

Testimony of Sean M. O'Brien
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Good morning, Chairman Sanders, Ranking Member Graham and distinguished members of the committee. My name is Sean O'Brien. I serve as the General President of the International Brotherhood of Teamsters. Thank you for the opportunity to appear before you today to discuss Amazon, its labor and business practices, and its relationship with the federal government.

To put it plainly, it is wrong for our government to be giving taxpayer dollars in the form of federal contracts to companies like Amazon. There is no excuse to reward employers who repeatedly, knowingly, and purposefully violate federal labor laws; drive down wages and standards across the supply chain, including in core Teamster industries; and create dangerous working environments.

To be clear, President Joe Biden is the most pro-union President of our lifetime, and the Teamsters Union applauds his Administration's action on issues of great concern to working families. We proudly support President Biden's executive orders on pay equity, pay transparency and \$15/hour minimum wage requirements for federal contractors. Comprehensive Davis-Bacon prevailing wage requirements in the bipartisan infrastructure bill were a critical component for our support. And, when implemented, the recommendations for federal procurement included in the White House Task Force on Worker Organizing and Empowerment will support and encourage responsible, high road employers. But, as Chairman Sanders has said, we have the power to completely stop companies that break labor law from receiving federal contracts. So why aren't we doing it?

Sadly, while Amazon acts with impunity to break the law and destroy good middle class jobs, our government recently saw fit to award the company a \$10 billion federal contract for web services. While our government was spending taxpayer dollars on Amazon's cloud computing services,¹ the company reportedly spent up to \$20,000 per week on union-busting consultants at one Staten Island Amazon facility.² What's more

¹ <https://www.washingtonpost.com/business/2021/08/11/amazon-nsa-contract/>

² <https://www.businessinsider.com/amazon-paid-anti-union-consultants-20k-week-new-york-jfk8-2022-4>

depressing is we know that these numbers barely scratch the surface of what Amazon spends to prevent workers from having any voice whatsoever on the job. According to filings with the U.S. Department of Labor (DOL), Amazon spent \$4.3 million on consultants last year alone to prevent its employees from unionizing.³ As part of their illegal anti-union activity, they forced workers to attend closed-door anti-union meetings and discriminated against pro-union workers.⁴

Last year, Amazon was found guilty of illegally firing two workers after they advocated on behalf of their coworkers at an Amazon warehouse. Amazon broke labor law in Alabama when workers tried to organize, forcing their election to be rerun this year. Amazon pressured the United States Postal Service to install a postal drop box on the property of the Alabama facility after the National Labor Relations Board (NLRB) ruled that an all “mail-in” ballot for the representation election be used.⁵ In December, the NLRB cited Amazon for illegally threatening, surveilling and interrogating workers who were trying to start a union at its Staten Island facility.⁶

These kinds of actions make something very clear: when workers try to organize, Amazon breaks the law. When workers raise their voices, Amazon does whatever it takes to shut them up - because Amazon is terrified of the power workers have when they act collectively. But unlawful union busting intimidation tactics are not the only reason why the federal government should not give Americans’ tax dollars to Amazon.

Amazon relies on an exploitative business model that’s brutal and dangerous for workers. According to a recent report by the Strategic Organizing Center, Amazon’s punishing pace-of-work results in worker injury rates that are nearly twice as high as

³ <https://www.nytimes.com/2022/04/02/business/amazon-union-christian-smalls.html>

⁴ https://www.huffpost.com/entry/amazon-anti-union-consultants_n_62449258e4b0742dfa5a74fb

⁵ [Amazon exec Dave Clark pushed for mailbox in Alabama union election \(cnbc.com\)](https://www.cnn.com/2022/04/19/amazon-exec-dave-clark-mailbox-alabama-union-election/index.html)

⁶ [https://www.washingtonpost.com/business/2022/04/19/amazon-union-worker-nlrb-staten-island/;](https://www.washingtonpost.com/business/2022/04/19/amazon-union-worker-nlrb-staten-island/)
<https://www.cnbc.com/2021/11/29/amazon-warehouse-workers-in-alabama-will-get-another-chance-to-vote-to-unionize.html>

that of all other non-Amazon warehouse facilities.⁷ Amazon’s obsession with speed has played a role in driving its injury rates higher. Amazon uses extensive productivity and monitoring systems to pressure workers to move at dangerous speeds.⁸ The company’s high-pressure operations even prompted The Wall Street Journal to coin the term “Bezosism” to refer to “the way Amazon uses tech to squeeze performance out of workers.”⁹ Amazon employees are seriously injured at rates that are nearly double the rest of the entire warehouse industry. Amazon accounts for half of all warehouse worker injuries, yet the company only employs a third of all warehouse workers nationwide.

In 2021 and 2022, OSHA inspectors in Washington state issued citations for ten separate violations classified as “Willful,” citing Amazon’s “high pace of work” and “monitoring and discipline systems” as the direct cause of the high rate of serious injuries. This may represent the first time OSHA has ever found that pace of work constitutes a separate violation of the OSHA Act.¹⁰ The only time Amazon’s injury rate declined, according to the SOC study, was in 2020, which coincides with Amazon’s suspension of productivity monitoring at the start of the pandemic. In fact, Amazon’s injury rate increased by 20 percent between 2020-2021, further evidence that productivity monitoring, which was reinstated in late 2020, is to blame.

Delivery jobs for Amazon, performed by subcontractors, also have a terrible injury record – even worse than at the intensely-paced Amazon warehouses.¹¹ And there are rampant reports of accidents and other safety issues with subcontracted Delivery

⁷ <https://thesoc.org/news/report-shows-amazon-workers-injured-more-than-twice-industry-average/>;
<https://thesoc.org/what-we-do/the-injury-machine-how-amazons-production-system-hurts-workers/>

⁸ Colin Lecher, “How Amazon Automatically Tracks and Fires Warehouse Workers for ‘Productivity,’” The Verge, April 25, 2019, <https://www.theverge.com/2019/4/25/18516004/amazon-warehouse-fulfillment-centers-productivity-firing-terminations>. See also: “Amazon fined \$60,000 after ‘willfully’ violating safety rules at a Seattle-area warehouse, regulators say,” Business Insider, Mar. 21, 2022: <https://www.businessinsider.com/amazon-fined-serious-violation-washington-state-warehouse-worker-safety-2022-3>

⁹ “The Way Amazon Uses Tech to Squeeze Performance Out of Workers Deserves Its Own Name: Bezosism,” The Wall Street Journal, Sept. 11, 2021: <https://www.wsj.com/articles/the-way-amazon-uses-tech-to-squeeze-performance-out-of-workers-deserves-its-own-name-bezosism-11631332821?m%E2%80%A6> “Amazon has resumed policies t

¹⁰ <https://thesoc.org/wp-content/uploads/2022/04/The-Injury-Machine-How-Amazons-Production-System-Hurts-Workers.pdf>, page 10.

¹¹ <https://thesoc.org/wp-content/uploads/2021/02/PrimedForPain.pdf>, pages 9-10.

Service Provider (DSP) vans on residential streets – again, most likely because of the relentless pressure to meet the pace that Amazon dictates.

In 2018, Business Insider conducted interviews with Amazon drivers over the course of eight months. The drivers described a physically demanding work environment in which, under strict time constraints, they felt pressured to drive at dangerously high speeds, blow through stop signs, and skip meal and bathroom breaks.¹² Why is our government rewarding this behavior? Why aren't we doing more to protect American families?

Amazon's DSP program harms workers and small businesses — especially those who want to create good, safe, family sustaining middle-class jobs — while enabling Amazon to reap profits, but shoulder none of the liability. Amazon's network of DSPs is a vast network of small, undercapitalized companies set up under an Amazon-designed program to provide “last-mile” delivery services. Amazon has set up more than 2,000 DSPs in the U.S. to deliver its packages, employing an estimated 115,000 drivers.¹³ Yet Amazon doesn't officially own these companies or employ these delivery drivers.

Nevertheless, Amazon not only controls the corporate set-up of these supposedly independent businesses, but also controls each delivery and the drivers who make them. Amazon dictates the order of deliveries, the route, the progress and speed of each delivery, and even the power to fire workers. DSP drivers and their trucks or vans are branded with the Amazon logo - from the delivery vehicles themselves to the drivers' uniforms. Amazon dictates routes and monitors DSP drivers through an app called Mentor that is installed on navigation devices DSP drivers must use.¹⁴ Amazon has even deployed cameras in DSP vehicles that constantly record drivers – everything from their driving speed and turns to highly personal biometric information such as eye movements.¹⁵

¹² <https://www.businessinsider.com/amazon-delivery-drivers-reveal-claims-of-disturbing-work-conditions-2018-8>

¹³ <https://www.cnbc.com/2021/06/21/drivers-speak-out-about-presures-of-delivering-for-an-amazon-dsp.html>

¹⁴ <https://thesoc.org/wp-content/uploads/2021/02/PrimedForPain.pdf>, pages 8-9.

¹⁵ Caroline Donovan & Ken Bensinger, *Amazon's Next-Day Delivery Has Brought Chaos And Carnage To America's Streets — But the World's Biggest Retailer Has A System To Escape the Blame*, BUZZFEED (Aug. 31, 2019), available at [https://www.buzzfeednews.com/article/carolineodonovan/amazon-next-day-delivery-deaths.](https://www.buzzfeednews.com/article/carolineodonovan/amazon-next-day-delivery-deaths;);

Amazon controls DSPs by dictating prices for each delivery and limits the size of DSPs by limiting the number of routes it assigns to each. There are reports that Amazon terminates DSPs who attempt to reduce their drivers' grueling workload or increase their pay. As supposedly independent businesses, DSPs' contracts can of course be cancelled by Amazon whenever Amazon wants. DSPs and their workers cannot fight back. If they do, Amazon can simply terminate their contracts and shift this work to other DSPs. Keeping each DSP small and thus fragmented allows Amazon to prevent DSPs from challenging Amazon's power over them.¹⁶

Despite this extensive control and branding by Amazon, Amazon asserts that DSPs are independent businesses and disclaims corporate responsibility for the DSPs and employment responsibility for DSP drivers. This arrangement puts these small businesses and their workers at the mercy of Amazon, which controls the work but avoids any liability. Yet, in numerous instances, federal wage and hour lawsuits filed by drivers against DSPs often name Amazon as a co-defendant. In fact, Amazon has settled multiple cases in which it is a named defendant, accepting no liability under the terms of settlement agreements. Thus, the company has avoided lengthy litigation that could ultimately determine Amazon to be a joint employer.

American workers are experiencing the consequences of operations like Amazon's DSP program, as well as other aspects of Amazon's business model. Teamsters have fought for nearly 120 years to make delivery and logistics work a family supporting, middle-class job with benefits, but Amazon's power and approach to employing workers are gutting these industries. Bureau of Labor Statistics data show that, when adjusted for inflation, wages for workers in the Warehousing and Storage Industry (NAICS 493) have declined 7.6% in the last 10 years, despite employment increasing substantially.

<https://thesoc.org/wp-content/uploads/2021/09/Petition-for-Investigation-of-Amazon.pdf>;
<https://www.cnbc.com/2021/02/03/amazon-using-ai-equipped-cameras-in-delivery-vans.html>

¹⁶ <https://www.cnn.com/2021/09/22/tech/amazon-dsp-portland/index.html>;
<https://www.vice.com/en/article/wxdbnw/i-had-nothing-to-my-name-amazon-delivery-companies-are-being-crushed-by-debt>

Similarly, in the Couriers and Messengers Industry (NAICS 492), where DSPs are categorized, inflation-adjusted wages have dropped by 8%.¹⁷

A 2020 investigation into Amazon's labor practices by Bloomberg resulted in an expose titled "*Amazon has turned a Middle-Class Warehouse into a McJob.*"¹⁸ The article concludes that, "despite a starting wage well above the federal minimum, the company is dragging down pay in the logistics industry." The article cites a report by the Government Accountability Office (GAO) stating that Amazon is a close 4th behind Walmart, McDonalds and two dollar-store chains for having the largest number of employees, including full-time employees who struggle to pay their bills and who must utilize Supplemental Nutrition Assistance Program (SNAP) benefits.¹⁹ The article goes on to say that "as Amazon opens U.S. warehouses at the rate of about one a day, it's transforming the logistics industry from a career destination with the promise of middle-class wages into entry-level work that's just a notch above being a burger flipper or convenience store cashier." Amazon's business model subsidizes its profit at the expense of American's that actually pay taxes.

The Strategic Organizing Center's (SOC) research also demonstrates Amazon's downward pressure on wages. The SOC conducted a survey of locations where Amazon directly employs a significant percentage of workers in the warehousing and storage industry and, based on evidence from the Bureau of Labor Statistics and other publicly available sources, identified several local labor markets where average wages in the industry fell after Amazon's arrival. The data detailed below were submitted to the Federal Trade Commission in February of 2020, calling on the FTC to open an investigation into Amazon's anti-competitive practices.²⁰

¹⁷ Bureau of Labor Statistics Quarterly Census of Employment and Wages, 2010-2020.

¹⁸ <https://www.bloomberg.com/news/features/2020-12-17/amazon-amzn-job-pay-rate-leaves-some-warehouse-employees-homeless>

¹⁹ <https://www.gao.gov/products/gao-21-45>

²⁰ <https://thesoc.org/wp-content/uploads/2021/09/Petition-for-Investigation-of-Amazon.pdf>

For example, Amazon opened its largest New Jersey fulfillment center in Mercer County in June 2014. Mercer County's annual salary and weekly earnings averages in warehousing and storage have both fallen by 18 percent since the year of Amazon's arrival. A \$45,699 average annual salary for warehouse work in 2014 had fallen to \$37,546 by 2018. This was not part of a pre-existing trend. Prior to Amazon's emergence into this local labor market, wages in warehousing and storage had risen for three consecutive years at both the county and state levels.

Amazon is also one of the largest direct employers in Lexington County, South Carolina, and the county's largest source of warehousing and storage employment. After Amazon opened a fulfillment center in Lexington County in October 2011, the average annual salary and weekly earnings for warehousing and storage work in the county both fell by 21 percent. The story is the same in Chesterfield County, Virginia. Since Amazon opened a fulfillment center in Chesterfield County in October 2012, the average annual salary and weekly earnings for warehousing and storage work in the county have also fallen by 21 percent.

The SOC concluded that Amazon's establishment of warehouses in concentrated labor markets where it can easily drive down wages for warehousing and storage labor is not by accident, but rather by design. Amazon leases more of its warehouses from Prologis, a corporate real estate developer, than from any other landlord. Prologis assists clients like Amazon with locating their warehouses strategically, not only in a manner that is most efficient for logistics operations, but in a manner that allows them to take advantage of vulnerable workers and weak local economies.

For instance, one Prologis site selection document identifies a high unemployment rate and low local median income as being the "labor advantages" of one site's location outside of Atlanta, where Amazon also has a warehouse. In another Prologis document, the "labor advantages" for a second area where Amazon has a facility are presented as a "combination of low wages...in a non-union environment." These site selection preferences raise the prospect that when Amazon does act as a direct employer, it may

knowingly distance its warehouses from tighter local labor markets with higher wage expectations and place them instead in looser labor markets where workers are more likely to accept suppressed pay rates because of a lack of employment options. This strategy would allow Amazon to depress wages and exploit workers, particularly ones who lack union representation.²¹

In his 2021 testimony before the House Judiciary Committee Subcommittee on Antitrust, Commercial and Administrative Law, 23-year Teamster Daniel Gross testified to a similar degradation of job quality for freight and delivery drivers. Brother Gross stated that the tractor-trailer drivers Amazon uses are paid varying rates that are below industry standards, possibly by as much as half, even before benefits are factored in. Brother Gross went on to say that sometimes Amazon restricts the ability of these so-called independent tractor-trailer contractors to backhaul loads, forcing them into non-paying empty loads on their return trip. Like the DSP model, Amazon has debuted several platforms to build its capacity for low-cost freight trucking between its facilities.²² At Brother Gross's Teamster facility, a seniority UPS package car driver currently earns \$39.64 an hour. However, when he looked up job postings for Amazon DSP drivers in his area, they were advertising as low as \$17.50 per hour as a starting wage, which is what Brother Gross earned at UPS 20 years ago.

Brother Gross described how Amazon's business practices are impacting his Teamsters collective bargaining agreement with UPS. For example, instead of using UPS Teamster tractor-trailers within its existing network, UPS has succumbed at times to Amazon's demand to accept deliveries from freight trucking subcontractors and independent operators who are not subject to the collectively bargained rules and working conditions that are in place to keep drivers and the public safe. Brother Gross said that his union, Teamsters Local 177 of Hillside, NJ, has won grievance settlements to address this and similar contract violations, but it's an ongoing uphill battle.

²¹ <https://thesoc.org/wp-content/uploads/2021/09/Petition-for-Investigation-of-Amazon.pdf>, pages 15-16.

²² <https://freightpartner.amazon.com/marketing/>; <https://relay.amazon.com/>

Amazon's dominant position as an e-retailer enables it to exert dominance in business relationships with third-party last mile carriers, including larger firms like UPS, USPS, DHL, and its DSPs, on terms such as hours of operation and days of delivery. In 2012, the contract that the USPS negotiated with the postal service unions created a non-career letter carrier position to deliver Amazon packages on Sundays. In the 2018 Teamsters National Master UPS Agreement, a new delivery job classification was also created to accommodate the demands of Amazon for weekend delivery.²³

This is in large part why I have made it a top priority for my administration as General President of the Teamsters Union to ensure that upcoming bargaining with UPS produces the strongest contract in the American labor movement. Amazon cannot be permitted to dictate working conditions and job quality in core Teamster industries. It is vital for the Teamsters to negotiate a strong contract to maintain industry standards that push Amazon to improve its business operations and labor practices. Our members deserve nothing less.

Just as every Teamster understands, Americans have the fundamental right to join together and bargain collectively over the terms of their employment. The federal government — under the National Labor Relations Act — has a mandate to “encourage worker organizing and collective bargaining and to promote equality of bargaining power between employers and employees, as President Biden’s Executive Order on Worker Organizing and Empowerment boldly states. But our government ignores that mandate with every dollar that it puts into the pockets of Jeff Bezos and Amazon CEO Andy Jassy. Why are our elected officials giving taxpayer money to a company that is willing to use any available means — illegal or not — to deny workers their federally-protected rights? Why are we supporting the growth of a company that is destroying good middle-class jobs, creating unsafe working conditions and assuming no responsibility for much of its workforce?

²³ <https://docs.house.gov/meetings/JU/JU05/20210928/114057/HHRG-117-JU05-Wstate-GrossD-20210928.pdf>

As a Teamster, I've faced countless union-busting companies. I've seen Amazon beating up on the American worker for too long. And our government has been letting them do it.

As the General President of the Teamsters, a union that represents more than 1.2 million working people, I've been traveling the country a lot in the past year spending time with workers face-to-face. And I'll tell you this — working people of all parties are losing faith in their government.

It feels like Big Business is the only thing our government cares about. What happened to “We the People?” Billionaires pay little to no taxes, and then they're handed billions of tax dollars that are paid by working people. When our government turns a blind eye to Amazon's lethal and illegal labor practices, it feels like the system is rigged against everyone but the rich and powerful.

Working people aren't stupid. We see what's going on here. It's long past time for the pendulum to swing back to the side of working people in this country. To this committee, to the entire federal government, please keep your promise to American workers. We are watching, we are listening, and we are voting. Tell Amazon that enough is enough, and then show them you mean business. Don't give this company, or any employer, another penny until the labor laws of this land are truly upheld and workers' voices are finally heard.

Thank you.