

The Yellow Corp. bankruptcy: A brutal attack on the working class

Jerry White
30 July 2023

Yellow Corp., the fifth-largest trucking firm in the United States, has shut down its operations and laid off 30,000 drivers, yard workers and office staff across the US. The firm is expected to file for bankruptcy protection in federal court this week.

The Yellow bankruptcy and mass layoffs are intended as a ruthless act of intimidation against all workers. Confronting an increasingly militant movement of the working class, the Biden administration has decided to allow the company to go into bankruptcy as a warning, aimed particularly at the 340,000 United Parcel Service (UPS) workers who will begin voting on a sellout agreement backed by the Teamsters union apparatus this week.

While Teamsters General President Sean O'Brien has hailed the UPS agreement as "historic," it has provoked a firestorm of rank-and-file opposition for maintaining the poverty wages of part-time workers, who make up two-thirds of the workforce, and including a de facto freeze in real wages for package delivery drivers, plus reduced pension payments in Western states.

More than 22,000 Yellow workers were prepared to strike on July 24 after the company reneged on its pension payments earlier this month. The Teamsters bureaucracy suddenly called off the strike, however, claiming it had reached a deal with Yellow to pay its \$50 million pension obligation within two weeks.

It is now clear that the Teamsters leadership had no intention of calling a strike at Yellow, and its announcement justifying the decision was based on lies. The union bureaucracy was well aware that the company was headed towards bankruptcy, but was determined to prevent a strike lest it embolden UPS workers and other sections of the working class. Making clear the union bureaucracy would not conduct even the pretense of a fight against mass layoffs,

Teamsters President O'Brien said over the weekend, "Today's news is unfortunate but not surprising."

In fact, the company has used the breathing room granted to it by the Teamsters to move freight off its docks and position its trucks and other equipment for auction. The bankruptcy courts will be used to allow Yellow's owners to slash their liabilities to employees, smash up the company, and buy up the remaining assets at rock-bottom prices.

Tens of thousands of workers at Yellow are being abruptly thrown into joblessness, with devastating consequences. At the company's headquarters in Overland Park, Kansas, where more than 4,000 office workers are being laid off, KCTV reported that employees with nine years or less will only get two weeks pay as a severance package. "It's very tough" an office worker said, "there's a lot of us here and we're flooding the [job] market."

Teamsters officials are still engaged in closed-door discussions with the corporation about further concessions. However, the overriding concern of Teamsters President O'Brien and the rest of the bureaucracy is to prevent any strike that would strengthen the position of 340,000 Teamsters members at UPS. Just two days after announcing the Yellow agreement, O'Brien announced that he had reached a deal with UPS, thus averting a strike set to begin at 11:59 Monday night.

The UPS deal was no doubt brokered by the Biden administration. Biden has relied on the trade union bureaucracy to keep wage increases below the rate of inflation and prevent strikes that would disrupt the prosecution of the US proxy war against Russia and plans for an even bigger war against China. While the White House and Congress are prepared to use anti-strike laws against workers in key industries—as they

did against the rail workers last year—they prefer to use the services of the union bureaucracy to avoid a direct political clash with ever more militant sections of the working class.

The American ruling class and its servants in the labor bureaucracy are using the shutdown of Yellow and the prospect of mass unemployment to beat back the demands of workers for major increases in wages to counter the impact of inflation and decades of declining real wages. Just two days before Yellow shut its doors, the US Federal Reserve raised interest rates to the highest level in two decades as part of a deliberate policy of driving up unemployment and countering the “tight labor market,” which the *Wall Street Journal* complained “allows workers to bargain for high pay, making it harder to get inflation down.”

It also coincides with threats by auto executives, including Stellantis CEO Carlos Tavares, that workers must accept deep wage and benefit concessions or face more plant closures and mass layoffs. With contracts expiring for 150,000 autoworkers in the US and another 20,000 in Canada in mid-September, Tavares said the number of plants and workers the company will retain in the US “relies on the total production costs that we can achieve in the US with our suppliers and within our own plants.”

The liquidation of Yellow is being driven by the most parasitic Wall Street interests. In 2019, private equity firm Apollo Global Management essentially took over control of the debt-ridden company by extending Yellow a \$600 million line of credit. It then leveraged its connections with the Trump administration to obtain a \$700 million pandemic aid loan from the United States Treasury on the dubious grounds that the company was essential for “national security.”

With nearly \$600 billion in managed assets, Apollo has a long history of loading up struggling companies with even more debt and collaborating with the unions to attack workers’ jobs, wages and pensions before selling or liquidating the asset-stripped companies. In one of the most notorious cases, Apollo joined other private equity firms in squeezing massive concessions from Warrior Met coal miners in Alabama, who waged a heroic two-year strike until it was betrayed by the United Mine Workers.

Over the last four decades, the US bankruptcy courts have been used to strip workers of their livelihoods and

ensure the continued enrichment of the financial oligarchy. The list of employers that have filed for bankruptcy includes Continental, Eastern, United, American and other airlines; countless steel, auto parts and coal companies; major auto firms such as GM, Chrysler, Delphi and Visteon; and the city of Detroit, where the pensions and retiree health benefits of city workers were gutted and public assets were sold off in the largest municipal bankruptcy in US history a decade ago.

The attack on Yellow workers can and must be stopped! But to do so, workers must take the struggle out of the hands of the Teamsters bureaucracy by organizing rank-and-file committees that will transfer decision-making power to the drivers and yard workers. These committees must establish direct lines of communication with workers in other trucking companies and at UPS to prepare joint strike action to demand secure and good-paying jobs for all workers.

These committees should advance demands to open Yellow’s financial books to public scrutiny, including full disclosure of all of the company’s assets and all of its payments to creditors, including the US Treasury Department. Securing the jobs, wages and pensions of all workers must take priority, and all resources wasted on the vast salaries and fees to corporate executives, Wall Street investors and union bureaucrats must be exposed and fully recovered.

Above all, private capitalist ownership of the trucking industry has proven to be a disaster for consumers and workers: from the massive loss of jobs after deregulation, to the recent trucking bloodbath that has seen thousands of companies disappear, to the ruthless cost-cutting and downward pressure on rates exerted by Amazon, to the unhealthy and exhausting schedules facing all drivers, including owner-operators. The trucking industry must be transformed into a public enterprise, collectively owned and democratically controlled by the working class as part of the socialist reorganization of economic life.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact