

# Freightliner counts down to mass layoff at Swan Island

By **Don McINTOSH**  
Associate Editor

The last Freightliner truck ever to be made in Portland will roll off a Swan Island assembly line March 29, at which point 802 local union workers will lose family-wage jobs.

In all, 632 members of Machinists Local 1005, 65 members of Painters Local 1094, 94 members of Teamsters Local 305 and 11 members of Service Employees Local 49 will be laid off March 30, with no expectation of recall.

German-based Daimler-Chrysler, which owns Freightliner, will continue to manufacture Western Star brand trucks at the Portland plant, so about 900 union jobs will remain.

But as of April 1, Freightliner, a brand begun by Portland trucking magnate Leland James, will be made only at plants in North Carolina and Mexico. Nearly 1,200 workers are also being laid off at the Cleveland, North Carolina, plant (a little under a third of the work force there), but are being told to expect recall when demand returns for Freightliner trucks.

In recent years, demand has risen and fallen in time with progressively stricter emissions standards imposed by the Environmental Protection Agency (EPA) as part of its mandate to enforce the Clean Air Act.

Before each new technology is introduced, trucking companies, cautious about increased cost or decreased reliability, engage in a buying binge. They "buy ahead" before the new model year kicks in. Then the new truck comes out, demand drops, and workers are laid off.

In this case, the EPA standards for 2007 call for a 90 percent reduction in particulate matter, the ultrafine soot that can be seen coming out of exhaust pipes, which is linked to cancer, bronchitis and increased heart disease.

In the past, truck-makers were able to meet federal emissions standards for diesel trucks by making changes within the engine compartment, like altering the shape of the cylinder, or improving

fuel-metering. But to get to the new level, engine manufacturers have to treat tailpipe emissions, burning the particles and running exhaust through a catalytic converter for the first time. The device uses platinum and rhodium, rare metals, and will render U.S.-made diesel engines the cleanest in the world, as clean as vehicles that run on natural gas. Freightliner has boasted that emissions from the new trucks will be so reduced that a white handkerchief placed over the exhaust pipes of a running truck will come off clean.

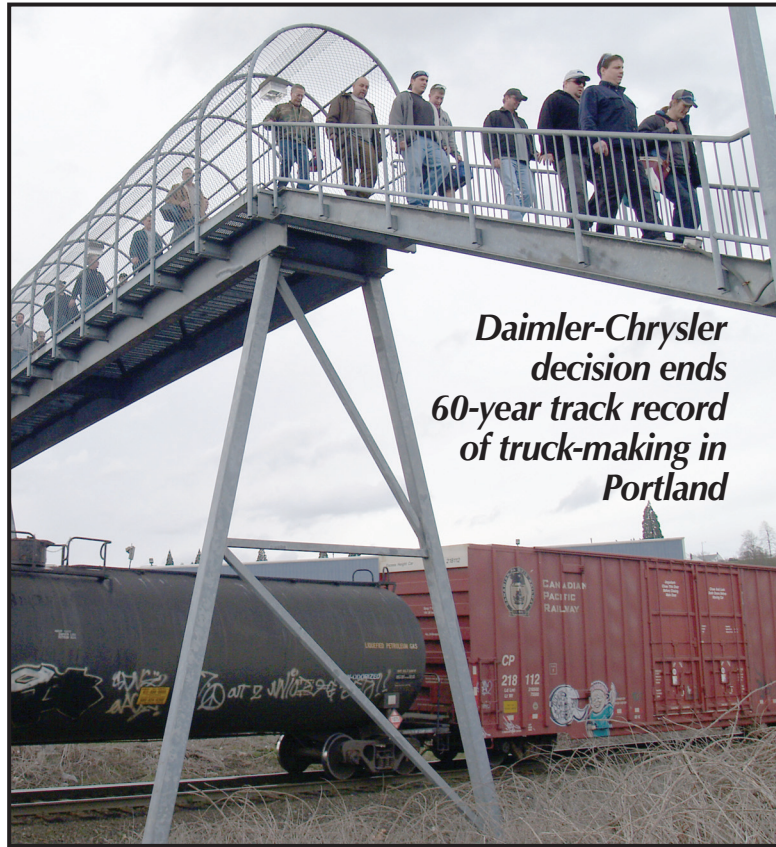
The problem is the new trucks are \$5,000 to \$10,000 more expensive, and have a modest drop in fuel economy — about 2 percent. The EPA allowed truck-makers to manufacture the old model year through the end of the first quarter of 2007.

Freightliner plants are running at capacity until then. After that, demand drops dramatically.

Joe Kear, a business agent at Machinists District Lodge 24, says the company is using that slack time to execute an unrelated business decision — shifting production to Mexico, where it's cheaper, and North Carolina, where it's closer to suppliers and customers.

Last December, Freightliner announced the construction of a new \$300 million facility in Sault Ste. Marie, Mexico which will make up to 30,000 Freightliner and Sterling trucks a year starting in early 2009. That's when the next buying spree is expected, because EPA standards on nitrogen oxide emissions ramp up the following year.

The Machinists Union saw that coming, and last year was able to get the government to certify Freightliner layoffs as "trade-related." That means any workers the company lays off through the end of 2008 will get much more generous job retraining assistance from the government. Those benefits include employment counseling, up to two years of unemployment benefits, a two-thirds health insurance subsidy through COBRA, tuition reimbursement for up to two years of trade school or technical education, a wage



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subsidy to give employers incentive to hire them and provide on-the-job training, and job search and relocation benefits to enable workers to move to take jobs for which they're qualified.

At a recent meeting explaining these benefits, one worker asked if the relocation benefits could be used to move to Mexico. The answer: "No." Under NAFTA, only jobs can freely cross borders, not workers.

As mass layoffs go, this one isn't as bad as it could have been. Over half the workforce will remain to produce Western Star brand trucks, so union seniority rules apply to the layoff. That means the laid-off workers are a relatively young group — most in their 20s and 30s. They'll have many years of work ahead and will be better able to take advantage of retraining benefits than workers in their 50s.

And other employers are lining up to offer jobs to the laid-off workers. A "Transition Team" made up of unions, management, non-profits and government agencies is meeting weekly to sew together a safety net before the layoffs occur. Thus far, they've lined up 80 employers to take part in a massive jobs fair in late March. As of press time they were looking to rent space in the Rose Quarter for the event, which would also be open to the family members of laid off workers.

Kear said welders, painters and workers doing body repair have obvious and sellable skills, while others have hidden talents. Some assemblers are actually diesel mechanics — skills they weren't using. Meanwhile, Teamsters classified as material handlers know how to do inventory control, operate forklifts, and manage shipping and receiving, so some of their work experience may qualify them for jobs elsewhere.

However, no amount of optimism can eliminate the sting of losing a good union job with excellent fringe benefits. Wages in the Machinist contract start at \$12 an hour and top out at \$20.55 after four-and-a-half years. The maximum unemployment insurance benefit will be \$445 a week.

Adding to the sting for some is the fact that they agreed to a pay cut in 2001 in a deal to keep the plant open.

"People feel betrayed," said Frank Rouse, president of Local 1005 and a chief steward at Freightliner. "They put in all this time for the company, and now they're getting laid off."

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