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A Watershed Strike

The retail food workers strike in California may be the first in a series of battles that could shape the future of labor-management relations throughout the US.

Peter Dreier* and *Kelly Candaele *October 23, 2003 | This article appeared in the November 10, 2003 edition of The Nation.*

The strike of 70,000 Southern California retail food workers, which started on October 11, may be the first in a series of battles that could ultimately shape the future of labor-management relations throughout the United States.

The United Food and Commercial Workers (UFCW), one of the nation's largest private-sector unions, has geared up for what could be a prolonged job action. "If they break our backs here," noted Sean Harrigan, UFCW States Council director, "they [employers] will view this as an opportunity to pillage UFCW members and their union contracts throughout the country. This is a real watershed." The last strike in the Los Angeles retail food industry occurred twenty-five years ago.

The employers--Vons and Pavillions, Ralphs and Albertsons--want to slash the health and retirement benefits of their cashiers, baggers, deli clerks and other employees. The companies' representatives refused to discuss the details of their contract proposals, but according to UFCW Local 770, the grocery chains have demanded what amounts to a 50 percent reduction in workers' medical coverage, including increased prescription drug costs and cuts in retirement benefits. Additionally, the companies want to initiate a "second-class" wage system, with new hires doing the same work as current employees but for much lower pay.

The companies claim that high labor costs make it impossible for them to effectively compete with nonunion stores like Wal-Mart, but a quick look through the public records shows all three companies to be highly profitable: The Cincinnati-based Kroger Co., which owns Ralphs, is the nation's eighteenth-largest company, with revenues of more than $51 billion. Albertson's, Inc. based in Idaho, ranks thirty-fifth, with revenues of $36 billion. Safeway, which owns Vons and Pavillions, and is based in Pleasanton, California, ranks forty-first, with revenues of $32 billion. The three chains' combined operating profits increased from $5.1 billion in 1998 to $9.7 billion last year.

More than 11,000 members of UFCW Local 770 (which represents food workers in the Los Angeles area) showed up at a rally two weeks ago. More than 97 percent of them voted to reject the company's offer--an incredible show of solidarity. Local 770 president Rick Icaza remarked after the vote that "In my decades of work for the union I have never seen an employer offer so soundly rejected." "I'm

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Peter Dreier and Donald Cohen

absolutely convinced," Icaza added, "that this is really a start of greater worker militancy."

A few days later, the LA City Council unanimously voted to support the strikers. In fact, the UFCW can expect a great deal of support from both local and statewide Democratic leaders. Elected officials have often helped mediate labor-employer tensions so they didn't spiral into destructive battles. But with the recall of California Governor Gray Davis, speculates UFCW's Icaza, "Employers may feel stronger because there won't be a pro-labor governor breathing down their necks."

From labor's perspective, the national food chains' demands for draconian cuts reflect a profoundly altered corporate attitude. When local billionaire Ron Burkle, philanthropist and Democratic Party contributor, owned Ralphs before selling the company in 1998, labor negotiations were characterized by an attempt to solve problems rather than defeat the "opponent." "It was a win-win situation with Burkle," the UFCW's Harrigan says. "Now it's win-lose."

Historically, enlightened corporate leaders have understood that a "high road" economy--one that promotes improving workers' skills, provides good wages and benefits, and better productivity--strengthens the overall social and economic health of the nation. Henry Ford, while no friend of unions, knew that his workers had to make enough money to buy the cars he was producing.

Companies like Wal-Mart, the nation's largest retailer, with 1,397 supercenters, accounting for 19 percent of the nation's grocery sales, which is attempting to make inroads in Los Angeles and other urban areas, symbolize the "low road" corporate strategy. They rely on part-time workers, pay low wages without benefits, resists unions and outsource as much production as possible to sweatshops in Asia and Latin America. If Vons, Ralphs and Albertsons succeed at mimicking the Wal-Mart approach, it will pull down America's middle-class standard of living and signal other companies, whether unionized or not, that it's time to go to war against working families.

If the employers succeed in dismantling the foundations of the collective bargaining agreement in Los Angeles there will be dramatic national ramifications for the UFCW. Ten thousand UFCW members in St. Louis are currently on strike, and the UFCW locals in West Virginia, Ohio and Kentucky walked out against Kroger stores on October 13. The UFCW union contract in Arizona with Safeway ends on October 25, and agreements in Indiana, Memphis and Denver are also about to expire. The strike fund in Los Angeles is paying out millions of dollars a week, and spokespersons at the UFCW national headquarters in Washington, DC, said recently that they would re-mortgage their national office building to help finance what could easily become a nationwide strike.

The union is counting on the power of consumer support and negative publicity to pressure the companies to repeal their demands for dramatic cuts in benefits. The UFCW has mobilized an impressive show of support among community and religious institutions, whose leaders are encouraging consumers not to cross strikers' picket lines. The Teamsters union--whose members drive the trucks that bring food from farms, factories and warehouses to supermarkets--has pledged support for the striking workers. And at a recent gathering of labor leaders in Los Angeles, Miguel Contreras, head of the Los Angeles Central Labor Council, pledged support for the UFCW.

The first week of the strike went well for the workers, as the vast majority of customers have decided to shop elsewhere. Like during the successful 1997 United Parcel Service strike, the shoppers know the checkers, baggers, deli clerks and meat-cutters by name, so are less likely to fall for company propaganda excoriating the "greedy union."

A nationwide UFCW strike over healthcare could make that issue a central one in the upcoming presidential campaign. With more employers cutting benefits, the number of

Americans without healthcare is growing. This is the Wal-Marting of America, and the labor movement and other progressive groups should be pushing the Democratic candidates to explain how they will provide universal health coverage for all Americans. A recent government census report concluded that the number of Americans without health insurance increased by 2.4 million people between 2001 and 2002. In 2002 there were 43.6 million people, or 15.2 percent of Americans who have no health coverage.

But in addition to bolder political engagement, labor needs more creative strategies to fight the corporate trend toward the "low road" economy. For instance, the California Public Employees Retirement System (CALPERS) has $145 billion in assets and is the largest public pension fund in the nation, while the California State Teachers' Retirement System (CALSTRS) has close to a $100 billion portfolio. These two funds, through indexed investments, own part of virtually every large corporation in the United States, including the three supermarket chains.

While the primary responsibility of retirement-fund board members is to make investment decisions based on anticipated returns, it is counterproductive to society to invest in companies engaged in fierce assaults on workers'--and the nation's--living standards.

In Canada, several public-investment funds have balanced their investment responsibilities to their retirees with broader social goals which benefit all of society. As part of their investment policies, they require a "social audit" to assure that no funds go to companies with deleterious health and safety, environmental or employment practices. If California's pension funds had similar standards, companies like Vons, Ralphs and Albertsons could be denied investment capital when they tried to push their employees off the healthcare rolls. As stockholders in big companies, union pension funds could also wage campaigns to elect pro-worker company directors.

If this strike is a long one, the potential for civil unrest will undoubtedly increase. When strikebreakers are taking their jobs and workers see their family security going down the drain, rage is an understandable reaction. But before law enforcement officials and journalistic pundits engage in their obligatory condemnation of "conflict," they should consider the damage being done to the lives of the working men and women who are now walking picket lines rather than checking groceries and bringing home a paycheck.

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