

UPS pays out \$700 million to stockholders: An object lesson in the operation of capitalism

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On Thursday, the US-based logistics and delivery company UPS announced a quarterly dividend payout to shareholders of more than \$700 million for the three months to August 2018. The announcement came the very same day as the Teamsters union met in Chicago, Illinois to endorse new contracts for UPS workers that enforce poverty-level wages and introduce major new concessions.

UPS's dividend payout is an object lesson in the basic functioning of capitalism. Where does this \$700 million come from? It did not, after all, arise out of thin air. It is extracted from the labor of hundreds of thousands of workers, in the US and internationally. It is part of the surplus value produced by these workers—the difference between the wages they earn by selling their labor power, barely enough to survive, and the value they add in the process of production and distribution.

The beneficiaries of this process of exploitation are not only the corporate executives that run UPS, but the major institutional investors and super-rich that own UPS stock. The largest UPS shareowners include the hedge funds Vanguard Group (which will receive \$46 million), Blackrock (\$36 million) and State Street Corporation (\$24 million). These hedge funds then distribute their “earnings” to the financial parasites and billionaires that manage and invest in them.

For his part, UPS's CEO David Abney, who controls over 200,000 shares, will add another \$180,000 to his 2017 compensation of more than \$14 million.

Assuming similar payments to investors for the rest of the year, UPS's 2018 dividend payout of \$2.8 billion would be enough to give each of the quarter-million workers at UPS an immediate raise of more than \$11,000—almost doubling the annual salary of a part-time warehouse worker on \$10 an hour and 25 hours a week. It would take such a worker 1,000 years to make what UPS CEO Abney was paid in 2017.

UPS has increased or maintained its dividend payment rate per share every year for four decades. Since 2000, the year after it became a publicly listed company on the stock market, its dividend payment rate has quadrupled. In the past seven years alone, UPS has paid out more than \$18 billion in dividends (\$72,000 per worker), in addition to billions of dollars in direct share buybacks aimed at inflating the assets of current shareholders.

UPS's dividend payout is only one case of stock buybacks, corporate acquisitions and dividends that are used to transfer trillions of dollars from the working class to the corporate elite.

US corporations are predicted to buy back more than \$1 trillion of their own stock this year, according to an analysis by Goldman Sachs released last week. Ten years after the global financial crash of 2008, corporations are awash in trillions of dollars in cash and making record profits. Among S&P 500 firms, earnings per share increased by 24 percent in the second quarter of 2018 from the same period last year.

This wealth is not being reinvested in new production or infrastructure, let alone increasing wages or hiring new workers. It is being diverted towards artificially inflating corporate share prices and the stock portfolios of the rich.

The entire capitalist system is dependent upon the upward rise of stock markets. Following the 2008 financial crash, the ruling classes around the world, led by the Obama administration in the US, responded with an infusion of trillions of dollars into the market to bail out the banks. The process has continued under Trump, with the massive tax breaks for corporations and the rich being used primarily to inflate the stock market bubble.

The central precondition for the continued rise in share values is the suppression of wages and the destruction of benefits. As Marx explained, “Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental

degradation, at the opposite pole.”

A Labor Department report released on Friday showed that average hourly earnings, once adjusted for inflation, fell over the past year for the second time in four years. This has taken place under conditions where the official unemployment rate is a historically low 3.9 percent.

In its article describing the stagnating wages, the *Wall Street Journal* noted with apparent befuddlement the combination of low unemployment and the persistence of low wages throughout the economy.

The *Journal* and the corporate media ignore, or more accurately conceal, the most decisive factor: the suppression of working-class struggle by the trade unions over the past 30 years and the sabotage of any fight by workers for improvements in their wages and conditions.

In relation to UPS, the Teamsters are presently engaged in a conspiracy with management to push through the new five-year, cost-cutting contract. The agreement released by the Teamsters on July 10 introduces a new second tier of lower-paid “hybrid” workers, who can be shifted between the warehouses and driving deliveries and are paid \$6 an hour less than current drivers. The new role is aimed at extending part-time work from the warehouses to the drivers and destroying the last decent-paying job at the company.

The contract also maintains poverty-level wages for part-time warehouse workers, who make up more than 70 percent of the workforce, earn as little as \$10 an hour and are treated as little more than human garbage by UPS and the Teamsters union alike.

While Teamsters officials are seeking to present the rotten sellout as a great victory, the company released a statement welcoming the Teamsters executives’ endorsement and gloating that the agreement contains “provisions that give UPS greater flexibility,” including for “expanded weekend residential services, as well as to address challenges from competitors.” Wall Street has celebrated by sending share prices for UPS soaring—under the tenuous assumption that the Teamsters will succeed in getting it passed.

With the complicity of the Teamsters, UPS workers have undergone a historic transformation in their conditions over the past 30 years. In 1979, a part-time warehouse worker earned the equivalent of \$27 per hour in current-day terms. The *World Socialist Web Site UPS Workers Newsletter* has interviewed dozens of UPS workers who have described the human cost of the company’s endless drive for profit.

Lilly, a warehouse worker in Rockford, Illinois who

earns \$13 an hour and is struggling to raise three children with her husband, spoke of a coworker whose finger was ripped off on the sorting line. Sean, a package loader in Tennessee, has been forced to donate his blood plasma on multiple occasions to make ends meet for his three-month-old baby and wife.

More broadly, the corporatist, anti-working-class unions have worked to isolate and suppress every manifestation of opposition to the redistribution of wealth from workers to the rich. Major strikes have virtually disappeared, even as social inequality has soared. The unions have transformed themselves into cheap labor contractors.

Those who uphold the organizational stranglehold of these institutions over the working class—including the many pseudo-left organizations around the Democratic Party—do so because they speak for privileged sections of the upper middle class that have profited off the process that the unions have facilitated, above all the endless rise in share values.

To fight for its interests, the working class needs new organizations, rank-and-file factory, workplace and neighborhood committees. These organizations must fight to unify workers at UPS with autoworkers, teachers, Amazon workers, services workers and all sections of the working class, in the US and internationally, in a common struggle against the corporate and financial elite.

There is no way to address the continuing growth of social inequality and impoverishment of millions of workers around the world within the framework of capitalism. UPS workers confront not just one corporation or corrupt union official, but an entire economic system based upon the exploitation of the working class.

The gigantic logistics corporations such as UPS, Amazon and FedEx, which contain within them the objective basis for an advanced, rationally organized and scientific system of international transportation of goods, must be expropriated and taken out of the hands of the financial oligarchy, as part of the planned socialist reorganization of world economy by the working class.



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