

...Freightliner to exit Portland

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company offers a generous enough severance package, that would give them incentive to stick around until the end.

If too many workers quit before the closure, the company could recall workers laid off in earlier waves. The company is expected to keep production going until the end, and may build up inventory to cushion the transfer. Because the assembly makes use of expensive robotics, Daimler will have to shut down the Portland plant and transfer the machinery before production can begin elsewhere.

The Swan Island plant employs some skilled workers, including certified welders, electrical repair workers and workers in some machine and building maintenance classifications. If the currently worsening economy rebounds by 2010, they may be able to find equivalent work elsewhere in town.

But most of the workers to be laid off are in unskilled assembly jobs. Because they have a union, and because the company has continued to be very profitable, those Machinist-represented assemblers make \$22.75 an hour plus

full benefits. Once laid off, they'll be very unlikely to match that compensation in other unskilled work.

Less senior employees were the first to be let go in earlier waves of layoffs, so all those who remain at the Swan Island plant have been there since at least 1995. Their average age is 48, and a sizable fraction are workers in their 50s.

Some may be eligible for early retirement, with a reduced benefit. For example, a 55-year-old worker who'd been there for 30 years could take early retirement; under the Machinists contract, members can take early retirement if their age plus years of service equals 85.

For those who can't retire, the best hope may be to accept a package of federal government benefits offered by the U.S. Labor Department's Trade Act Assistance (TAA) program. Because work is moving to Mexico, this plant closure is almost certain to be determined trade-related. That will make workers eligible for TAA benefits, including employment counseling, tuition reimbursement for up to two years of trade school or technical education, up to two years of unemploy-

ment benefits, a health insurance subsidy, job search and relocation assistance, and a wage subsidy to give employers incentive to hire them and provide on-the-job training.

Anti-union types sometimes blame plant closures on "excessive" union wage and benefit demands. But odds are that no union concession could have stopped Daimler from moving to produce trucks in Mexico, when truck assembly workers in that country make less than a fourth of the Portland workers' wages.

And there are other reasons for the move. As Daimler put it in the announcement, "a migrating supplier base and high logistics costs have had a major impact on the cost of production in [Portland]." In other words, roughly translated: Earlier decisions to outsource production of Freightliner parts to Mexico meant the company could now also save money by not having to ship those parts to Portland for assembly.

Next February, the company will launch a new truck which will be marketed as the premier model in the Freightliner brand lineup. It'll be named Cascadia, a nod to the mighty Cascade mountains of the Pacific Northwest. Sierra Madre might have been a more appropriate name, however, since that's the mountain chain visible from the company's brand-new manufacturing plant in Saltillo, Mexico, where the new truck model will be made.

Machinists Union Representative Joe Kear lays blame for the Portland plant closure on politicians who support NAFTA, the North American Free Trade Agreement.

"These trade agreements need to be renegotiated," Kear said. "We need to have tariffs again that protect key jobs and industries in the United States."

At one time, the American truck



The last Freightliner brand truck rolled off the assembly line at the Portland Swan Island plant on March 29, 2007. More than 600 workers were displaced as owner Daimler-Chrysler moved manufacturing to a huge new facility in Santiago Tianguistenco, Mexico.

manufacturing industry was protected by tariffs of up to 15 percent, which made it hard to import trucks profitably for sale in the United States. But NAFTA, which began to take effect in 1994, brought Mexico gradually into a tariff-free zone with the United States and Canada. Freightliner began making its first moves to Mexico in 2000.

Freightliner was the brainchild of Leland James, president of Consolidated Freightways (CF), a Portland-based trucking company. In the 1930s, James had an idea for a lighter truck that would save on fuel costs for his company, so he hired engineers and built it.

The Portland Freightliner plant started production in 1947, and moved to its present Swan Island location in 1969. But in 1979, trucking was deregulated. Union trucking firms were hit hard. CF decided to sell Freightliner in 1981, and found a willing buyer in Daimler-Benz AG, the German multinational known for the Mercedes-Benz.

Daimler-Benz, which became Daimler-Chrysler with the purchase of Chrysler in 1998, continued to buy other North American truck brands, including Ford's heavy truck division, which then became the Sterling brand, and Canada-based Western Star Trucks, which specializes in customized heavy-duty trucks for mining, logging, and oil fields.

In 2000, Daimler started making its more downscale Freightliner trucks in Santiago Tianguistenco, Mexico. The following year it outsourced Freightliner parts production and closed the Portland parts plant. Western Star production was relocated to Portland in 2002, and the Kelowna, British Columbia plant where it had been made was closed. In 2007, Daimler sold money-losing Chrysler and moved production of its flagship Freightliner truck model from Portland to Santiago Tianguistenco and North Carolina.

And the Portland plant closure is just a small part of the restructuring announced Oct. 14. Daimler will also be

discontinuing the Sterling Truck brand in March 2009, and close the Canadian Auto Workers-represented plant in St. Thomas, Ontario, where the medium- and heavy-duty trucks are made; about 700 workers are being laid off there this month, and 700 more will go when the plant closes.

The closure of the Portland plant will decimate Machinists Lodge 1005. The automotive mechanics local will drop from 1,100 to 470 active members. [The local also has close to 700 retired members, who are voting members under the union's Constitution.] Lodge 1005 will continue to represent diesel mechanics at Peterbilt, Cummins, Swan Island Dairy, Safeway, and the City of Portland, as well as workers at Silver Eagle Manufacturing, a manufacturer of converter dollies and light trailers.

And there are sure to be ripple effects on the local economy as local suppliers lose business and the laid off employees cut back spending. Portland Mayor-elect Sam Adams called the closure "a punch in the gut for Portland's economy."

The closure will also end an emotional connection that thousands of Portland families have had to the company. Tom Chamberlain, president of the Oregon AFL-CIO and a former president of Portland Fire Fighters Local 43, remembers what a difference it made growing up when his father went to work at Freightliner in 1961.

"It changed our life," Chamberlain recalls.

His family was able to move from a house without a bathtub or shower to a house that had one. They ate better. Relatives who'd been working as poorly paid ranch hands in Nebraska moved to Portland to work there too.

And when the younger Chamberlain grew up and started work as a firefighter, it meant something that all the fire rigs in Portland were also made by Freightliner.

"It was a Portland company," Chamberlain said. "We had a lot of pride in that."



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