

Is Amazon's Minimum Wage Move a Political Ploy?

Amazon made headlines yesterday after it announced it would raise its minimum wage to \$15 an hour, a move that will impact more than 350,000 of its U.S. employees beginning November 1st. This decision came in the wake of harsh criticisms claiming that the online retailer both underpays and mistreats its workers. And while these accusations are largely exaggerated if not completely unfounded, CEO Jeff Bezos still caved in and appeased his critics.

To be sure, it is better for a private company to raise its own wage rates than for it to be forced to by the government. But how voluntary is it really when you have powerful government figures constantly making threats against the company? The minimum wage may be an act made under duress, in order to forestall government regulation and punishment.

Moreover, before we roll out the red carpet and celebrate Bezos for this move, it would be wise to take a closer look at *why* he did it. Once you look beneath the surface, the company's motives seem less than pure.

The War on Amazon

Amazon is by no means an underdog in the world of online retail. However, while the company is beloved by consumers, it has been the target of politicians and leftists who hate the rich and are obsessed with income inequality. The higher Jeff Bezos' net worth rises, the more criticism he seems to attract. But this criticism isn't limited to the left alone.

President Trump has had a love affair with condemning the company and has even [accused Bezos of killing American jobs](#) and chastised him for taking advantage of corporate tax

breaks. Trump has also frequently blamed the company for the death of brick-and-mortar retailers, as well as for owning *The Washington Post*, which is sometimes critical of the president. But most of the flack Bezos' has received has come from the left.

Senator Elizabeth Warren has routinely attacked the company and accused it of violating antitrust laws. And in a not-so-subtle blow, Senator Bernie Sanders recently introduced a bill blatantly named the "Stop BEZOS Act." While the bill's title is actually an acronym for "Stop Bad Employers by Zeroing Out Subsidies Act," its name was clearly not an accident.

Sanders's bill is a direct attack on Amazon and seeks to levy a 100 percent tax on government benefits, like food stamps, utilized by its employees. Though the bill would apply to any company with over 500 employees, Sanders called out Amazon by name and accused Bezos of paying his employees so little that they had no choice but to turn to the government for help.

Sanders also commented:

In other words, the taxpayers of this country would no longer be subsidizing the wealthiest people in this country who are paying their workers inadequate wages. Despite low unemployment, we end up having tens of millions of Americans working at wages that are just so low that they can't adequately take care of their families.

The bill was introduced last month, right after it was announced that Amazon's market cap had reached \$1 trillion and that Bezos was now the richest man in the world—a level of success that progressives like Sanders despise. But accusing the company of forcing its employees on food stamps is extremely misleading. Many of Amazon's employees are temp or seasonal workers who were already using government welfare programs prior to their employment with the company. In fact, when [Snopes](#) dug deeper into the claim, it found that 11.8

percent of Amazon's Ohio employees *might* be on food stamps, but that this number was merely an estimate that could not be confirmed.

This perpetual criticism from progressives has turned Bezos into something of a hero to those who support the free market. But this latest wage increase may change all that, as it has led many to wonder if the tables have turned and the bullied has now become the bully.

The Bullied Becomes the Bully

It is one thing for Amazon to independently come to this decision on its own and to take it upon itself to actively encourage other companies to do the same. After all, in a truly free market, it would be up to each company to work with its employees to set wage rates without the government intervening. But that isn't what Amazon has done. Instead, Bezos also recently announced that it would begin lobbying for an increase in the federal minimum wage, using the government to coerce *other* companies into raising their rates, as well. And the timing of this decision was not random.

[The Wall Street Journal](#) has astutely described Bezos' decision as "political insurance." Not only does the wage increase help the company look more sympathetic and provide some protection against the likes of Sanders and Warren, but it also helps squash the competition.

As it stands today, the market for warehouse workers is highly competitive. And with the holiday season quickly approaching, online retailers will be hiring a decent number of seasonal employees to keep up with increased consumer demand. Amazon, for example, plans to hire 100,000 temporary employees this season. And for the companies who cannot afford to shell out \$15 an hour for seasonal employees, this means missing out on high-quality workers.

Competition, and especially competition for highly-skilled workers, is key to the market process, but this is not what Bezos is doing. As the *Wall Street Journal* says, "Mr. Bezos's \$15 wage would be a lot more praiseworthy if he hadn't combined it with a plea for government to raise the labor costs of his competitors." But unfortunately, the situation is actually even murkier than this.

Amazon has already begun automating many of its warehouse positions, especially in China. In fact, one of its warehouses in China currently has only four human workers. With the rapid rate in which Amazon has been automating, it is likely that the rise in the minimum wage won't really impact the company. If only a handful of your employees are human, then raising the minimum wage means very little. And since other companies cannot afford to incorporate AI as quickly as Bezos can, this puts the competition in a rough spot.

Again, all this would be fine if Amazon wasn't simultaneously pushing for the government to get involved in regulating the wage rates of its competitors, intentionally putting them at a disadvantage.

Summing up the entire situation perfectly, financial investor and commentator [Peter Schiff writes](#):

Bezos is no fool. He will reduce his headcount, and step up his automation effort to eliminate as many low-skilled jobs from Amazon. Then he will lobby Congress to increase the minimum wage for his competitors that still employ lower-skilled workers. As these competitors will lack the resources to automate, they will be driven out of business, and all their workers will lose their jobs. Less competition will make it easier for Amazon to raise prices.

As an entrepreneur, Jeff Bezos is an absolute hero and a benefactor of the human race. But our crony-capitalist political system can corrupt even the best of us.

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