

US: More than 3,000 laid off in closure of Fresh & Easy grocery stores

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Billionaire Ronald W. Burkle and his investment firm Yucaipa Companies announced the liquidation of all Fresh & Easy grocery stores in the United States in October. More than 3,000 workers have been abruptly thrown out of work with no guarantee of being relocated to one of the many other grocery chains owned by Burkle.

Based in El Segundo, California, Fresh & Easy filed for Chapter 11 bankruptcy in October for the second time in a span of only two years. All 97 of the chain's locations in California, Arizona and Nevada were shut down last month.

Yucaipa Companies acquired the company from the British supermarket giant Tesco in 2013, when it first filed for bankruptcy. Burkle did so by means of a \$120-million loan from Tesco itself.

The closure of Fresh & Easy comes on the heels of the recent store closures by Haggen, the Pacific Northwest grocery chain. In the span of only three months, more than 3,800 grocery workers, from both Haggen and Fresh & Easy, have lost their jobs.

A public statement issued by Fresh & Easy management read: "Over the last two years, we have been working hard to build a new Fresh & Easy. While we made progress on stemming our losses and moving the business closer to break even, unfortunately, we have been unable to obtain financing and the liquidity necessary to fund the business going forward."

The company also cited increasing competition from giant retailers such as Walmart and Target, both of which have incorporated fresh food into many of their stores. Analysts have pointed out that on many popular items Fresh & Easy charged as much as 20 percent more for its private labels than their name-brand counterparts.

David Living, a supermarket analyst at DJL Research

of Waukesha, Wisconsin, stated that he had expected Fresh & Easy to collapse. "They failed because it was a poor format without an identity, and they took bad location," he said. "You couldn't do any worse unless you did it on purpose."

Whatever the factors contributing to Fresh & Easy's demise—tough competition, bad training of the staff, overpriced food—the attack on grocery workers is part of a much broader campaign by the corporations and banks to drive down the wages and living standards of the entire working class.

Grocery workers throughout the country have experienced stagnating or declining real wages, already at poverty levels, as well as being subjected to insecure and irregular employment. The closure of both Fresh & Easy and Haggen is a testament to the ruthlessness of finance capital in the drive for profits at the expense of the working class.

The timing of the announcement is also significant in terms of impact on the company's workforce. Losing their jobs right before the holidays, a stressful time for many working class families, Fresh & Easy workers will be forced to look for low-paid seasonal work just to make ends meet.

Yucaipa Companies, founded by Burkle in 1986, specializes in private equity and venture capital with a focus on leveraged buyouts and turnarounds. With a net worth of \$1.63 billion, Burkle is the 248th richest person in America. Yucaipa Companies is a controlling shareholder in a number of other multimillion-dollar companies, including entertainment distributor Alliance Entertainment, Golden State Foods foodservice, and Dominick's, Fred Meyer and Ralphs supermarkets.

Burke is a long-time Democratic Party contributor and was at one point the business partner of former president Bill Clinton. Serving as senior adviser for

Yucaipa Global Opportunities Fund, Clinton was brought on its board to persuade the Teamsters union to accept a 15 percent wage cut at trucking firm Allied Holdings. Clinton left Yucaipa in 2009.

Burkle also has strong ties to prominent California Democratic Party figures, donating to the campaigns of Senator Dianne Feinstein, Senator Barbara Boxer and former Los Angeles mayor Antonio Villaraigosa.

Burkle has also cultivated a reputation as a “friend” of the trade unions, and has been publicly praised by the United Food and Commercial Workers (UFCW) union. “He’s probably the best employer we ever dealt with,” said Ricardo Icaza, president of UFCW Local 770 in Los Angeles. “I have done a lot of things with him and he never looked for publicity. Never. You’d never suspect he’s a billionaire.” As demonstrated by the closure of Fresh & Easy, the question is not whether Burkle “looks, dresses or acts” like a billionaire, but his relationship to the means of production.

While Fresh & Easy was nonunion, the UFCW had attempted to unionize the company’s employees and the union represents workers at Ralphs, also owned by Burkle.

Effectively functioning as Burkle’s press agent and loyal accomplice in imposing low wages and exploitation upon supermarket workers, the UFCW has made no statement condemning the billionaire for the recent store closures, not to mention any call for uniting workers at Haggen, Fresh & Easy and the rest of the supermarket chains throughout the US in a common struggle against layoffs and low wages.



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