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OPINION

Break up Amazon before it does any more damage to America

By [Maureen Callahan](#)

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Composite; Getty Images

When Jeff Bezos announced that Amazon would be [raising its minimum wage to \\$15](#) an hour last week, the reception was rapturous. The Seattle Times [called it “the just thing.”](#) “[Good for them,](#)” said President Trump’s chief economic adviser Larry Kudlow. “I’m in favor of higher wages.” [Bloomberg called it](#) proof that “an even higher minimum wage is probably safe for big, productive cities.” Senator Bernie Sanders, a chief Bezos antagonist, called it “enormously important.” “Unequivocally good news,” [said The Washington Post.](#)

The latter is owned by Jeff Bezos, an all-too-easily forgotten point these days. Because for all the questions to follow this announcement — Why now? What is Amazon eliminating to pay for this? How much praise does Bezos, recently [crowned the World’s Richest Man,](#) deserve while paying, as of 2017, a median Amazon income of \$28,446? — we are not asking the real one.

When did we become The United States of Amazon?

Author, entrepreneur and NYU business professor Scott Galloway has emerged as one of Amazon’s fiercest critics. At last month’s Recode Code Commerce, Galloway [gave a 45-minute talk](#) on the future of retail that savaged Amazon and warned of the threats the company poses not just economically but philosophically and morally.

“I believe our society is effectively going through this very uncomfortable transition that is bad for our youth, bad for America and bad for the planet where we no longer worship at the altar of character and kindness,” he said. “We worship at the altar of innovators and billionaires.”

Scott Galloway | Full Video | 2018 Code Commerce



Galloway calls this “a perversion” that has occurred without our true realization. And Amazon, he says, is more responsible than any other tech giant.

In his best-selling book “[The Four: The Hidden DNA of Amazon, Apple, Facebook and Google](#),” Galloway cites some arresting statistics: Far fewer U.S. households have a gun than Amazon Prime, by 30 to 64 percent. More Americans have Prime than voted in 2016 (55 percent), or earn \$50,000 or more a year (55 percent), or go to church (51 percent). He calls Amazon’s ability to woo Prime subscribers at a \$119 yearly cost the equivalent of “entering into a monogamous relationship” with its consumers, who as of 2016 spent, on average, \$193 per month. (Non-Prime members average \$138 per month.)

From 2006 to 2016 Amazon’s stock price growth surged by 1,910 percent, destroying Sears, J.C. Penney, Kmart, Best Buy, Macy’s, Nordstrom, Target and Walmart.

Perhaps most importantly: Since the Great Recession, Amazon has paid just \$1.4 billion in corporate taxes compared to Walmart’s \$64 billion.

“We have institutionalized a regressive corporate tax structure at the hands of our idolatry of innovators and Amazon,” Galloway says. In 2017, Amazon paid nothing in federal tax.

The company is now on pace to become the largest clothing retailer in the country by 2021 and has become the most valuable company on the planet without ever posting substantial profit.

Think about that. Perhaps no other publicly traded company aside from Tesla has convinced the markets and investors of future profitability with such lopsided margins.

And Amazon has made itself such an indispensable part of the supply chain that it sets the price points of just about everything. If you are someone who makes something or sells something, from books to fire pits to flat- screen TVs, Amazon tells you what the market — its market — will bear. Its limitless supply of cash means it can undercut any other retailer in any space it wants to dominate.

 [An assortment of newly launched devices, including, an "Echo Input," "Echo Show, "Echo Plus," "Echo Sub," and "Echo Auto" on display.](#)

A collection of newly launched Amazon devices, including, an Echo Input, Echo Show, Echo Plus, Echo Sub, and Echo Auto.

Getty Images

In a world where so much is now controlled by so few — there are five big book publishers left, five Hollywood studios, five large health insurers, four phone providers and four cable companies — and this summer AT&T [bought Time Warner](#) — Amazon’s reach is terrifying.

Its ostensible search for the next city to house its second headquarters has become “the Olympics on steroids,” Galloway says, with state and local governments promising tax breaks that would starve funding for schools, police and fire departments. We have a new national holiday, Amazon Prime Day. Alexa and Echo, Amazon’s cloud-based voice-operated systems, sit in an estimated 40 million homes and spy on us, reporting our moods, tastes, wants, needs and fears back to HQ.

Yet we don’t fear Alexa.

Bezos has even greater ambitions. His [acquisition of Whole Foods](#), which plunged competitor Kroger’s stock from \$31 to \$22 per share, is but one step in dominating what and how we eat. Amazon is spending \$5 billion on original programming this year and is on pace to outspend Netflix by 2022.

Think about that, Galloway says: A retailer in Seattle as content king. And after announcing a vague health care initiative back in January, stock prices for major health care insurers plummeted — such is Amazon’s power that the mere hint of market entry damages long-standing competitors.

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That’s not all. Bezos’ company Blue Origin, with a mission statement that goes not just to colonizing the planet but outer space — “Earth, in all its beauty, is just our starting place” — plans to launch the first private manned spaceflight by next year. Bezos also says he’s going to establish free preschools in low-income areas based on the Montessori method.

Outer space aside: Amazon wants to feed, treat, entertain, educate and medicate America — and that’s just what it’s told us. Nothing Orwellian here, right?

Amazon to buy Whole Foods in \$13.7B deal

Galloway says that Amazon’s new \$15 hourly wage needs to be viewed through a much more cynical lens. “Jeff Bezos doesn’t do anything that’s not the smart thing to do,” he says. “When Amazon raises their wages so publicly, other people are forced to do so” — thus starving out the competition. It’s our new Cold War, he says, and Amazon won’t stop at retail. It will outspend every other entity in pursuit of global domination.

And if we ever hope to stop it, we need to understand how we got here.

Our tectonic shift, Galloway believes, was the death of Steve Jobs in 2011. We were already on the path of technology replacing religion, but Jobs, in dying young, “became our Christ, Apple our religion, and the iPhone the cross,” says Galloway.

If you find this theory blasphemous, push through. Think, Galloway says, of Apple’s [refusal to unlock the iPhone used by a terrorist in the 2015 San Bernardino mass shooting](#), despite the FBI’s pleas.

“Apple waves a finger and the majority of Americans support it,” Galloway says. “What if a terrorist had a Blackberry? The next day there would have been legislation. But the iPhone is sacred. It embodies the perversion of our culture.”

In little more than a decade, we have put full faith in these companies, all operating in shadow. Take Facebook’s insistence that there was no way to prevent Russian troll farms from hacking in 2016. One huge lie, says Galloway. “Big Tech uses the word ‘impossible,’ ” he says, “and all of media has bought it. We’re not talking about the realm of the possible. We’re talking about the realm of the profitable. If The New York Post said Russian trolls manipulated content and advertising in key areas or swing states unknowingly, I think the paper would have been shut down the next day. But not Facebook.”

We have become equally complacent while technology mauls our economy, he says. “We seem to be comfortable, at least in tech, with the 8,000 people who work at headquarters splitting \$80 billion in revenue,” while lower-wage workers struggle to get by. [Business Insider reported](#) that as of this year, Amazon was among the top companies whose employees relied on food stamps. And that \$15 minimum wage? In exchange, the company quietly cut monthly bonuses and stock options.

Meanwhile, Amazon is shedding the need for human workers at a rapid clip. In 2012, the company paid \$775 million for robotics firm Kiva Systems and as of June had over 100,000 robots fulfilling online orders. A higher minimum wage for human workers doesn’t make Amazon suddenly moral. It just makes it smart.

So what do we do? Galloway says the future is in voice recognition — a future that once belonged to Apple and Siri. Today it’s Amazon. Tomorrow it might be Google. This should alarm us, he says, because Big Tech, “running out of excuses to abuse the commonwealth, will start saying, ‘But wait — if you do anything to us, the Chinese are going to take over with AI,’ ” Galloway says. Not so. China doesn’t innovate and hasn’t figured out how to launch a global product. If anything, he says, China has become America’s 3-D printer.

This complicated problem, he says, has a simple answer: Break up Big Tech.

“The key to competitive markets is that no one entity has too much control of the marketplace,” he says, adding that no other company has violated anti-trust over the past 100 years as Amazon and its ilk. Bezos’ recent support for a universal basic income is alarming, Galloway

writes, because it means he sees a near future in which Big Tech permanently puts people out of work.

“Ma Bell couldn’t have been easy to break up, and we unleashed 30 years of incredible innovation,” Galloway says. “Teddy Roosevelt broke up the railroads. If the Department of Justice hadn’t moved in on Microsoft [in 1998], do you think we would have Google? We don’t break companies up because they’re evil or take jobs or don’t pay taxes. We do it because it’s time.”

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