

Bonus removal cancels out Amazon's UK pay rise

By Alice Summers
13 October 2018

Amazon's much heralded decision to increase workers' wages to £9.50 an hour in the UK and £10.50 in London is a fraud.

According to a report from the GMB trade union, any wage increase workers receive will be largely cancelled out by the loss of share and productivity incentive schemes.

Currently, Amazon's warehouse workers receive one Amazon share for every year they work at the company, and one additional share after five years. If workers hold on to the shares, known as Restricted Stock Units (RSU), for two years, they are able to cash them in tax free. Under the new programme, workers will be stripped of these stock bonuses in favour of a "sharesave" scheme, which would permit Amazon employees to buy shares at a discounted price over three or five years.

With Amazon share prices having seen a 70 percent increase just this year, and continuing to grow, the loss of these share bonuses over the next years will likely see Amazon workers losing out on much more than the £1,500 a year that these stocks are currently worth.

The loss of share benefits is equivalent to roughly half the £3,120 increase promised to Amazon warehouse workers outside of London, who currently earn a poverty wage of around £17,000 a year before tax.

Amazon employees will also lose cash bonuses for meeting performance targets. These bonuses, known as Variable Compensation Pay (VCP), allow employees to earn 8 percent on top of their monthly salary, and 16 percent over the busy Christmas period. According to an Amazon employee who spoke to *Yahoo Finance*, the average Amazon worker usually receives between \$1,800 (£1,377) and \$3,000 (£2,295) a year through the VCP program.

The pay rise therefore leaves Amazon workers in almost the same position financially as before. Indeed, when the loss of VCP bonuses is factored in, many

workers may in fact see a net loss.

Faced with the exposure of its smoke-and-mirrors deception, Amazon has replied by vaguely asserting that "the significant increase in hourly cash wages more than compensates for the phase out of incentive pay and RSU" and that "because it's no longer incentive-based, the compensation will be more immediate and predictable."

There is no doubt that whatever minimal raise is given to Amazon workers will be more than made up through ever greater exploitation, higher paces and more workplace injuries. The company already uses electronic devices to monitor productivity and time workers during their bathroom breaks. New technology is being tested that will even 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.

Figures also compiled by GMB released earlier this year show that in three years 600 health emergencies required paramedics and ambulance attendance at Amazon's 14 UK-based distribution centres. In over half, the patient was taken to hospital.

This month, the GMB published findings of an investigation showing that "more than 440 serious health and safety incidents at Amazon warehouses have been reported to the Health and Safety Executive since 2015/16." The GMB noted that "workers have suffered fractures, head injuries, contusions, collisions with heavy equipment—and one report detailed a forklift truck crash caused by a 'lapse of concentration possibly due to long working hours.'"

These shocking figures will no doubt only increase as Amazon pushes for greater and greater productivity from its staff.

The UK media was complicit in selling this wage increase fraud as a major success story, with the *Guardian's* Larry Elliott describing Amazon's pay offer as a "seriously big" increase and a victory resulting from

the “strong campaigning, skilful PR and the channelling of [the] populist anger” of workers.

It is the media that is trying to channel workers’ anger here. One newspaper after another dutifully noted that the pay rise brings the wage of Amazon’s 17,000 full-time and 20,000 temporary agency staff above the voluntary UK Living Wage of £8.75 an hour (£10.20 in London), and 21 percent higher than the current national minimum wage of £7.83. But if Elliot thinks this is a “seriously big” increase, he should try living on it.

With Amazon’s new pay rise, a fulltime worker in London will earn around £17,300 a year after tax and National Insurance contributions are subtracted. For workers outside the capital, their annual post-tax salary will be roughly £15,900.

According to the online Minimum Income Calculator, designed by organisations including anti-poverty charity the Joseph Rowntree Foundation, a single person living on their own in Inner London would require £30,455 a year (£24,090 after tax) just to afford a *minimum* decent standard of living. A lone parent in London with one infant child would require a post-tax income of roughly £40,900, over £23,000 a year more than the Amazon wage offer.

A single parent with a child living outside London would require around £41,400 (£31,530 after tax) to achieve this minimum decent standard of living.

That a yearly income of less than £16,000 is now hailed as a major victory for workers is a testament to the drastic and deliberate degradation of the conditions and pay of the working class over the last decades. Amazon has become a by-word for the brutal exploitation of workers, low pay and dangerous working conditions. The company is emblematic of a broader and prolonged shift in economic relations that has seen the proliferation of poorly paid and insecure jobs—often to wage rates even worse than those at Amazon.

This process was exacerbated in the wake of the 2008 financial crisis, which was seized by the capitalist class and governments around the world to accelerate the decades-long assault on the social position of the working class, replacing higher paid full-time positions with a modicum of job security and working benefits with low-wage and precarious employment.

UK wages are £31 a week lower than the pre-2008 average. Around 20 percent of Britain’s 33 million workers earn an annual salary of £15,000 or less, with 50 percent earning no more than £23,200. The decade since 2008 has seen the growth of the “working poor,” with 60

percent of those in Britain classed as poor in 2017 and living in a household in which at least one person works.

This drastic decline has been facilitated by trade unions like the GMB, whose calculations showing workers subsisting on rock bottom pay are an indictment of their own efforts to suppress the class struggle. Functioning as industrial police on behalf of the government and employers, they have worked to systematically limit strikes and prevent any significant coordination by workers across borders.

The study on pay is the sum of GMB’s efforts, which it hopes can be leveraged to wrest union recognition and new sources of revenue for the union. The GMB has no intention of leading a strike or any other industrial action against Amazon, which would immediately pose the question of the international unity of Amazon workers, under conditions in which the multi-trillion dollar firm has been hit by strikes and protests in Germany, France, Spain, Poland and Italy, as well as worker agitation in its American home base.

Any suggestion that the interests of workers can be secured through the supposed benevolence of multi-billionaires like Jeff Bezos, whose entire fortune depends on the continued brutal exploitation of the working class, is false. The rights of the working class will be won only through organized class struggle, independent of the trade unions and capitalist political parties. This requires the formation of rank-and-file committees in every workplace—with the *International Amazon Workers Voice* providing a powerful and global organising mechanism.

Google is blocking the *World Socialist Web Site* from search results.

To fight this blacklisting:

Share this article with friends and coworkers

- Facebook
- Twitter
- E-Mail
- Reddit

To contact the WSWWS and the
Socialist Equality Party visit:

<http://www.wsws.org>