



Written by [Salena Zito](#) on August 1, 2023

Economic Uncertainty Mounts as a Major Freight Carrier Heads to Bankruptcy

OVERLAND PARK, Kansas — Yellow Freight, one of the oldest trucking companies in America, located here in this Johnson County city, hit the end of the road Friday when both union and nonunion office workers at the facility were told they had been laid off.

It was an announcement that comes days ahead of an expected bankruptcy filing by Yellow — a rumor that has caused freight customers to cancel orders and Yellow's stock to plunge as the probability of liquidation has escalated in recent weeks.

Here in the Kansas City metropolitan area, it meant around 1,000 people were without a job, but that economic pain does not stop at the city limits. As one of the largest freight trucking companies in the country, employing over 30,000 (22,000 of them members of the International Brotherhood of Teamsters), the economic impact is going to broaden as it affects the country's already wobbly supply chain.

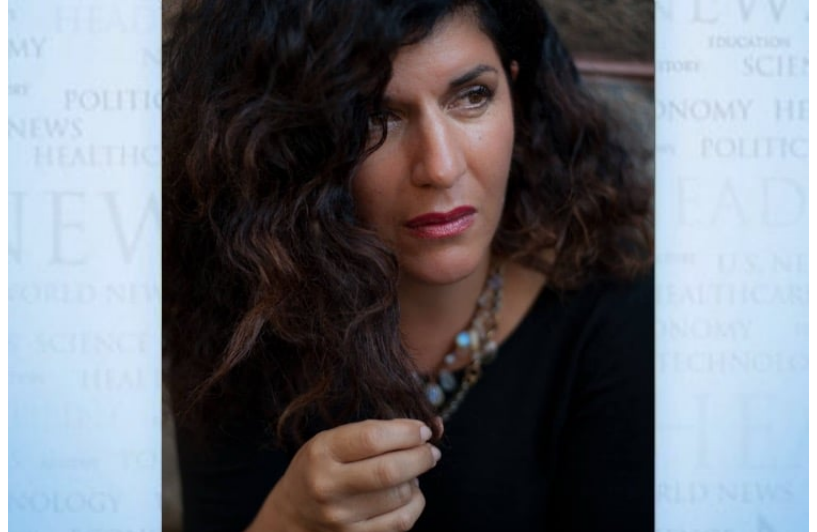
The news comes less than a week after the Teamsters reached an agreement with United Parcel Service averting a strike that would have crippled the nation's supply chain and placed nearly 300,000 union jobs on the picket line.

The 99-year-old Yellow company, which has been hobbled by a series of mergers that left it in heavy debt, has been embroiled in labor talks with the Teamsters for months over a new labor contract. The standoff between the two became so dire at the end of June that the carrier sent a letter to President Joe Biden imploring him for help negotiating with the Teamsters in the same way Biden did with the threatened railroad strike last year.

FreightWaves, a trade news organization, reported the Yellow letter said the company is "on the verge of closing its doors due to an ongoing, intractable labor dispute with the International Brotherhood of Teamsters."

"Despite support from your Administration, these efforts have proven unsuccessful at getting both sides to the table to discuss a way forward," the letter read.

The government owns 30% equity in the less-than-truckload shipping company thanks to a controversial deal struck by the Trump administration in 2020 that gave the company a pandemic relief loan in return for the federal government assuming stake in the company.



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The \$700 million loan was considered controversial in part because the company was embroiled in a dispute with the Justice Department. The department alleged that Yellow had defrauded the federal government for a seven-year period when the company had done a significant amount of freight carriage for the Department of Defense.

On Friday, one of the two trucking terminals located in this region off of U.S. 40 looked bleak — with no evidence of the robust moving of freight, people and trucks typically seen at this location.

In my current drive across the country, it was odd not to see the familiar Yellow Freight trucks, with their ironic orange trademark, chugging alongside J.B. Hunt, XPO, Swift, UPS Freight and FedEx, transporting goods across the Midwest.

The company began as Yellow Transit Freight Lines in 1924 and was founded by two Oklahoma City brothers, G.C. “Cleve” Harrell and A.J. Harrell. The name Yellow came from an affiliation with the Yellow Cab Co., which Cleve started in 1906 and was also based in Oklahoma City.

By 1952 the company was sold to a group of investors led by George E. Powell Sr. and moved here to Kansas. The company chose an eye-catching orange trademark, rather than yellow to match the company’s name, because orange was thought to be more visible by other drivers back in the days of two-lane highways.

While the Teamsters-UPS agreement to avert a strike has lessened what could have been a disastrous economic event, Yellow’s potential insolvency marks one of the biggest collapses in jobs in the U.S. trucking industry.

Requests for comment from Yellow and U.S. Transportation Secretary Pete Buttigieg went unanswered.

Salena Zito is a CNN political analyst, and a staff reporter and columnist for the Washington Examiner. She reaches the Everyman and Everywoman through shoe-leather journalism, traveling from Main Street to the beltway and all places in between. To find out more about Salena and read her past columns, please visit the Creators Syndicate webpage at www.creators.com.

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