

# The fraud of Amazon's \$15 wage

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Amazon's decision to raise minimum pay has been hailed by the corporate media and the political establishment as a show of generosity that proves the corporate aristocracy and working class can live in harmony.

In reality, the paltry wage hike is part of a staged publicity operation to boost Amazon's image and pacify a growing movement among workers demanding higher wages and an end to sweatshop working conditions.

"This is how democracy and capitalism are supposed to work," proclaimed the *New York Times* in an article titled "Amazon's Surrender is Inspiring." The *Washington Post*, which Amazon CEO Jeff Bezos owns, posted an article by Jared Bernstein, a former economic advisor to Joe Biden, praising the company for delivering "unequivocally good news."

Leaders of both parties hailed Amazon, with Trump White House economic advisor Larry Kudlow calling Bezos a "good businessman" and a "smart guy" for the move, which brings wages to \$15 an hour in the US and to between £9.50 (\$12.39) and £10.50 (\$13.69) in the United Kingdom. Ex-Hillary Clinton advisor John Podesta tweeted, "Thank you Senator Sanders," praising Democratic Senator Bernie Sanders' role in orchestrating the wage increase.

The fact that the *New York Times*, *Washington Post*, Hillary Clinton, Donald Trump and Jeff Bezos are united in enthusiasm should give workers cause for concern. Keep your eyes on your purses and wallets!

Financial analysts and investors understand that Amazon's raise is actually a cost-saving measure directed ultimately against the workers themselves. The *Wall Street Journal* noted that Amazon will make up for the cost of the raises by driving-up productivity—i.e., enforcing speedup and demanding higher production rates.

Amazon "will not end up spending more in wages,

they will end up hiring less people," one industry analyst, David Bahnsen, acknowledged on CNBC. That's because the slightly higher wage will pressure more workers to work through injuries and accept long hours and unsafe conditions, decreasing turnover and training costs. Amazon has also begun introducing massive cost-saving measures to increase exploitation and reduce its workforce, including at its recently acquired Whole Foods markets.

Anthony Chukumba of Loop Capital Markets praised the move as a "public relations victory" that will reduce widespread demands to tax the company or enforce strenuous workplace safety regulations against it. The *Wall Street Journal* admitted, "for Amazon, paying up now may lessen the chance of regulations that pose a bigger cost down the road."

There is, moreover, a calculated political dimension to the action, which takes place only a month before the midterm elections. Bezos, owner of the *Washington Post* and prominent backer of the Democratic Party, has donated millions toward electing Democratic candidates, particularly those with military backgrounds. The company is currently bidding for a \$10 billion contract to provide the Pentagon with cloud services.

Democratic Senator Bernie Sanders, who has been calling for higher taxes on Amazon, immediately dropped his token criticism of the company: "I want to give credit where credit is due and that is that Mr. Bezos and Amazon have done the right thing," he said in a gushing statement.

Jeff Bezos himself tweeted thanks to Sanders. "We're excited about this," Bezos wrote. Vox said Sanders and Bezos had joined "a weird mutual admiration society."

Sanders' role in the confrontation with Amazon was heavily staged from the outset. By first presenting himself as a critic of Amazon, Sanders has served as a

political lightning rod, attracting social opposition, harnessing it within the framework of the political establishment, and dissipating it so that it would not impact corporate profits or derail the rising stock market.

Bezos bought the smiles of Sanders and the praise of the entire political establishment on the cheap. The raise will cost him a paltry \$1-2 billion in the short term, roughly equal to what he brings home *each week*. Workers outside the US and UK will not receive pay increases. Bloomberg Business said the cost represents 0.001 percent of Amazon's market capitalization.

Most of cost of the raise is paid for by the estimated \$789 million Amazon received as a result of this year's tax cuts. Amazon paid \$0 in taxes in 2017.

On top of this, Amazon workers reported to the *World Socialist Web Site* that the company is telling them to expect cuts to the Variable Compensation Plan and MyReward bonus program, as well as the Restricted Stock Units plan. What is being billed as a raise may actually result in a pay cut.

Democrats and Republicans are pleased because the move will also save the government money by reducing workers' reliance on social services. This was the explicit purpose of Bernie Sanders' "Stop BEZOS Act," which would have taxed Amazon for the cost of public services used by the company's employees.

But studies show that when wages are raised from the \$10–13 range to \$15 per hour, workers end up with incomes that are too high to qualify for social programs.

Curtis Skinner of the National Center for Children in Poverty estimates that a raise to \$15 an hour could end up costing a parent over \$10,000 a year. According to the Center for Community Solutions, an Ohio worker who receives a raise from \$11.50 to \$15 actually makes \$29 *less* each month as a result of losing eligibility for food stamps, housing subsidies and Medicaid. Such is the absurdity of American capitalism.

Amazon's action is above all a political exposure of the role of Sanders and the many pseudo-left organizations and trade unions that operate in and around the Democratic Party. Bezos has realized their central economic demand, "Fight for \$15." The fact that the world's richest man has done so as part of a calculated business strategy that will do nothing to alleviate the poverty-level conditions of Amazon

workers says all that needs to be said about the real content of this supposed major reform.

Workers find themselves in the middle of a tug of war.

On the one hand, Bezos, Sanders and the entire political and media establishment are desperately fighting to pull them back, to harness their anger and prevent an explosion of the class struggle. The financial aristocracy fears demands for massive wage increases will spill across all industries and lead in the direction of a mass general strike.

On the other hand, Amazon workers are being propelled forward by incredible levels of exploitation and inequality that they confront every day.

To break free of the forces pulling them back, workers need independent organization and a political program.

Many workers at Amazon and across different industries are responding to the Socialist Equality Party's call for the formation of workplace committees. These new organizations must be independent of the companies, the capitalist parties and the trade unions, and run democratically by the workers themselves. Their purpose is to inform workers, connect them with one another, and unleash the tremendous social power of the unified working class in the fight for social equality.

The interests of workers will not be secured through the supposed benevolence of billionaires like Bezos, whose entire fortune depends on the continued brutal exploitation of the working class. The rights of the working class will be won only through organized class struggle. What is required is a fight to abolish the for-profit capitalist system and replace it with socialism, which entails the expropriation of the wealth of the corporate aristocracy and the transformation of companies like Amazon into social utilities, under workers' control, to meet the needs of the population.



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