

...Government approves merger of paper mill giants

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On Oct. 2, 2015, WestRock finalized a \$288.5 million acquisition of SP Fiber Holdings, the company that owned the Newberg mill and a paper mill in Dublin, Georgia. Two weeks later, WestRock announced the “indefinite” closure of the Newberg mill. About 200 people, most of them AWPPW members, lost their jobs — even though the market for cardboard has been growing steadily thanks to the increase of online shopping.

Pallesen had a hunch the closure was intended to reduce supply in the market, but had no proof. Union members and supporters protested the closure with pickets outside the mill, but the company didn’t budge, and the mill stayed shut.

Then on Jan. 29, 2018, WestRock announced plans to buy KapStone, which employs AWPPW members at its paper mill in Longview, Washington. The announcement rekindled Pallesen’s hopes for the restart of the Newberg paper mill, because the acquisition would require federal approval. A series of federal statutes known as “antitrust” laws are supposed to prevent companies from becoming monopolies or otherwise manipulating markets or restricting competition. Because of those laws, the government in the past has required merging paper companies to divest some of their holdings to preserve competition in the marketplace. Surely they’d

do that this time as well, Pallesen thought. Maybe the government would order WestRock to sell the Newberg mill to someone who’d reopen it and put AWPPW members back to work. Or if not, at least some of KapStone’s mills might be kept out of the clutches of a company with a record of closing mills.

Then (he won’t say how) Pallesen came into possession of a secret company document: a Jan. 9, 2018, sales agreement between WestRock and KBD Enterprises, an industrial scrap business. WestRock, having paid nearly \$300 million to acquire two paper mills, now proposed to sell one of them for just \$8.25 million ... with some highly unusual conditions: The buyer would have to destroy the plant’s valuable machines, and promise not to sell them intact or use them to manufacture paper.

That seemed to Pallesen like “smoking gun” evidence of an intent to destroy productive capacity and reduce supply in the market. He got in touch with Edgar Sargent, a Seattle commercial attorney who previously represented the Bakers union during the Hostess bankruptcy and successfully defended Seattle’s minimum wage ordinance. At AWPPW’s request, Sargent presented the leaked sales agreement and other evidence alongside a letter to the Antitrust Division of the U.S. Department of Justice, calling on them to investigate.

“The union believes that this merger poses serious threats to

full and fair competition in the market,” Sargent wrote in the May 8 letter. “Our general concern is that WestRock will use its increasing share of the cardboard and container markets to increase profits by artificially constricting production.... It is difficult to imagine any justification for WestRock’s plan to destroy the Newberg mill other than an attempt to foreclose competition with WestRock’s cardboard operations.”

In June, WestRock told the *Portland Tribune* newspaper the planned sale to the scrapper had fallen through. But the evidence of the sales agreement spoke for itself, and U.S. Senator Ron Wyden decided to weigh in. In a July 24 letter to the U.S. Department of Justice and the Federal Trade Commission, Wyden called on them to investigate the report that WestRock had ordered the mill equipment destroyed.

“Such a provision, which was first identified by the Association of Western Pulp and Paper Workers, appears on its face to be highly anticompetitive,” Wyden wrote. “By limiting the number of domestic buyers of recyclable materials, WestRock may be effectively controlling prices that curbside and sorting facilities receive for their services, and at the same time increasing the cost of paper for consumers.”

In an Aug. 29 reply, the Department of Justice thanked Wyden for his interest. “The Department is strongly committed

to protecting and promoting competition in the paper industry through enforcement of the federal antitrust laws,” wrote assistant U.S. attorney general Stephen Boyd.

WestRock declined to comment for this story, but has said repeatedly that it’s continually assessing what to do with the Newberg mill.

“That’s a line of bullshit, in my opinion,” Pallesen told the Labor Press. “They’re a multi-billion corporation. They know exactly what they’re doing. They don’t want competition.”

Pallesen said he’s heard from at least two potential buyers who’d be willing to reopen the mill, but WestRock has been unwilling to talk with them, he said.

As a result, the Newberg recycled paper mill remains idle, all while Oregonians pay top dollar to collect recycled paper curbside — and have it sent to landfills because there’s no facility to take it.

WestRock picked up four more paper mills with the completion of its KapStone purchase, including the AWPPW-represented mill in Longview. Because it’s a large enough capital investment, Pallesen thinks the Longview mill is safe from closure for now. But if the company’s strategy is indeed about limiting production, other mills might be at risk.

“We certainly expect around 12 months from now, maybe 18 months, you’ll see mill closures,” Pallesen said.

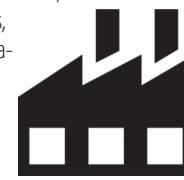


MARCH TO MONOPOLY?

2011: Rock-Tenn buys Smurfit-Stone
2015: Rock-Tenn merges with MeadWestvaco to form WestRock
2015: WestRock buys SP Fiber Holdings
2016: WestRock buys Cenveo Packaging
2017: WestRock buys Silgan Holdings
2017: WestRock buys MPS
2017: WestRock buys U.S. Corrugated
2017: WestRock buys Island Container
2017: WestRock buys HannahPak
2018: WestRock buys Plymouth Packaging
2018: WestRock buys KapStone

PAPER TRAIL OF DESTRUCTION

Below is a list of paper mills closed since 1998, just in Oregon in Washington, and in one union (AWPPW). It doesn’t include partial closures, like the Georgia-Pacific mill in Camas Washington where all but one paper machine have been shut down.



OREGON

Albany (International Paper) 2009
Gardiner (International Paper) 2005
Newberg (WestRock) 2015
Oregon City (Blue Heron) 2011
North Bend (Weyerhaeuser) 2003

WASHINGTON

Bellingham (Georgia-Pacific) 2007
Cosmopolis (Weyerhaeuser) 2006
Everett (Kimberly Clark) 2012
Hoquiam (Grays Harbor Paper) 2011
Longview (Weyerhaeuser) 2001
Steilacoom (Abitibi) 2000

...OHSU union

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as post-doctoral researchers who are classified by OHSU as employees. But OHSU argues he’s not an employee.

“Every meeting I’ve had with the administration, they’ve tried to make that clear that we don’t deserve the same recognition as employees, and that we don’t deserve the same benefits as employees, because we are students and we should feel lucky to even be paid,” Meadows said. “But the reality is that we do work for them, so they should pay us, and we should have the right to negotiate for more.”

Meadows was one of about 100 pro-union graduate student employees and supporters who rallied Nov. 15 on the lawn outside Mackenzie Hall. Many held signs saying “Graduate research is work” along with the logo of their union, AFSCME.

Hoping to negotiate a livable wage, ad-

equating health coverage, some say over conditions, and greater protection against workplace abuses, a majority of the graduate student faculty signed union cards seeking to join AFSCME, and turned them into the Oregon Employment Relations Board Aug. 29. Under Oregon’s public sector “card check” law, it should have been a slam dunk — graduate student teaching and research faculty are already in recognized unions at all other major public universities in Oregon, and many of those have much lighter workloads than the OHSU grad student researchers. But OHSU is delaying union recognition with the objections it filed.

“One way or another, these workers will have a union, and they will have a contract,” Oregon AFSCME executive director Stacey Chamberlain told rally participants.

A hearing on the objections is scheduled for Dec. 12.

-Don McIntosh

...Aramark

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keep their union, and will bargain a new contract that by agreement with Metro will have some minimum conditions: They’ll make at least as much per hour as they’re currently making; they’ll be allowed to accept tips for the first time; and they’ll get at least \$100 a month toward health insurance. Food service workers approved the agreement overwhelmingly in votes held Oct. 28-31.

Because Aramark is a large private business, workers will also be protected by Oregon’s new fair scheduling law, which requires that they be compensated for last-minute schedule changes.

Aramark already manages concessions at other Metro facilities: the Oregon Convention Center, Expo Center, and Portland’s 5 Centers for the Arts. Workers at those facilities are represented by UNITE HERE Local 8.

As part of the contracting out settlement, Metro also tentatively agreed to a \$15-an-hour minimum wage for all of its own union employees, retroactive to the June 30, 2018 expiration of the previous contract. It also agreed to rein in its longstanding reliance on “permatemps.” After two years of working in positions classified as temporary, workers will no longer be considered at-will employees, and will have the right to contest unfair discipline through a grievance process and binding arbitration. Other terms of that contract are still being negotiated.

Going to \$15 will be a big raise for Zoo laborers like Nick Boehm. After 22 years cleaning restrooms, emptying trash and pressure washing Zoo grounds, Boehm earns \$12.63 an hour.

“The zoo runs a year-round operation on seasonal temporary labor,” said Boehm, who serves on the Local 483 bargaining team. “The new agreement makes progress toward ending that.”