US retail giants shut off pandemic hazard pay to workforce while funneling billions into share buybacks

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The Brookings Institution, a Washington, DC-based think tank, released a report in November examining how the largest store chains in the United States have cut off critical pay support for workers even as cases of COVID-19 are spiking.

The study, titled "Windfall Profits and Deadly Risks," examined pandemic hazard pay at Amazon, Walmart, Target, Kroger, Costco, Albertsons, Ahold Delhaize (which owns the grocery store chain Giant Foods), Walgreens, CVS Health, Home Depot, Lowe's, Best Buy, and Dollar General. These 13 companies, ranging from big-box stores to grocery chains to electronics stores and pharmacies, are all among the 20 largest retail companies in the US and collectively employ over six million workers.

They account for more than one third of employment in the US retail sector, which had about 15 million workers in 2019, equal to about one in 10 workers.

Wages in retail were already at or below poverty level before the pandemic. The median starting wage for retail jobs such as cashiers and stock clerks at companies like Kroger and CVS is between $11 and $12 an hour. At the 13 companies examined by Brookings for the report, only Amazon and Costco had a starting wage of $15 or more before the pandemic started. Since the pandemic started, Target and Best Buy have raised their starting pay to $15.

All the companies in the report implemented so-called "hero pay" or "Appreciation Pay" as COVID-19 was beginning to spread, which amounted to an average of only $1.11 an hour over the course of the entire pandemic.

Eight of the 13 companies paid their workers less than $1 an hour extra during the pandemic when spread out over the entire course of March to today. At Albertsons, employees have earned an average of just $0.83 per hour extra when spread out over the course of the pandemic. At CVS Health, hazard pay spread out since March has amounted to a meager $0.21 per hour in additional pay for cashiers and clerks. "Amazon and Walmart could have quadrupled the hazard pay they gave their frontline workers and still earned more profit than the previous year," the report states.

However, almost every company ended additional hazard pay by early summer as lockdown measures across the country were being relaxed. According to the report, on average, workers have been on the job for 133 days since last receiving hazard pay. The report declares: "The numbers are stark—they paint a picture of most companies prioritizing profits and wealth for shareholders over investments in their employees."

On average, the companies paid workers hazard pay for only 79 days of the pandemic. When averaged out over the past nine months, the average wage increase was miniscule. Workers received an additional $0.95 an hour at Amazon and $0.63 more at Walmart, about a 6 percent raise.

Almost all of the companies studied phased out their hazard pay by June, however. As the US case numbers continue to escalate into uncharted territory, not one of the 13 companies studied has reinstated hazard pay for frontline workers.

"I started receiving hazard pay when the local government began socially distancing everything," an Amazon worker in Baltimore told the *World Socialist Web Site*. "As soon as everyone else started being told to go back to work, Amazon took its hazard pay away ," he said. The company eliminated its minor pay increases in May, when COVID-19 cases were hovering around 20,000 a day in the United States. For the past several weeks, the United States has reported more than 200,000 cases daily and has surpassed 300,000 deaths from the disease. “I *know* Amazon can pay us more,” the worker added, concluding that the current conditions at work were “an insult.”

In fact, hazard pay has been cut even as profits boomed. On average, the 13 major retail companies Brookings examined posted $16.9 billion more in profits in 2020 than 2019, a 39 percent rise. Since the pandemic started, the stock prices of these companies have gone up 33 percent. Amazon CEO Jeff Bezos’ net worth has ballooned by over $70 billion, and the Walton family, relatives of the Walmart founder and the richest family in the US, have added $45 billion to their net worth. Amazon and Walmart have posted a combined profit growth of $10.9 billion this year.

Even as they wound down hazard pay, these companies poured billions into share buybacks this year. Ahold Delhaize poured $862 million of its profits into stock repurchases, 50 percent more than what it spent on all COVID-19-related costs in the first three quarters of the year. Nine of the companies studied bought back shares in 2020. After ending hazard pay for its workers, Walmart announced a $500 million share repurchase program.

Kroger, which ended hazard pay in May, spent $211 million in stock buybacks during the second quarter. The grocery chain announced a further $1 billion in stock buybacks in September.

In general, the US retail sector has been performing better-than-expected during the pandemic, being one sector of growth in the market. When states imposed lockdowns closing non-essential businesses during the first wave of the pandemic, large retailers were declared essential businesses and remained open. While around 400,000 small businesses were permanently closed by June, large retailers like Walmart and Amazon possessed dominant e-commerce capabilities that left them positioned to capture the sudden explosion in online shopping as people tried to avoid unnecessary activity outside their homes.

With an influx of demand from changing buying habits during the pandemic, big retail companies have been hiring rapidly. As the Brookings report acknowledges, jobs at these companies have become one of the few avenues for employment in some communities and for workers in the retail sector whose stores have been closed or which have laid off staff.

“This pandemic has made all the problems Kroger has even worse,” a Tennessee Kroger worker told the WSWS. “The stress that we were under before the pandemic is heightened because people keep calling out sick,” he explained. According to a late October report by Occupational Safety and Environmental Medicine, up to 20 percent of all grocery workers have had COVID-19 in the United States.

“The managers and bosses are keeping us workers in the dark,” about the dangers of COVID-19, a Giant worker in Virginia told the WSWS. According to this worker, his managers forced workers to share hand sanitizer, even as the company had “been increasing… profits with special products, including their own brand of hand sanitizer.” He explained: “appreciation bonuses were $277 after tax. Workers are afraid to demand hazard pay” out of fear they would lose their jobs. This worker said his official bargaining representative, the United Food and Commercial Workers Local 400, “never responded” when he asked about hazard pay. The worker explained that he hasn’t heard from the UFCW “in months.”

In the case of Dollar General, Brookings wrote, “The company could have given its frontline workers COVID-19 bonuses worth 10 times the amount it gave them in the spring and still have earned more profit than the previous year.” In the second quarter of 2020, Dollar General spent eight times as much money on stock repurchases than it did on pandemic compensation for frontline workers. Most recently, the company announced that it would be buying back $2.5 billion worth of stock by the end of fiscal 2021, which is 14 times the amount it committed to workers in the form of pandemic compensation.