

Haggen grocery chain announces store closures throughout the US

Jake Dean
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Haggen Inc. announced August 21 that over the next two months the grocery chain would close or sell 27 of its stores throughout California, Arizona, Nevada, Oregon and Washington. The news came only weeks after the Bellingham, Washington-based company announced another round of layoffs affecting 700 to 800 of its workers. There is still no exact figure on how many employees will be affected after all the store closures.

The stated reason for the mass layoffs and store closures is the “unprecedented” competition in the Southwest US, including stores such as Trader Joe’s. Haggen has been heavily criticized for incorrectly overpricing about 1,000 items, or 2.5 percent of the store’s products.

The company is also being sued by Albertsons for refusing to honor a deal whereby Haggen agreed to pay Albertsons for \$36 million worth of inventory at 32 stores it acquired back in December.

Regardless of the specific difficulties facing the company, the recent layoffs and store closures are part of a broader attack on service workers. Grocery workers throughout the country have seen stagnating or declining real wages, already at a poverty level, and insecure and irregular employment.

Owned by the Florida-based equity firm Comvest, the grocery chain originally operated primarily in Washington and Oregon with only 18 stores. The company grew by a factor of 9 when it decided to purchase 146 stores from Albertsons and Safeway Inc. in five western states in December. At that time, Haggen agreed to divest some of its stores in order to receive federal approval for a \$7.6 billion merger.

Jim Prevor, food analyst and founder of *PerishablePundit.com*, commented on Haggen’s recent losses to the *Los Angeles Times*, “They bit off a lot, and

obviously it was a little more than they could chew. The losses must be very severe for them to move this quickly.”

In a news release, Haggen CEO Bill Shaner explained the purpose behind the store closures more explicitly, “Haggen’s goal going forward is to ensure a stable, healthy company that will benefit our customers, associates, vendors, creditors, stakeholders as well as the communities we serve. By making the tough choice to close and sell some stores, we will be able to invest in stores that have the potential to thrive under the Haggen banner.”

In the language of corporate America, “tough choices” mean low wages and store closures. Profits are no longer coming from investing in stores but through global mergers and acquisitions. The boom in mergers and acquisitions is only possible through mass layoffs, wage cuts and stagnation.

The United Food and Commercial Workers union (UFCW) has played a critical role in enforcing the dictates of the grocery chains. While there is growing anger among grocery employees, the unions have sought systematically to isolate workers, preventing unity of workers to fight the cuts.

After weeks of being nearly silent on the store closures, the UFCW finally filed a formal grievance and issued a formal statement. “We will not stand idly by as management tries to pull the wool over their employees’ eyes,” said Rick Icaza, president of UFCW Local 770.

Commenting on the expected store closures, Icaza stated, “The union believes Haggen planned all along to shut down and sell those stores, thus deceiving their employees and depriving them of their livelihood.”

The duplicity of the union should fool no one. They supported the acquisition knowing full well that it

would result in store closures and job losses, all while keeping workers in the dark. Now they are filing a grievance to give the illusion that they are putting up a fight to defend workers' jobs.

The UFCW was the cheerleader for the acquisitions, rejoicing over the expansion of Haggen in January: "We are excited to welcome Haggen to Southern California. We are looking forward to working with them to assure their success and prosperity." Repeatedly, the UFCW has done everything in its power to ensure the profits of large grocery chains.

Keeping workers in the dark is an infamous tactic of the UFCW. Last year, the union kept secret the details of a new contract covering workers at Food 4 Less until the day of the vote. The union allowed the old contract to expire without taking any formal action and, instead of uniting the workers, sought separate contract votes that year for workers at Vons, Albertsons and Ralphs.

The aim has been to ram through contracts as quickly as possible before workers even have a chance to examine what they are being asked to vote on, and to pit workers against each other for lower wages.

Workers at one store in Southern California that is expected to close spoke to our reporters about Haggen and the role of the UFCW.

"We really don't know what is going to happen to us. They haven't said anything, it's really a waiting game" said Pedro, adding, "Haggen knew from the beginning that not all the stores would be profitable."

When asked about what the UFCW has done, Danny stated: "They haven't done anything. They came in here a month ago to file some grievances but they have not followed through with any of our grievances. When we call the office, they tell us that they are on vacation."

At another location, a worker commented on the absence of the union, "We're not one of the stores that is closing, but they [UFCW] never showed up to the store."



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