

# SOLD OUT: Inflation, Supply Issues Limit Customer Options

Companies faced with limited supplies of raw materials and rising costs of goods are narrowing down the models of products they make to only the most profitable. That usually means that they are building the higher-end, pricier models in their product portfolios, leaving families with lower earnings unable to find cheaper alternatives. *The Wall Street Journal* reports:

*Anthony Coughlin's appliance shop has little trouble filling orders for high-tech washing machines or designer ovens. More difficult: satisfying customers on the hunt for bare-bones, low-budget machines.*

*"There was a day when a customer could walk in the door and buy a secondary piece or a landlord special and have 100 options to choose from," said Mr. Coughlin, a co-owner of All Shore Appliance in Port Washington, N.Y. "Now it's more along the lines of, we explain to the customer what we have."*

*As the global supply-chain crisis snarls production and bloats manufacturing and shipping costs, companies that make products from lawn mowers to barbecue grills are prioritizing higher-priced models, in some cases making cheaper alternatives harder or impossible to find, company executives, retailers and analysts say.*

*Some are pushing upscale products in an effort to make up for added labor, shipping and manufacturing costs. Whirlpool Corp. WHR 0.06% , maker of washing machines, KitchenAid mixers and other home appliances, said in July it would shift toward higher-price products as part of a plan to help cover rising costs.*

*Auto makers and other companies, faced with strapped*

suppliers, are directing limited parts to their highest-margin products.

“A combination of inflation and scarcity is pushing manufacturers toward higher-priced goods,” said David Garfield, head of the consumer-products practice at consulting firm AlixPartners. “If a manufacturer can’t get enough parts to make all the product they’d like, they may make more of a premium product to protect their profitability.”

The shift to upscale products comes in addition to other steps companies are taking to recoup costs and get as many products as possible to consumers. Across industries, manufacturers of products from toilet paper to televisions are raising prices, winnowing product assortment and imposing purchase limits on retailers.

Supply-chain bottlenecks, worsening as the pandemic persists, have led to extensive congestion at ports as well as soaring costs for transportation and raw materials. Meanwhile, manufacturers, retailers and consumers are getting hit by higher inflation, expected to last well into next year.

A cheap outdoor grill, for instance, might be tougher to track down. Weber Inc. [WEBR -3.49%](#) generally builds its less expensive models in China, while the company’s U.S. operations supply the bulk of the company’s product line, which tends to come with higher price tags, Chief Executive Chris Scherzinger said in an interview. Because port slowdowns in China have delayed the shipment of goods from the country, products made there are less readily available than U.S.-built options, he said.

Mr. Scherzinger said, however, the bigger factor driving stronger sales of more premium options is that consumers are favoring pricier grills as they spend more time at home and outdoors amid the pandemic. “Whatever we can’t offset through

*productivity, we have the ability to go to the market and offset that with price," he said.*

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# A Case Study in Dividend Success

At Young Research, when we look for dividend stocks for the Retirement Compounders, we favor companies with strong balance sheets, stable businesses, a healthy dividend yield, and a history of increasing dividends.

What does that look like in practical terms? While the ideal company financial position for the RCs can vary by industry and sector, Procter & Gamble serves as a nice case study in dividend success.

## A Strong Balance Sheet

We look for companies with strong balance sheets because financial strength provides flexibility during tumultuous times in the business cycle.

Procter & Gamble (P&G) has one of the strongest balance sheets among large U.S. businesses. Its debt is rated Aa3/AA- by Moody's and S&P. Only about 2% of firms in the S&P 500 have a credit rating as good as P&G's.

P&G's debt after backing out cash on the balance sheet is about equal to the company's cash flow before taxes and interest. In other words, P&G could theoretically pay off its debt in a little longer than one year if it used all cash for debt

reduction.

With a balance sheet that strong, P&G could fund its dividend for several years even if it runs into a rough patch.

How could P&G fund the dividend during a rough patch? For starters, there is \$10 billion in cash on the balance sheet. Assuming a rough patch for P&G caused profit margins to go from 19% today to zero, P&G could fully fund a year's worth of dividend payments with cash on the balance sheet. The second line of defense for the dividend would be for P&G to borrow money. P&G could easily borrow 2-3 years' worth of dividend payments without losing its investment-grade rating. Obviously, the definition of a rough patch can vary, but in the scenario outlined above, P&G could have a 3-4-year rough patch without putting the dividend in jeopardy.

## **Business Stability**

P&G's dividend reliability is also bolstered by the nature of its business. Toilet paper, diapers, toothpaste, and cleaning products are staple purchases for most consumers. That is true whether the economy is in boom or bust. Stable businesses tend to be better equipped for long-term dividend payments and dividend growth than cyclical businesses.

## **Dividend Payout Ratio**

When possible, we also favor companies with modest dividend payout ratios. The payout ratio is the percentage of net earnings paid to shareholders in the form of dividends. Firms with lower payout ratios can more easily continue to pay and raise dividends even during a business downturn. If a company has a payout ratio of 100%, any drop in earnings will either require the company to reduce the dividend because the earnings aren't there to support it, use cash on hand, or borrow money.

Procter & Gamble pays out about 60% of its earnings to shareholders in the form of dividends. That means earnings could fall by 40% without requiring alternate means to fund the dividend. In practice, for many industries, we compare the dividend to free cash flow instead of earnings to get a truer picture of the payout ratio. P&G looks even better on that metric.

## The Dividend

Next is the dividend and the dividend policy. Everything else equal, higher dividend yields are better than lower dividend yields, and a stronger commitment to the dividend in the form of a long record of dividend payments and a long record of dividend increases is better than a weaker commitment to the dividend.

- P&G shares yield 80% more than the S&P 500
- P&G has paid a dividend every year since 1891
- P&G has increased its dividend for 66 consecutive years

## The Model of Dividend Success

With a strong balance sheet, a stable business, a modest dividend payout ratio, and an enviable dividend track record, P&G truly is *the* model of dividend success.

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## Gold's True Story

Back in 1971, I had just started in the institutional research and trading business on Federal St. in Boston. Our firm traded and researched gold shares. I would in fact shortly be on the way to London to begin research [on a lengthy gold study](#). This

presentation by Claudio Grass published on [LewRockwell.com](http://LewRockwell.com) is pretty much as I remember events, and is a great summary of the facts and events of that time. He writes (abridged):

*This year marked the 50th anniversary of President Nixon's decision to unilaterally close the "gold window". The impact of this move can hardly be overstated. It triggered a tectonic shift of momentous consequences and it changed not just the global economy and the monetary realities, but it also shaped modern politics and severely affected our society at large.*

### ***The Nixon Shock***

*In July 1944, representatives from 44 nations convened in the resort town of Bretton Woods, New Hampshire, to figure out how the global monetary system should be structured after the end of the war. The US took the clear lead during these talks, exploiting the considerable leverage it had over other countries devastated by WWII or even still occupied by Germany. After all, at that point, Americans were the creditors of the world and had accumulated tons of gold throughout the 1930s and during the war, as the US was widely seen as a safe haven amid the conflict and uncertainty that prevailed at the time.*

*Indeed, the Bretton Woods system didn't last long. It wasn't fully implemented until 1958 and by the mid 60s it was already obvious that its days were numbered. The US gold stockpiles were dwindling as European central banks soon began redeeming their dollar claims, and there were real fears that US gold holdings might eventually be exhausted. Also, the Bretton Woods system, even though it was "managed" and much weaker form of the classical gold standard, did still at least partially keep government spending and deficits in check, something that Nixon resented, especially with a view to the next election.*

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And yet, there were a few voices that spoke out, for common sense and Reason. As the Cato Institute outlined, "Milton Friedman wrote in his Newsweek column that the price controls "will end as all previous attempts to freeze prices and wages have ended, from the time of the Roman emperor Diocletian to the present, in utter failure." Ayn Rand gave a lecture about the program titled "The Moratorium on Brains" and denounced it in her newsletter. Alan Reynolds, now a Cato senior fellow, wrote in National Review that wage and price controls were "tyranny ... necessarily selective and discriminatory" and unworkable. Murray Rothbard declared in the New York Times that on August 15 "fascism came to America" and that the promise to control prices was "a fraud and a hoax" given that it was accompanied by a tariff increase."

Claudio Grass is an independent precious metals advisory based in Switzerland.

[Click here to read about how to invest in gold.](#)

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# Why Mutual Funds No Longer Work for Your Retirement

My recent study covers four of the most widely owned equity-based mutual funds.

1. Vanguard Equity Income
2. Vanguard Dividend Growth
3. T. Rowe Price Dividend Growth
4. Fidelity Dividend Growth

Here's the 10-year compounded growth rate for each:

- T. Rowe Price Dividend Growth 12.0%
- Vanguard Dividend Growth 12.0%,
- Vanguard Equity Income 11.7%
- Fidelity Dividend Growth 10.0%.

Today, each of these four multi-billion dollar funds has become far too big to allow crafting a portfolio with a suitable number of stocks that would meet my criteria. There are simply not enough publicly owned candidates.

Note how the long-term returns for all four of these funds are basically the same. In fact, the numbers for two are precisely the same.

Given these insurmountable roadblocks, your proper option is to stick with individual stocks.

For over three decades my family-owned investment firm has managed individual retirement portfolios (both current and future), comprising individual stocks (as well as bonds) meeting the rigorous dividend criteria I have written about since the early 1970s.

Each hand selected stock must pass my dividend tests of quality,



seasoning, and liquidity.

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# How to Take Charge of Your Own Health

Throughout my career, I've considered most of the advice given to individual investors as B.S.

I've been in the professional investment advice advisory industry since 1971, when I first started speaking at major money conferences around the world, trying to help investors separate the investment chaff from the wheat.

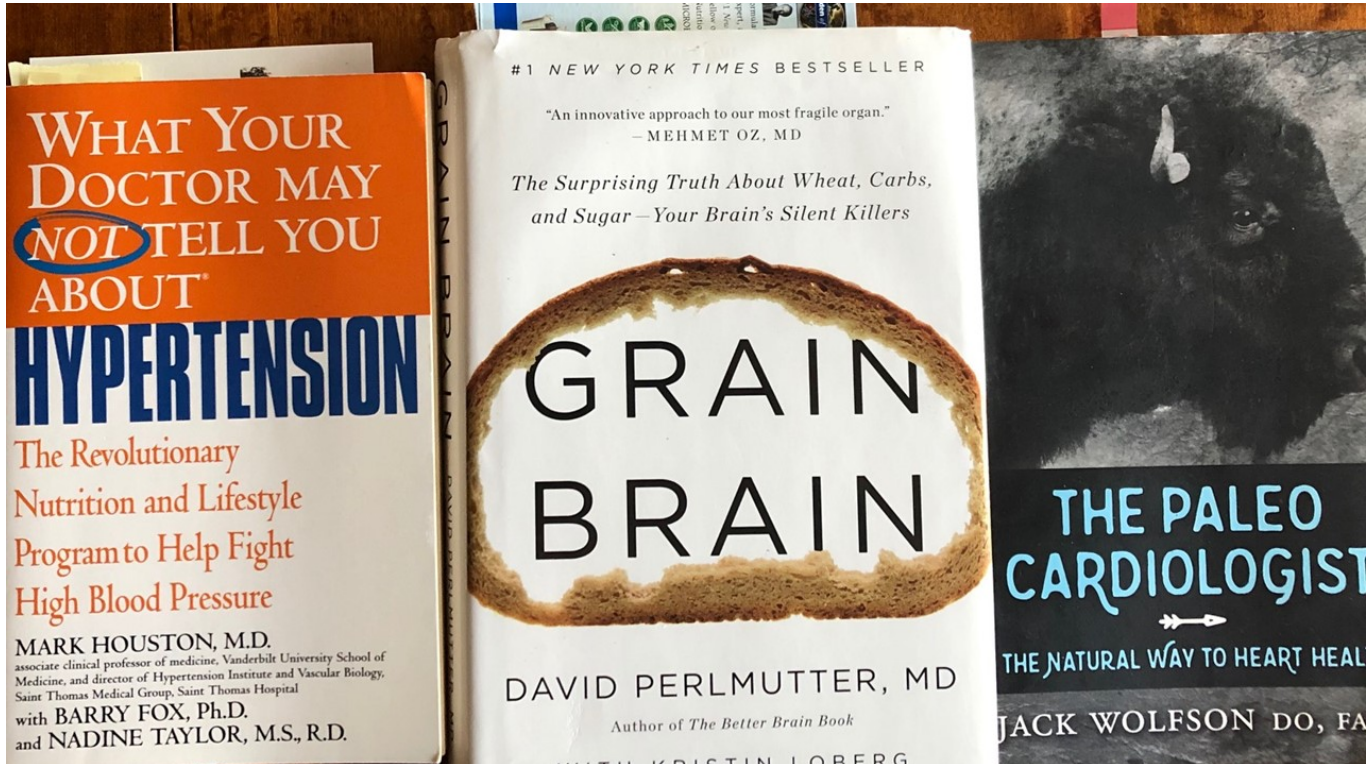
In the mid 90s, ***Money Magazine*** did a feature on the five largest circulation individual investment newsletters, and rated each A–F.

Money handed out only one A grade. Yes, to my investment newsletter, Richard C. Young's ***Intelligence Report***.

Not long thereafter, with Matt and Becky in college, it seemed like a good time for Debbie and me to buy V-Twin Harleys to help us to see and understand the country from a different angle. We also bought a pink Conch cottage 90 miles from Cuba, in Key West, the Southernmost spot in the U.S., where we've been for almost 30 years. That's also when I pretty much retired from dealing with the public.

Along the way I have researched on many subjects, my prime targets being retirement investing and our personal health. Listed here are my three recent favorite health books. I strongly urge you to consider investing in all three for your own health and longevity.

1. *What Your Doctor May Not Tell You About Hypertension* – Mark Houston, MD
2. *Grain Brain* – David Perlmutter, MD
3. *The Paleo Cardiologist* – Jack Wolfson DO, FACC



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# Tech Ever More Important in the Auto Industry



By Nibaphoto @  
Shutterstock.com

The world has learned over the last year just how important computers are to the modern auto industry, as shortages of vehicles, or of vehicles with certain options, have been created by a lack of chips to put in vehicles at the factory.

An average 2021 automobile has around 1,400 chips in it. With so many chips necessary for each automobile, the shortage is going to take a toll on the industry, cutting the production of an estimated 3.9 million vehicles this year.

Part of the problem with chips is that factories are expensive, costing around \$15 billion to build. And, they take a long time to complete, at around 5 years.

With computer chips becoming ever more integral to automobiles, and shortages hurting production, Ferrari has named Benedetto Vigna, currently a divisional president at STMicroelectronics, a French-Italian semiconductor manufacturer, its new CEO. The *WSJ* reports:

*In announcing the appointment, Mr. Elkann cited Mr. Vigna's "deep understanding of the technologies driving much of the change in our industry."*

*The global chip shortage that has led to production delays in the auto industry is expected to continue for months to come. That has called into question the auto sector's rebound as the*

*severity of the coronavirus pandemic recedes in many countries.*

*The pandemic's economic fallout has hit orders for Ferraris and other luxury cars. Ferrari issued a profit warning in May, saying that because of the pandemic it wouldn't meet profit targets it had set for itself for next year. The company pushed back the target to 2023.*

*Mr. Vigna follows on the heels of Louis Camilleri, who ran Ferrari starting in July 2018 following the sudden death of Sergio Marchionne, who was CEO of both the fabled sports car maker and the former Fiat Chrysler group, now part of Stellantis NV.*

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## **Work to Make Money/Invest to Save Money**



The U.S. government must finally wise up and put an immediate end to the insane double taxation of dividends.

The government, facilitated by the Fed, is in an ongoing war to destroy the value of the dollar by printing money beyond any

reasonable rate of expansion. Simply take a look at real estate prices to witness the explosion in liquidity.

Do not let the government destroy the value of your retirement. Demand that the government ends the double taxation of dividends!

*Originally posted October 17, 2017.*

With the exception of the large sums of money that I invested in zero-coupon treasuries (Benham Target Funds) in the 1980s and 1990s, I have never invested based on how much money I expected to make. I work to make money. And I save to keep every dime of the money I have worked a lifetime to earn. There was a day when I had darn few of those dimes. Those days made an indelible impression on me, and will so forever.

I invest with a rolling 10-year average annual return portfolio target of a balanced 4+%. This modest target is based on the normalized annual portfolio draw I advise for retired investors. Long-term balanced targets include surviving through agonizing periods of negative returns for the stock market in general. I remember like it was yesterday the tortuous 16-year bear market of 1965 through 1981. This period encompassed my entire career in the institutional research and trading business. It terminated with the Dow down 10% from where it began. Had I not emphasized 100% fixed income in my own account and in our college savings program for Matt and Becky, my goose would have been cooked. It never pays to be an investing know-it-all.

My investments today, for me and for all our clients, combine a mix of intermediate and short fixed-income securities and portfolios of dividend-paying stocks. Annual dividend increases are always at the forefront of my investment process. Ben Graham advocated a portfolio mix of 75/25–25/75 fixed income and equities. Ben. eschewed moving outside of this range, and I've never come across evidence that supports otherwise.

Since my earliest investing days in the 60s, I have relied upon the ground rules and reference material I studied while an investment major at Babson College. It was based wholly on the advice given in my Graham & Dodd textbook and my studies in Dr. Wilson Payne's investment seminars. Decades later, I've not changed my philosophy.

Through the years, I've had the privilege of influencing the investment thought process of thousands of individual and corporate investors around the globe. Many have been my management clients since I started Richard C. Young & Co., Ltd. in the late 80s, and the majority would likely agree with me that I am perhaps the most consistently boring, prudent, patient investment advisor on the planet. I certainly hope this is so. Like *The Hobbit*, I view adventures (in this case investing adventures) as "nasty disturbing uncomfortable things" that "make you late for dinner."

I am ultraconservative in my daily affairs of life, which includes personal security preparation, and I see no purpose in not applying the same protection to financial security.

I modeled our family company after the old-line investment counseling family-run firms that populated Boston's financial district along State, Federal, Milk, and Congress streets in the sixties—a harking back to a more gentrified era in investing. Many of these fine old white-shoe firms were my clients when I was associated with the internationally-focused Model Roland & Co., where I was involved in institutional research and trading.

My clients, such as the venerable Boston Safe Deposit & Trust, State Street Bank & Trust, and First National Bank of Boston, built their foundation on *The Prudent Man Rule*.

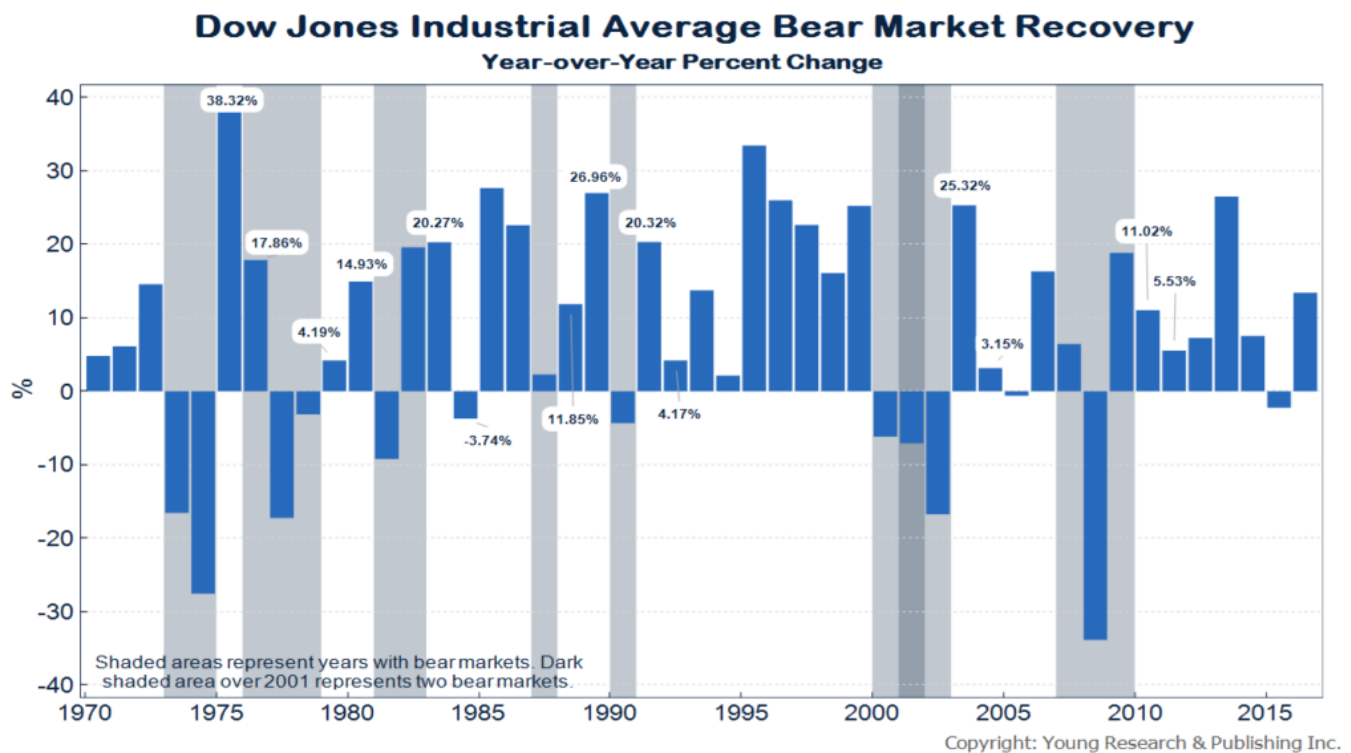
*The Prudent Man Rule* directs trustees "to observe how men of prudence, discretion, and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent

disposition of their funds, considering the probable income, as well as the probable safety of the capital to be invested.”

These are the conservative principles our family investment council firm practices. Our firm’s focus from the beginning was, and today is, based on *The Prudent Man Rule* along with the theories of dividends and compounding pioneered by Ben Graham.

Over the decades, I’ve learned that most individuals do not possess the requisite patience and discipline to excel as successful long-term investors. The patience-deprived universe tends to be what I think of as needy hip-hop investors. They look for the financial markets to either bail them out of past investing indiscretions or, worse yet, to produce rewards far beyond reasonable levels of commensurate risk. Our family investment management firm does not offer the type of environment suitable for the needy or greedy.

The needy and greedy tend to possess an investor twitch that requires action—lots of action. This crowd looks to market timing, second-guessing, and what-if-ing. Most of the big moves in any investment cycle come in the year or two after the exact bottom of a cyclical bear market.



Well, market timers most often sell out late in bear cycles, and then are too afraid to get back into the market in time to catch the initial upsurge. The needy/greedy tend to miss the big gains every time.

At Richard C. Young & Co. Ltd., our goal is to remain balanced as well as fully invested. This repetitive plan, definitely counter-intuitive to many investors, ensures never missing the big moves. It also requires never participating in any meaningful way in the bubble or blow-off stage of over-priced markets that are on the precipice of cratering and wiping out a lifetime of savings along the way. No thanks. I long ago learned this bedrock principle.

Today's investment landscapes and processes have become so difficult that for most individuals going it alone, especially while preparing for a safe and secure retirement, is no longer comforting or attractive. Many of the old standby bastions of investing are no longer an option. I am referring to the vast majority of all-managed equities mutual funds and a wide swathe of the indexing ETF universe. The fund industry has simply



outgrown its skin. Funds have grown too big, and their options in dividend-paying common stocks are too few, due to size constraints for massive funds. This is only common sense.

With minor exceptions, I no longer advise these out-of-phase funds. Rather, stocks of individual dividend-paying companies including smaller concerns and foreign securities, are our focus for clients. At our management company, we craft what we label [Retirement Compounders](#) portfolios.

Investing in foreign securities is not the province of the individual investor or, for that matter, most advisors. Having been directly involved in researching and trading in foreign securities since 1971, I can ensure you that process presents a sticky wicket best left to experienced hands. Markets are thin, currency valuations enter the picture, and macro events often call the tune in foreign securities investing.

I travel to Europe frequently. Decades of on-the-ground anecdotal evidence gathering and personal contacts allow me to form the direct knowledge imperative in the decision making of investing in foreign securities. With the exception of my old stomping grounds in Boston, I am more comfortable today in Paris, by example, than any big U.S. city. More international decision-makers and event making potentates visit Paris annually than any other city in the world. On each new visit, I gather a wealth of intelligence to support my global investment strategy. This boots-on-the-ground anecdotal evidence gathering, in conjunction with my decades of daily inference reading, allows our firm to offer clients a distinct perspective on the international investing landscape.

Bond investing has also moved far outside of the scope of the individual investor. It used to be that an investor looking to collect safe and secure interest income could park his money in a Treasury Bill or a CD. Sure, he would give up some yield in return for safety and simplicity, but still collect enough to

harness the power of compounding.

Today, there is nothing to compound.

T-bills are being issued at a 0.00% interest rate and CDs don't offer much more. Even longer-term Treasury bonds no longer keep pace with inflation.

Leaving bonds out of your portfolio is not an option either. Bonds help you own stocks during down markets and bonds help moderate the ups and downs of your portfolio.

Proper bond management in today's dismal interest rate environment takes a tactical and opportunistic approach. To earn decent yield, you have to take credit risk, but knowing when to dial it up, when to dial it down, which bond sectors to favor and when, and which maturities to target and when, requires ongoing research and analysis on the economy, industry, monetary policy, fiscal policy, and geopolitics. And that's the bare-bones approach.

I have been active for investors in the bond market since 1971, and I feel one of the biggest benefits our clients get when they sign on with Richard C. Young & Co., Ltd. is individual bond selection and management.

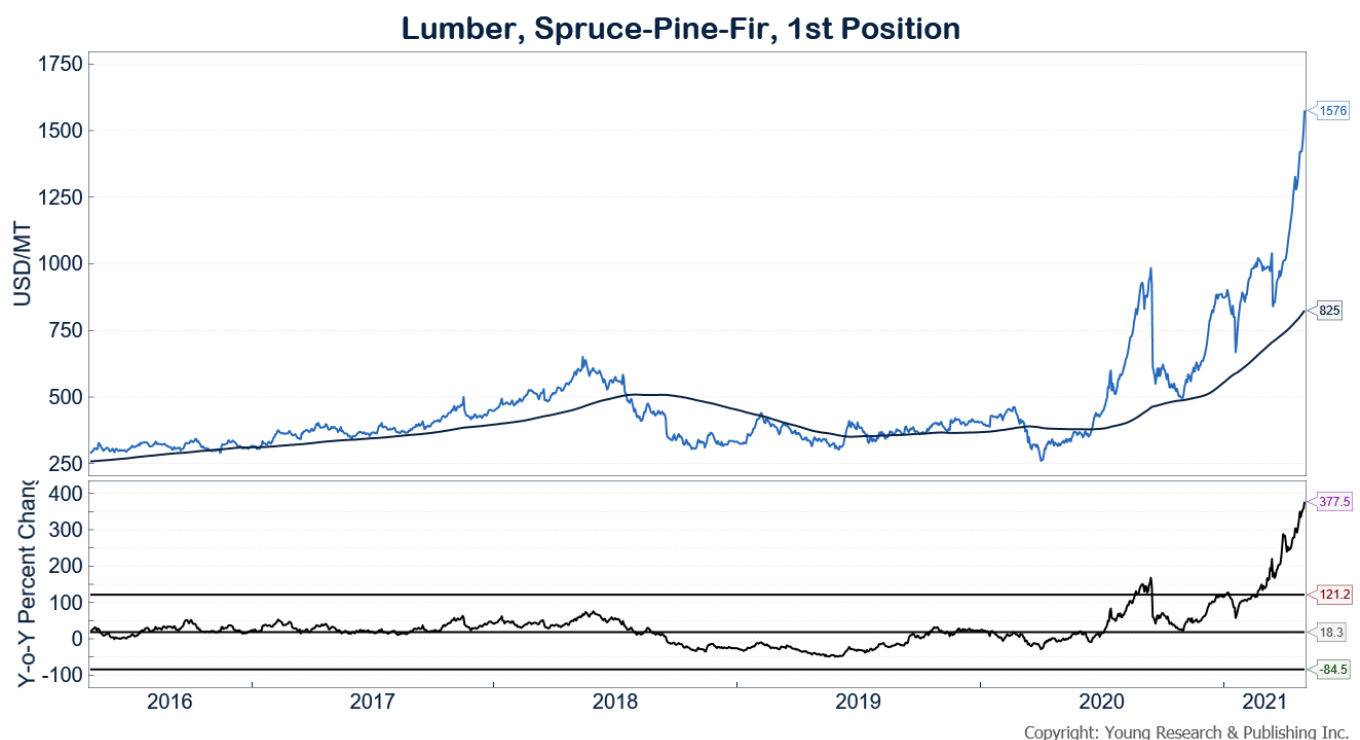
I sincerely hope you and your family benefit from many worthy insights into the myriad factors that allow conservative, retirement-thinking investors like you to find a warm and comforting home base for retirement planning and investing at Richard C. Young & Co., Ltd. My best wishes to you for success. Welcome to the family.

Warm regards,

Dick

# Lumber Prices Are Soaring, Should the Fed Be Afraid?

Lumber prices are breaking records. First position Spruce-Pine-Fir futures are trading at over \$1500/metric ton. Perhaps the most frightening aspect of the spike in lumber prices is that builders have been able to pass them on to customers. The Fed should be very worried about the rapid rise in prices going directly to consumers. The central bank's policy of low interest rates for longer could buckle under the pressure if inflation heats up faster than expected.



Ryan Dezemmer reports in *The Wall Street Journal*:

*The Fed last week recommitted to near-zero interest rates, which have fueled the red-hot housing market. Rising home prices and low rates have also helped existing homeowners*

*refinance mortgages to pocket cash without adding much to payments. Mortgage-finance firm Freddie Mac estimates that Americans last year withdrew nearly \$153 billion from their homes in cash-out refinancings. Vacation options were limited by the pandemic and a remodeling boom ensued.*

*Demand hasn't been diminished by soaring prices, mill executives say.*

*"The prices appear to be passing on," Canfor CEO Don Kayne told investors Friday. Canfor, which owns mills in northwest Canada and throughout the U.S. South, notched quarterly records in sales and profit. "So far we haven't seen the resistance that you would expect.*

*Builders including PulteGroup Inc. and the Howard Hughes Corp. say they have offset higher prices for lumber as well as for other building materials by raising home prices without slowing sales. NexPoint Residential Trust Inc. investment chief Matthew McGraner assured shareholders that high lumber prices weren't eating into the apartment owner's margins. "Any additional costs, we've been able to pass on to the tenants," he said.*

*At a recent investor conference, Lowe's Cos. finance chief David Denton said the home-improvement chain and its rivals weren't waiting to see if the run-up in lumber prices would be short-lived before raising prices.*

*"That largely gets passed on pretty much real-time into the marketplace and you're seeing that across the industry," he said.*

There is likely a storm coming in commodity prices. Young's World Money Forecast is your port in a storm. [Click here to sign up today for regular updates.](#)

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# Strong GDP Set to Accelerate in the Second Quarter

First-quarter GDP estimates came in at a robust 6.4%, with growth likely to accelerate to more than 8% next quarter. Over the coming weeks, economic activity in the U.S. will surpass its pre-pandemic high. With the Fed pumping over a trillion dollars of liquidity into financial markets annually and the [Six Trillion Dollar Man](#) (Joe Biden) proposing new schemes to run up the deficit, GDP is poised to increase at its fastest rate in decades this year. Josh Mitchell reports:

*A burst of growth put the U.S. economy just a shave below its pre-pandemic size in the first quarter, extending what is shaping up to be a rapid, consumer-driven recovery this year.*

*Gross domestic product, the broadest measure of goods and services made in the U.S., grew at a 6.4% seasonally adjusted annual rate in January through March, the Commerce Department said Thursday. That left the world's largest economy within 1% of its peak, reached in late 2019, just before the coronavirus pandemic reached the U.S.*

*Households, many of them vaccinated and armed with hundreds of billions of dollars in federal stimulus money, drove the first-quarter surge in output by shelling out more for cars, bicycles, furniture and other big-ticket goods. The federal government also stepped up spending—on vaccines and aid to businesses.*

*“If you had asked me a year ago where we would be today I certainly would not have said we would have recouped the pre-*

*pandemic levels of economic activity,” said Gregory Daco, chief U.S. economist at Oxford Economics. “Everything about this crisis has been unique. The speed and the magnitude of the contraction in economic activity was unprecedented. The amount of policy support put in place was extremely rapid.”*

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## **Pandemic Spending Pushes Amazon Profits to Record**

The pandemic created a perfect storm for Amazon. With more people shopping, and more people working from home using cloud services, Amazon’s profits have soared. Sebastian Herrera reports for *The Wall Street Journal* (abridged):

*Amazon. AMZN 0.37% com Inc. reported record quarterly profit as demand remained robust for its deliveries, cloud-computing and advertising businesses, capping a blockbuster earnings season for the world’s largest technology companies.*

*The Seattle company’s profits in the year since the pandemic started exceeded \$26 billion, more than the previous three years combined. Net income from January to March more than tripled to \$8.1 billion, and revenue of \$108 billion far exceeded the average of analyst predictions on FactSet.*

*The tech giant’s success in the past year has catapulted the company to new heights, after consumers flocked to online shopping during pandemic lockdowns. Amazon’s dominant grip over e-commerce and continued expansion into new industries have strengthened its power, although the company continues to face challenges from regulators and some employees.*

*Amazon's first quarter is typically slower than its preceding end-of-year results, which are aided by holiday shopping sales. Yet the company has exceeded expectations in recent quarters. It shattered sales records last year as homebound Americans turned to its delivery services. The company's stock price rose 76% in 2020.*

*Amazon's achievements have come as regulators increasingly scrutinize the company's market power. Congress has considered changes to antitrust laws that could make it easier for the government to challenge certain business strategies and practices or force tech giants to separate certain units. Last year, a congressional panel found Amazon had amassed "monopoly power" over sellers on its site, bullied retail partners and improperly used seller data to compete with rivals.*

**In a response to its critics, Amazon is raising pay for many of its employees. Herrera reports elsewhere in the *Journal*:**

*Amazon. AMZN 0.37% com Inc. is raising wages for its hourly employees after a majority of workers at one of the e-commerce giant's warehouses voted not to unionize.*

*The company said Wednesday that more than 500,000 of its employees would see pay increases of between 50 cents and \$3 an hour. Amazon, which offers a starting wage of \$15 an hour and employs roughly 950,000 people in the U.S., said the raises represented an investment of more than \$1 billion.*

*The pay increase covers a variety of workers and schedules, but averaged over the total number of employees Amazon said would be affected, it would amount to about \$40 a week per worker.*

*Amazon said its starting wage is still \$15 an hour. The company declined to say what the average raise will be for*

workers and said that depends on factors such as how long an employee has been at the company.

A company spokeswoman said Amazon decided to pull forward its pay review from the fall to increase wages now. She declined to say if the raises were tied to the union election in Bessemer, Ala., but said they are related to hiring and maintaining competitiveness for workers. Amazon said it is now hiring for tens of thousands of jobs across the U.S.