five' publishers accused of ebook price-fixing, *The Guardian*, January 15, 2021

Clover J. (2016), *Riot. Strike. Riot. The New Era of Uprisings*, New York City-London: Verso.

Cusumano M., Gawer, A. & Yoffie D.B. (2019), *The Business of Platforms: Strategy in the Age of Digital Competition, Innovation, and Power*, New York: Harper Business.

Dijck J. van, Poell T., & de Waal M. (2018), *The Platform Society*, New York: Oxford University Press.

Duhigg C. (2019), *Is Amazon Unstoppable?*, *The New Yorker*, October 10, 2019

Gainsforth S. (2020), Amazon, la cupola di Bezos, *Dinamoprint*, 2, 40-49.

Lazonick W. (2016), *Innovative Enterprise and the Theory of the Firm, Rethinking Capitalism: Economics and Policy for Sustainable and Inclusive Growth*, edited by Jacobs M. & Mazzucato M., Chichester: Wiley-Blackwell, 77-97.

Leon L.F. (2022), "They Are Playing Really Dirty": Amazon Lashes Back in Staten Island Warehouse, *Labor Notes*, April 11, 2022  
<https://labornotes.org/2022/04/theyre-playing-really-dirty-amazon-lashes-back-staten-island-warehouses?fbclid=IwAR1DCqbYxjpmwkOzLf8wr1e5e4MT6cvlqDq28pj9fmPUelh-JI7l4d9sr34>[last accessed: 12/06/2022].

Marx K. (1990), *Capital. A Critique of Political Economy. Volume I*, London: Penguin Books.

McAlevy J., Amazon Workers Score a Decisive Win in Staten Island!, *The Nation*, April 1, 2022  
<https://www.thenation.com/article/activism/amazon-workers-union-staten-island/?fbclid=IwAR3scKV4CxG2AZTYNpGiAyQc1VfPCwDLCFBGUXb3EliDFiJx4tCpUdPNoil>[last accessed: 12/06/2022].

Mezzadra S., & Neilson B. (2019), *The Politics of Operations. Excavating Contemporary Capitalism*, Durham NC: Duke University Press.

Rub G.A. (2018), Amazon and the New World of Publishing. *Comments on Chris Sagers, Apple, Antitrust, and Irony*, I/S: A Journal of Law and Policy for the Information Society, 14:2, 367-389.

Satariano A. (2022), E.U. Takes Aim at Big Tech's Power With Landmark Digital Act, *The New York Times*, March 24, 2022: <https://www.nytimes.com/2022/03/24/technology/eu-regulation-apple-meta-google.html> [last accessed: 12/06/2022].

Srnicek N. (2017), *Platform Capitalism*, Cambridge: Polity Press.

Stone B. (2013), *The Everything Store. Jeff Bezos and the Age of Amazon*, New York: Little, Brown and Company.

Sainato M. (2021), Amazon warehouse workers in Alabama make the final push toward unionizing, *The Guardian*, March 21, 2021  
<https://www.theguardian.com/technology/2021/mar/21/amazon-warehouse-workers-alabama-union>[last accessed: 12/06/2022].

Subcommittee on Antitrust, Commercial and Administrative Law (2020) [Online], *Investigation of Competition in Digital Markets*:  
[https://judiciary.house.gov/uploadedfiles/competition\\_in\\_digital\\_markets.pdf?utm\\_campaign=4493-519](https://judiciary.house.gov/uploadedfiles/competition_in_digital_markets.pdf?utm_campaign=4493-519) [last accessed: 12/06/2022].

US v Apple, inc., et al (2012) [Online]  
<https://www.justice.gov/atr/case/us-v-apple-inc-et-al>[last accessed: 12/06/2022].

US v Amazon.com, et al (2021) [Online]  
[https://www.publishersweekly.com/binary-data/ARTICLE\\_ATTACHMENT/file/000/004/4627-1.pdf](https://www.publishersweekly.com/binary-data/ARTICLE_ATTACHMENT/file/000/004/4627-1.pdf) [last accessed: 12/06/2022].