

Amazon to hire 250,000 new US workers, increase average starting pay to \$20.50

Alex Findijs**21 September 2023**

Amazon has announced it plans to hire an additional 250,000 new workers in the United States in time for the holiday season, while increasing average starting pay from \$19 to \$20.50. The move will substantially increase the size of the workforce of the world's largest retailer, which already has more than 1.5 million workers globally.

This mass hiring round will include a mix of seasonal, part-time and full-time positions and is substantially larger than last year when the company sought to bring in an additional 150,000 employees.

Amazon's wages increases, of course, are not an act of charity, but stem from a labor crisis facing the company. In the summer of 2022 a leaked internal memo from Amazon management warned the company may exhaust the available labor supply in major cities around the country by 2024. Amazon's incredibly high turnover rate of 150 percent per year, driven by infamous working conditions where workers are pushed to the point of exhaustion by electronic monitoring, has produced a situation where many new hires do not stay longer than 90 days and the company struggles to retain workers every year.

For years this was a preferable situation. High turnover kept labor costs down and stifled unrest among the workforce. However, now that Amazon threatens to burn through its available labor supply, there is concern among management that it cannot continue to grow unless it offers higher wages. A report by Engadget in 2022 found that high turnover rates were costing Amazon \$8 billion a year. By investing a few billion in raising starting pay, Amazon hopes to increase retention and cut down on the cost that poor employee retention has on its profit margin, which was still a considerable \$33.36 billion in 2021.

The announcement by nonunion Amazon comes less

than a month after the "ratification" of a new five-year contract at UPS by the Teamsters union. Among other things, the wage increases at Amazon expose the UPS contract as a miserable sellout. The union bureaucrats presented the UPS deal as "historic," primarily on the basis of an increase in starting pay for part-time warehouse workers from \$16.65 to \$21 per hour.

At the same time, it also created a new lower tier among part-timers, by making new hires ineligible for the \$7.50 general wage increases which existing part-timers will receive over the next five years. Instead, new hires will get only a 50 cent annual wage progression, while starting pay will be frozen at \$21 per hour until 2027.

Even UPS delivery drivers, one of the few relatively good-paying jobs left at the company, will get only around 18 percent pay increases over five years, less than the rate of inflation.

Since the Teamsters first allowed UPS to implement part-time work in the 1970s, part-timers have grown into a super-exploited layer covering roughly two-thirds of the shipping giant's workforce. They frequently are unable to afford rent and even food and are forced to work multiple other jobs to make ends meet.

Like Amazon, turnover among UPS part-timers is extremely high, with only a small minority lasting five years or more at the company. They have very little opportunity to move up to full-time jobs, with many waiting years or even decades before a position opens up. The new contract pledges UPS to "create" a pathetic 7,500 new full-time jobs over five years.

As a result of decades of betrayals, which saw inflation-adjusted wages for part-timers fall by roughly two-thirds between 1978 and 2013, UPS warehouse workers have made substantially less than even

nonunion Amazon workers for years. Starting pay at Amazon, depending on location, averaged between \$16 and \$26 per hour under the old system, and when the new UPS contract went into effect last month it finally put starting pay at slightly above the then \$19 per hour average rate at Amazon.

Now, less than a month after the UPS contract was passed under dubious circumstances, that wage gap has already been substantially closed. Starting pay at Amazon under the new rates will go up to between \$17 to \$28 an hour, and workers in select locations may also receive a \$1,000–\$3,000 signing bonus. According to Amazon, an average new employee can expect a 13 percent wage increase over the next three years. Based on this figure, an Amazon worker starting at \$20.50 an hour can anticipate an hourly rate of just over \$23 after three years of work.

In other words, the supposedly “historic” pay increases in the UPS contract in reality only keep pace with market forces, which are driving up labor costs for many low-wage employers across the country. In fact, the contract helps to limit UPS’ exposure to the tightening labor market by freezing the starting rate at \$21 per hour for four years, finally increasing to \$23 per hour in the last year of the contract.

It is likely that average pay at Amazon will once again overtake UPS over the life of the contract. Amazon claims that it has raised the starting wage by more than 50 percent over the past five years. If this trend continues, then Amazon workers could make an average starting wage of around \$26 by 2028, \$3 more than at UPS. Indeed, Amazon may very well have followed the contract negotiations at UPS closely when projecting its wage needs over the coming years.

UPS management is openly boasting that the contract will keep labor costs down over the length of the contract and the new \$21 an hour rate eliminates the need for market rate adjustments for cities with higher costs of living.

The incredible levels of exploitation at both UPS and Amazon show the need for the growth of rank-and-file committees, which workers themselves actually control, capable of fighting the treacherous union bureaucracy and uniting workers across the entire industry.

The UPS Workers Rank-and-File Committee has launched an investigation into the new UPS contract to

demonstrate how the Teamsters bureaucracy rammed through the agreement with lies and fraud. “We went into this contract one of the most exploited unionized workforces in the United States, little better than nonunion employers like Amazon, and we have come out the same,” the Committee declared in its announcement of the investigation.

The statement concluded:

The UPS Workers Rank-and-File Committee was founded to organize UPSers in a fight against both management and the corrupt Teamsters bureaucracy. In our founding statement, we said: “The only response must be to organize ourselves—not to ‘support’ the bargaining committee and cheerlead for them, but to enforce our democratic will, and position ourselves to countermand the inevitable sellout.”

This is still true today. The “ratification” of this deal resolves nothing for UPSers. The problem we face is the same: the fight for workers’ control. We intend our investigation to be a critical step in this fight, exposing the bureaucracy’s lies and providing workers with the information that we need in order to mount a collective fight for workers’ interests.

Join or provide testimony to the investigation by writing to the UPS Workers Rank-and-File Committee at upsrankandfilecommittee@gmail.com.



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