

# What's behind Amazon's plan to raise its minimum wage to \$15 an hour?

Jerry White  
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With great fanfare on Tuesday, Amazon announced it will raise the minimum wage it pays to 250,000 workers and 100,000 seasonal temps to \$15 an hour. In the United Kingdom, the company is raising the wages of 40,000 permanent and temporary workers to £10.50 (US \$13.69) an hour in London and £9.50 (US \$12.39) across the rest of the country.

The wage increases, which will go into effect for Amazon and Whole Foods workers on November 1, are a response to the deep opposition of Amazon workers to the poverty level wages and brutal working conditions at the giant retail and logistics company. The growing militancy of Amazon workers is, moreover, part of a wider sentiment among workers in the US and internationally, who after a decade of declining real wages since the 2008 financial crash are determined to fight for substantial improvements.

The pay increase, however, is minimal and will do little to improve the living standards of Amazon workers. The median Amazon worker was paid \$28,446 last year, according to company filings, which comes out to about \$13.68 an hour. An increase to \$15.00 an hour—\$1.32 more for the median worker—would amount to a yearly wage of \$30,000. This is 120 percent of the official poverty rate for a family of four and will do little to help workers keep their heads above water, particularly in urban centers with higher costs of living.

Internal company documents available to Amazon workers make clear that the raise will be accompanied by the elimination of various incentive bonuses and other programs, which workers rely on to help with bills and car payments. This includes all or parts of the Variable Compensation Plan (VCP) and MyReward bonuses based on attendance and site performance goals. Also cut is the limited stock vesting program, known as the Restricted Stock Units (RSU) plan.

“We are phasing out the incentive pay component and the \$15 will be simple minimum with no targets required,” one message from the company to workers said. Another read, “We will be phasing out the RSU grant program for stock

which would vest in 2020 and 2021 ... replacing it with a direct stock purchase plan before the end of 2019.”

According to Amazon, full-time workers at its US fulfillment centers already make an average hourly wage of over \$15 an hour, including stock and incentive bonuses. It is not clear, therefore, if workers will see any net benefit from the much-promoted raise.

“At first, I thought, \$15 an hour, that's a start. But when you do the math, it does not add up to very much,” Shannon Allen, a worker from Amazon's fulfillment center in Haslet, Texas, who became homeless after suffering a serious workplace injury, told the *International Amazon Workers Voice*.

“There will be a raise, but they are taking away our bonus at the end of the month and the stocks we were entitled to. Workers are still not getting medical treatment after getting injured. Workers are still starving. Workers are still homeless. What about the workers in India? Are they going to get \$15 too or are they still going to be getting \$267 a month? I would love to know that,” Allen said.

The move by Amazon CEO Jeff Bezos was carefully orchestrated with the Democratic Party to bolster the image of the company. Last month, Vermont Senator Bernie Sanders introduced legislation, called the Bezos Act, to tax corporations for what their low-wage workers receive in government health-care benefits or food stamps.

“We listened to our critics, thought hard about what we wanted to do and decided we want to lead,” Bezos said in a statement Tuesday. “We're excited about this change and encourage our competitors and other large employers to join us.” Bezos said the company would also lobby for an increase in the federal minimum wage, which has not increased from \$7.25 in a decade.

Sanders, right on cue, hailed the move, saying, “Today I want to give credit where credit is due, and that is that Mr. Bezos and Amazon have done the right thing. This is a significant step forward for many thousands of Amazon employees.”

Sanders added, “Not only does this make a difference in

the lives of hundreds of thousands of Amazon employees, it also sends a message to the fast food industry, the airline industry and the retail industry in general that the time is now to begin paying workers a living wage.”

To call \$15 a “living wage” is ludicrous. The average hourly wage in manufacturing four decades ago would be the equivalent of \$23 an hour in 2018 dollars. The \$15 mark advocated by Sanders and the union- and Democratic Party-aligned “Fight for \$15” campaign has increasingly become the new norm, including in the auto industry.

The billionaire CEO is not being motivated by high ideals but by cold, hard cash considerations. With the official unemployment rate falling to the lowest level in nearly two decades, large employers like Amazon are increasingly competing for workers, particularly for the upcoming holiday rush. In January, Walmart raised its minimum wage to \$11. Facebook boosted its minimum wage for janitorial staff, food-service workers and other contractors to \$15 an hour and Costco pays \$14 an hour. Target, which plans to hire 120,000 temporary workers this holiday season is paying \$12 an hour and offering a chance at \$500 gift cards.

Amazon’s move takes place after the company’s proposal last month for 2 to 4 percent raises was met with disgust from workers. “It wasn’t enough at all,” one part-time worker in San Bernardino, California, told Bezos’ *Washington Post* about a 40-cent increase that would raise her pay to \$13.15. “The HR manager in the room was like, ‘Aren’t you excited? Come on, clap!’ We started a slow clap, with no emotions on our faces. A 3 percent raise in four years—it feels like damage control.”

After a four-decade decline in real wages, workers are earning barely enough to subsist. If some employers are raising wages it is because they need workers in their factories to pump profits out of them. Analysts have already said the meager raise will have no negative effect on the bottom line of the company whose market capitalization reached \$1 trillion last month.

Nor will it make a dent on Jeff Bezos, whose net worth increased to \$165 billion earlier this summer making him the richest man in modern history. If this wealth was divided equally among Amazon’s global employees, each would get a check for \$300,000.

Whatever raise is given to Amazon workers will be more than made up through ever greater exploitation, higher pace, and more workplace injuries. The company already uses electronic devices to monitor productivity and time workers during their bathroom breaks and now new technology is being tested that will use sound pulses to redirect a worker’s hand if he moves it in the wrong direction while moving items from a bin to a delivery box.

It is well worth examining what Bezos is doing from the

standpoint of history. More than a century ago another corporate magnate, Henry Ford, more than doubled the wages of his workers, raising them to \$5 per day, from about \$2.38 a day. The move was not motivated by a sudden burst of generosity from Ford, then the richest man in the world.

Instead, Ford wanted to lower the turnover rate at his Highland Park, Michigan, factory where workers were leaving in droves because of brutal speed up on the new assembly lines. Ford was also alarmed by the growing support for socialist and labor organizers. After introducing the new wage in 1914, his profits doubled, and Ford declared two years later, “The payment of \$5 a day for an eight-hour day was one of the finest cost-cutting moves we ever made.”

Under conditions of growing class conflict in the US and around the world and the growth of socialist and anti-capitalist sentiment, Sanders and the Democratic Party would have workers believe that they can improve their conditions, not through collective struggle, but through appeals to the magnanimity of billionaires like Bezos.

But securing the right to good-paying and safe jobs will not be possible without building a powerful movement of the working class and carrying out a frontal assault on the entrenched wealth and political power of the corporate and financial oligarchy. To initiate this, the *International Amazon Workers Voice* is fighting for the formation of rank-and-file factory and workplace committees, independent of the corporate-controlled unions and political parties. This must be combined with a political struggle by workers to overthrow the economic and political dictatorship of the capitalist exploiters, expropriate their fortunes, and transform giant corporations like Amazon into public enterprises, collectively owned and democratically controlled by the working class.



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