

Amazon whistleblower Shannon Allen: Celebrated \$15 base pay represents pay cut for some workers

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Roughly two weeks have passed since Amazon's announcement that it would increase the base pay at Amazon workplaces in the United States and the UK. The changes, which involve an increase in base pay to \$15 per hour in the US, will go into effect on November 1.

Amazon has waged a major public relations campaign around its purported pay increase, which enjoyed the full-throated endorsement of Bernie Sanders and the Democratic Party. The new base pay was presented as a miraculous change of heart at Amazon. It was as if the world's richest man, Amazon CEO Jeff Bezos, in the manner of Ebenezer Scrooge, had been persuaded by the ghosts of Christmas to renounce his evil ways and dedicate himself henceforth to a life of charity and compassion. "We listened to our critics, thought hard about what we wanted to do, and decided we want to lead," read a heavily promoted statement by Bezos.

But many Amazon workers do not share in the celebratory atmosphere being whipped up by Amazon, Sanders and the Democratic Party. Amazon workers, through bitter experience, have learned that this company touts every tyrannical policy as some sort of favor or benefit. Like all contracts with the devil, it is necessary to read the "fine print."

As a preliminary matter, the new base pay affects Amazon workers in the US and the UK only. It has no effect on the hundreds of thousands of wage slaves employed by Amazon in Europe and Asia. Amazon contract workers in India continue to earn as little as 12,000 rupees a month, or around \$163. This translates to around \$1 per hour for a full-time worker. At the outset, it is clear that Amazon's supposed change of heart has a limited geographic scope.

In addition, in both the US and the UK, the change of the base pay from \$12 to \$15 will be accompanied by

major cuts to benefits and incentives. As the WSWs has reported, the pay increases in the US and the UK will be accompanied by the elimination of Variable Compensation Pay (VCP) incentives together with a stock vesting program.

Amazon whistleblower Shannon Allen, who attracted worldwide attention when she began posting videos on YouTube documenting her descent into homelessness after being injured at Amazon, has been critical of the changes, which in her case she suspects of amounting to a pay cut. A few simple calculations bear out this suspicion.

When Shannon was hired at Amazon, the base pay was \$12 per hour. For working weekends, she received an additional \$0.50 per hour, and another \$0.50 per hour for working the night shift. On top of this, she had received two 25-cent raises together with a global 35-cent raise that was implemented across the company earlier this year, bringing her current pay rate to \$13.85.

Under the new pay system, based on the information that has been made available so far, Shannon's hourly rate will go up to \$16, representing the new \$15 base pay plus the additional 50 cents each for nights and weekends. The three previous raises will be dissolved into the new rate. Accordingly, her new hourly rate is \$2.15 higher. Multiplying this difference by 40 hours a week and 50 weeks a year, she will see an increase of around \$4,300 annually.

But the VCP incentives that workers were accustomed to receive will be eliminated. Shannon estimates that these amounted to roughly \$250 per month for workers whose performance and attendance satisfied all of the minimum requirements. "That's your gas money, your utility bills, your rent money," Shannon said.

At the rate of \$250 per month over 12 months, the elimination of these benefits amounts to a pay cut of up to

\$3,000 annually.

On top of this, Shannon and other workers who joined around the same time were enrolled in a stock vesting program pursuant to which workers received one or more shares of Amazon stock per year of working at Amazon. The current price of Amazon stock is over \$1,700. This benefit will be eliminated under the new framework. Stocks that were scheduled to vest in 2019 and 2020, which workers could see on their online portfolios, are now showing a vesting date of the year 2100. Workers are being told that these stocks are being replaced with an “option” to buy the same stocks.

In sum, in Shannon’s case, the increase in hourly wages of approximately \$4,300 annually will be accompanied by a cut in VCP benefits of around \$3,000 and a cut of at least \$1,700 in the stock benefits per year. If the current information is accurate, this means Shannon will face a net loss of at least \$400 per year. Indeed, in Shannon’s case, her contract provides that she is entitled to receive two additional shares of stock, which were scheduled to vest in 2019. Amazon’s cancellation of these shares will translate into a loss of thousands of dollars in the year the change goes into effect.

“It makes me so mad,” Shannon said. “I want to know who Bezos asked about doing this. Bezos said that he supposedly heard from his workers. Who did he ask? It wasn’t me. We didn’t get to vote. They didn’t pass out a ballot. Nobody asked me. Now I have an option to buy my own stock. It just pisses me off.”

Amazon workers have reported to the *International Amazon Workers Voice* that the pay changes have been accompanied by a general “tightening up” of the tyrannical internal regime in the warehouses. There are more “write ups” for “time off task” and failure to make rate. More workers are being hired on a temporary basis instead of as full-time “blue badges.” Workers who get up to use the restroom face discipline. One worker reported being confronted by a manager over a trip to the restroom; she asked if he wanted her to pee in a bottle.

For the past year, Bernie Sanders has been posturing as a critic of Bezos. In Web segments with titles such as “Faces of Greed,” which have been seen millions of times, Sanders portrayed Bezos as a callous villain. Sanders contrasted the desperate poverty faced by warehouse workers with footage of the oblivious billionaire musing about where he would spend his “Amazon winnings.”

Sanders’s millions of social media followers must have experienced something akin to whiplash when they

logged on two weeks ago and discovered Sanders and Bezos engaging in a mutual love-fest. Sanders praised Bezos to the skies, and Bezos made clear that the admiration was mutual.

“Today I want to give credit to where credit is due, and I want to congratulate Mr. Bezos for doing exactly the right thing,” Sanders proclaimed in a speech at the US Senate. “What Mr. Bezos has done today,” Sanders tweeted, “is not only enormously important for Amazon’s hundreds of thousands of employees. It could well be, and I think it will be, a shot heard around the world.”

“Further, Mr. Bezos has indicated his support for raising the national minimum wage,” Sanders added. “And as someone who has introduced the \$15 an hour federal minimum wage, I very much look forward to working with him in this area. Mr. Bezos and Amazon are now leading the way.”

Bezos tweeted his appreciation to Sanders. “Thank you @SenSanders. We’re excited about this, and also hope others will join in.”

The pay raise, of which Sanders was no doubt made aware in advance, was designed in part to boost the electoral prospects of the Democratic Party in the upcoming midterm elections. The Democratic Party and its pseudo-left periphery have made the so-called “Fight for \$15” a prominent slogan.

Shannon reacted to mention of Sanders’s speeches about the pay raise with disgust. “Fifteen dollars is nothing. Working conditions are still intolerable. You are still sweating for 10 hours straight. Workers are still homeless. Injured workers are still getting the run-around. If anyone wants to know how much Amazon cares about its workers, look at how they treat the people who get injured. We get injured, and they won’t allow us to get any medical treatment. All they care about is money, money, money, money, money, money, money, money.”



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