

Amazon's expansion in Knoxville threatens jobs and livelihoods of rural carriers

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Amazon's expansion of its delivery network into rural areas is replacing the United States Postal Service (USPS) as its last mile delivery service and threatening the livelihoods of rural carriers.

The e-commerce giant has extended its reach into smaller markets and rural areas, a move that has significant economic implications for rural carriers and raises serious questions about the future of the USPS, particularly in light of President Trump's renewed efforts to privatize the agency in his second term.

Amazon has significantly expanded its delivery network, particularly through the proliferation of its delivery stations, which operate like local post offices for Amazon packages. This is part of the company's larger strategy to take more control over its package delivery process, reducing its reliance on the USPS, which has been raising rates and cutting back on pickups in some regions.

Delivery stations were introduced into Amazon's logistics network in 2018. The onset of the Covid-19 pandemic in 2020 accelerated the expansion of the stations to meet the demand caused by the increased reliance on online shopping.

In 2020, the number of Amazon delivery stations in the US surged 71 percent to 278 in just a year. According to MWPVL, a logistics consulting firm, the current number of delivery stations is 728 with an additional 104 planned to open this year.

The opening of a new Amazon delivery station in Knoxville, Tennessee last fall serves as a warning of the impact that Amazon's expansion will have on USPS rural carriers. Workers contacted by the World Socialist Web Site reported that they have seen over a 70 percent drop in the number of packages they are delivering.

A rural carrier in a suburb of Knoxville and member of the USPS Rank and File Committee from Tennessee

told the World Socialist Web Site: "I went from delivering 250-300 packages per day to now between 60-90 per day. I would assume on the next evaluation adjustment I will be losing my day off and probably \$15-20k a year. Most of us are looking for another job in addition because we won't make enough."

A rural carrier in Knoxville reported: "Yes, our jobs are in danger now. I had five packages on Wednesday. Evaluations are coming up and they dumped all the mail out on us this week so that our mail will be light when they do our evaluations, and we'll lose so much money that I'll have to find new employment. I mean each route will lose so much money that it will not pay enough as a career job."

Amazon's expansion intensifies the challenges faced by rural carriers, who are already struggling with the fallout from the USPS's "Delivering for America" restructuring program and the Rural Route Evaluated Compensation System (RRECS).

As Amazon takes over more of its own deliveries, the USPS is left with the less profitable routes. Amazon is able to cherry-pick the most profitable routes, leaving the USPS to handle the less profitable ones under its universal service obligation (USO) to deliver to every address in the country, leaving the agency burdened with the more expensive and less efficient routes.

At the same time the implementation of the Rural Route Evaluated Compensation System (RRECS) continues to drastically reduce pay for rural carriers, with some losing as much as \$20,000 annually.

According to another rural carrier in Tennessee, "RRECS has cut down the carriers' pay substantially. Amazon took advantage of this situation, but USPS wasn't charging them what they should. I think it very ironic that when Trump became President our new Postmaster General decided to raise these shipping

rates. I think this is the reasoning behind them delivering their own product.”

Amazon will not handle deliveries for all of its U.S. customers, but it is currently targeting about 90 percent, according to *The Wall Street Journal*. The company stated that it now delivers over two-thirds of its own packages within the U.S.

Its goal to lessen its reliance on the USPS is significantly influenced by the massive disruptions caused by the Delivering for America (DFA) restructuring program implemented by Trump appointee Postmaster General Louis DeJoy.

After announcing his 10-year plan to restructure and optimize the Postal Service in 2020, the USPS extended delivery windows for First-Class mail from 1-3 days to 3-5 days.

Further delays have resulted from the implementation of “optimized collections” under DFA, which has changed how mail is moved between processing centers and post offices, adopting a “milk run” approach.

Mail sent from lower-volume post offices may sit overnight until the next morning’s pickup, slowing down delivery. This change has particularly impacted rural areas, where post offices are farther from the new sorting hubs, causing mail in these areas to take longer to be processed and sent out.

Additionally, DeJoy just announced that USPS has revised contracts in order to eliminate discounts for shippers who drop off parcels only for the challenging last mile of delivery in order to encourage shippers to utilize more of the Postal Service's network.

Amazon’s strategy has serious implications for the USPS, which just reported substantial losses in a year it was predicted to break even. In fiscal year 2024, DeJoy reported a \$9.5 billion loss, up from \$6.5 billion the previous year.

This comes as Donald Trump begins his second term with a renewed intention to privatize the agency. Trump's resident oligarch, Elon Musk, has been appointed to head the Department of Government Efficiency, which intends to cut \$2 trillion per year from the federal budget. This effort has gained the support of billionaire Jeff Bezos, who founded Amazon and remains the Executive Chairman of Amazon’s board.

Ultimately, the expansion of Amazon’s delivery network into rural areas poses a significant threat to the

longevity of the USPS as a quasi-governmental agency, while devastating the working conditions and living standards of rural carriers in the short term.



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