

# Wall Street demands cuts at Yellow Corp as contract negotiations with Teamsters stall

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Yellow Corp., one of the country's largest less-than truckload (LTL) logistics companies, is reeling under pressure from Wall Street as contract negotiations with the International Brotherhood of Teamsters stall.

Yellow is undergoing a complete overhaul of its business model as it implements the early stages of Phase 2 of "One Yellow," a plan to consolidate the company's several subsidiaries and many of its hubs. The plan calls for the closing of a number of Yellow's facilities and the conversion of many workers into "utility" positions, where truckers will be required to also work the docks at facilities within a 175 mile radius of their home facility.

While the Teamsters has publicly criticized the way that Yellow has tried to implement the One Yellow plan, the union has said little of how the restructuring will impact workers. Instead, it has focused on the breach of the current contract by Yellow in its attempts to negotiate the business changes with workers directly.

Because of the One Yellow plan, the Teamsters called to move contract negotiations up a year. Yellow agreed, recognizing that it would need the Teamsters to enforce any changes on the workforce.

But negotiations have stalled, with the Teamsters and the company exchanging heated public statements attacking the other for not bargaining in good faith. The public spectacle over One Yellow has been a transparent attempt of the union to present itself as a force fighting for workers as it tries to push through an agreement at ABF, and is engaged in contract talks at UPS. In a statement, General President Sean O'Brien declared that "Yellow has shown that it doesn't

deserve and cannot be expected to continue under its current structure. The Teamsters cannot and will not keep bailing out this company with concessions."

The Teamsters have repeatedly stressed that they have given Yellow "billions in concessions" while the company has run itself into the ground. Among other things, this includes massive cuts to Yellow's pension obligations. This varies from region to region. The company has left the Teamsters' West Coast pension fund entirely and replaced it with a 401(k). In the Central States fund, Yellow has been allowed to contribute at one-quarter the normal rate.

Details of the negotiations themselves are sparse, but it has been reported that the Teamsters and the company have agreed to move forward a 40 cent raise from the current contract scheduled for October, and the company is offering a further paltry 60 cent raise to get the contract through.

A major problem for Yellow, however, is that it does not have the money to offer even this incredibly low raise.

Yellow is desperate to get a new contract done because it is effectively out of money. Industry analysts are noting that Yellow may run out of money by August and go bankrupt later this year. In May, Yellow's credit rating was reduced from an already junk-status B3 to Caa1 by the credit rating agency Moody's Investors Service. "Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk," according to Moody's.

The high risk of default is the result of Yellow's staggering \$1.6 billion in debt, \$700 million of which is owed to the federal government. Yellow's most recent financial reports show that the company is operating at a loss. Even in quarters where it has netted a profit, these have been relatively low and are overshadowed

by the company's outstanding debt. Roughly \$1.3 billion of Yellow's debt will mature this year and it is unclear if Yellow will be able to withstand the financial pressure.

In order to save the company from financial collapse, Yellow needs to secure additional funding, but it is unable to do so until a new deal with the Teamsters is secured. In a memo to employees, Yellow said the "company is running out of cash and is at risk of closure/liquidation. Delays to Phase 2 and the One Yellow transformation has come with a serious cost. The company is unable to pay its bills and secure lender financing without showing to the market that we are able to implement on our One Yellow plans."

In other words, Yellow faces bankruptcy unless it can show to Wall Street that it is capable of extracting as much value from workers as possible to generate profit for investors.

For their part, the Teamsters have offered no perspective to oppose wage cuts and job losses. They have openly admitted that they have given the companies billions of dollars of worker's money in the form of wage, benefit and pension cuts, and yet Yellow still finds itself staring bankruptcy in the face.

"It is not left for the Teamsters to save this company; we have given enough," O'Brien declared in a statement. "What happens next is out of our control." In other words, thousands of Yellow workers may lose their jobs and the Teamsters will passively accept this.

The Teamsters bureaucracy, having already sold out Yellow workers to the tune of billions of dollars, knows that it cannot contain worker outrage anymore. There is no room left for concessions and workers are fed up with giving away their living and working conditions to the company.

Yellow cannot be fought against as a single company. The restructuring of Yellow is demanded by Wall Street, which is placing similar demands on all logistics companies, including UPS which is holding a strike vote this week.

If Yellow survives bankruptcy, it will demand that workers sacrifice even more to generate profits for investors. And if Yellow goes bankrupt and is picked apart by rival trucking companies, workers will either be left out of a job or exploited under a new corporate banner.

The fight of Yellow workers to protect their jobs and

oppose the assault on working conditions is the fight of all logistics workers around the world. It is a fight not against just one company, but against the entire capitalist system which demands that workers must pay for record profits through cuts to real wages and benefits and increased work loads.

For years, the Teamsters have enforced the demands of Yellow to lower labor costs so that the company could avoid defaulting on its loans. It is only now making public calls to end the concessions because it would not be able to ram those concessions through against rank-and-file opposition. Yellow workers are already paid an average of \$5 less than truckers at ABF. But the record of the Teamsters shows they cannot be trusted to carry forward the fight against job and wage cuts.

At ABF, the Teamsters have agreed to a pension contribution for more than a decade. The latest tentative agreement, announced earlier this month, will include \$4.46 in added additional contributions to health, welfare and pension plans, according to the union. Significantly, these highlights do not break down the distribution of this increase, especially how much of this will go towards pensions.

The five-year deal also includes a paltry \$6.50 in wage increases over the life of the contract, or approximately 4.6 percent each year. Of this, \$3.50 is front-loaded into the first year in order to ease the passage of the deal. "The wage increase in year one alone surpasses that of the entire previous contract," the Teamsters crowed in their press release. However, that is more an exposure of the wretched character of the last contract, which has been in force during the highest inflation figures in 40 years.

In order to oppose the onslaught against jobs and wages, workers at Yellow must build a unified struggle with truckers at ABF and UPS. Workers are facing the same fundamental issues across the shipping industry and only a broad rank-and-file movement, independent of the bureaucrats in the Teamsters, can fight against concessions to the companies and Wall Street.



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