Contract talks break down at Southern California supermarkets

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Supermarket representatives and United Food and Commercial Workers union (UFCW) negotiators broke off talks earlier this month, after seven months of fruitless contract negotiations. Some 65,000 members of the UFCW, employed at 685 store locations across Southern California, are affected. The chains involved include Ralph's, owned by Kroger; Albertsons, owned by Supervalu; and Vons, owned by Safeway.

Workers have been without a contract since March 5, and have continued working on the basis of ad hoc extensions of the old contract. Negotiations have stalled as employers remain intransigently opposed to union proposals.

The current talks are the first since the unprecedented concessions suffered by workers in 2004, after the UFCW betrayed a 141-day-long walkout, the longest supermarket strike in history. It marked a capitulation to every major employer demand, slashing benefits for existing workers while simultaneously initiating a "two-tier" pay structure, under which those hired after the strike received significantly less in both wages and benefits than current workers.

In January, UFCW members employed at regional chains Gelson's and Stater Brothers approved tentative contracts eliminating the two-tier pay structure and doubling health benefits paid to workers. The UFCW hailed these contracts as "model agreements."

In fact, the proposed new contract merely provides a slight increase in pay and benefits. Stater Brothers' acceptance of the deal is itself contingent on its approval by the other supermarkets, which appears increasingly unlikely. The UFCW is attempting to sell the contract to the other chains on the grounds that it will ensure a more productive, docile and compliant labor force.

However, even this meager offer is considered too generous by the larger, national chains, which are pushing for pay and benefit reductions, citing the need to remain competitive with nonunion chains like Wal-Mart. In fact, real wages have declined significantly for grocery workers over the last 30 years, and the gap between wages for unionized and nonunion retail workers is now almost nonexistent. In 1983, for example, union retail workers made 35.5 percent more than their nonunion counterparts; by 2003, the gap was a mere 1.3 percent.

Employers have braced themselves for a strike, as happened over the winter of 2003-2004, by pledging to lock out their own staff if any one chain faces a strike and maintaining a profit-sharing scheme between the supermarkets.

Talks broke off following the announcement of this pledge. On March 26, Albertsons workers, members of UFCW Local 324, voted overwhelmingly for strike authorization. In 2003, a walkout by employees of Vons prompted lockouts by Albertsons and Ralph's.

The UFCW is negotiating contracts this year covering some 400,000 workers. According to the UFCW web site, it is currently in negotiations with Safeway, Supervalu, Kroger and other supermarket chains in Eugene, Oregon; Houston, Texas; Toledo, Ohio; the Puget Sound area of Washington; and the entire state of Montana. However, the UFCW has made no attempt to unite any of these struggles, leaving workers in each region isolated.

While the supermarket chains have not yet recovered the market share lost over the course of the previous strike in Southern California, they have been doing remarkably well elsewhere. The Associated Press reports that "Kroger Co., which operates the Ralph's chain, saw earnings jump 16 percent to $1.11 billion in 2006. Safeway Inc. posted its biggest numbers since 2001, earning $870.6 million last year. Even Supervalu Inc., which acquired much of the troubled Albertsons chain, collected $332 million in profits in the nine months ended Dec. 2."

In the meantime, attacks on jobs have continued. In 2006, Supervalu and private equity fund Cerberus Capital

Management acquired the bankrupt Albertsons chain. Albertsons President Larry Johnston received a $105 million golden parachute in the arrangement. Soon afterwards Cerberus, which acquired 655 Albertsons locations in the deal, closed some 100 stores axing 1,000 jobs.

Despite the militancy of the grocery workers, and the broad-based support for their struggle, the 2003-2004 strike-lockout ended with UFCW capitulation to all major employer demands, this despite the fact that millions of customers honored picket lines (or even joined them), costing the stores more than $2 billion in lost business.

The UFCW and the AFL-CIO systematically isolated the strikers and refused to seriously oppose the supermarket chains’ use of strikebreakers. Three weeks into the work stoppage the UFCW terminated picketing at Kroger-owned Ralph’s markets. The UFCW’s own contract proposal included sweeping benefit cuts calculated to save the owners between $350 million and $500 million.

At the same time the AFL-CIO brought in top union officials to organize “pray-ins” and appeals to supermarket executives and Democratic Party politicians in order to cover up the fact that behind the scenes the UFCW was working out a deal to help management drastically cut its labor costs.

After 19 weeks of picketing, the union bureaucracy finally foisted the contract on the exhausted union members, claiming it was the best they could expect. As a consequence of the prolonged strike, thousands of workers went heavily into debt, only to find themselves with fewer benefits than they had before.

The final contract imposed a two-tier structure, cutting the health and pension benefits of current employees and imposing even deeper cuts on new hires, who make up just over half the supermarkets’ workforce. The contract radically shifted medical costs from employers to the workers, who now pay 35 percent of their monthly pension contribution.

New-hire wages are lower across the board than those of senior workers and their medical contributions are much higher. There is a one-year waiting period to receive benefits, and dependents must wait 30 months. New hires are also required to pay 65 percent of their retirement contributions.

The UFCW has attempted to present its split from the AFL-CIO in 2005 and the formation of the “Change to Win” coalition with several other unions as a break from the disastrous policies of the AFL-CIO.

Nothing could be further from the truth. The split in the AFL-CIO represented an unprincipled struggle within the labor bureaucracy, pitting several larger unions, based primarily in the service sector and building trades, such as the Teamsters, Service Employee International Union, UFCW and the laborers, against older industrial unions like the United Auto Workers and the International Association of Machinists.

There are no principled differences between the Change to Win faction, headed by SEIU President Andrew Stern, and the AFL-CIO, led by President John Sweeney. Both embrace the policy of union management collaboration and the political subordination of the working class to the Democratic Party. Change to Win and the AFL-CIO are currently squandering millions of dollars on Democratic candidates in preparation for the 2008 election cycle.

In the end both union federations are concerned with defending the interests of the labor bureaucracy, not the workers trapped inside these organizations. Top officials in both the AFL-CIO and Change to Win have increased their own salaries and benefits while union members have suffered massive job losses and falling living standards. Recent data filed under the Labor Management and Recording Act show that the number of union officials making over $100,000 more than doubled between 2000 and 2004, while those garnering more than $150,000 annually increased by 84 percent.

The highly paid officials running the UFCW have more in common with CEOs than the workers they claim to represent. For example, Rick Icaza, president of UFCW Local 770, the largest in Southern California, took in $281,896 last year.

No faction of the labor bureaucracy is capable or willing to lead a serious fight in defense of jobs, wages or working conditions. Any serious struggle requires an organizational and political break from these organizations and their pro-capitalist and nationalist policies.