Costco workers reject sellout contract by 93 percent

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Costco workers in California and on the East Coast voted overwhelmingly to reject the company's last, best, and final offer last Tuesday. Only 28 percent of the 17,000 Costco workers, who are members of the International Brotherhood of Teamsters, turned out to vote, with 93 percent of those voting to reject the company's proposed contract. Remarkably, this represented a significant increase in turnout from 2019, when only 8 percent bothered to cast a ballot, indicating a deep alienation and distrust of workers from the Teamsters union.

The rejection of the contract comes on the back of a wave of strikes across the US. It also occurred just a few weeks after 8,000 Kroger workers in the Indianapolis area rejected a pro-company contract that was endorsed by the United Food and Commercial Workers union (UFCW).

The rejected contract offered a pitiful raise that fell well below the rate of inflation. Workers were offered a three year contract with raises of 75 cents, 60 cents, and 60 cents each year. Starting wages for Costco workers in California are $17.50 an hour, making the yearly wage increases roughly 4 percent a year for new hires and as little as 2 percent a year for more senior workers amid historic annual inflation rates. With inflation approaching 9 percent, the contract proposal was a massive real pay cut.

According to the Teamsters, the contract would have put some workers below the state minimum wage by the end of the three-year term. The contract also included a reduction in the number of days workers could miss from work before being penalized with disciplinary action at a company where it is already difficult to take time off.

The deal was so rotten that the Teamsters National Costco Bargaining Committee encouraged its members to vote "no" in a bid to save face. In a letter sent to union members, Tom Erickson, the Warehouse Division Director for the Teamsters, described the proposal as an "insult" and told workers that it would "NOT be recommended for acceptance by the Local Unions nor be approved by the Joint Council, the Warehouse Division and the International Union!"

In the letter, Erickson stated that "the 'offer' does NOT contain all of the tentative agreements that have been agreed to nor does it contain clear, understandable and accurate descriptions of provisions that the parties have negotiated. Simply put, it's incomplete and unacceptable and, for those reasons, cannot be presented to our members." Rhetoric aside, that the Teamsters nevertheless still decided to bring the deal to a vote at all amounted to a betrayal.

In 2016, Costco workers also rejected a company offer when the company refused to allow 3,500 workers on the East Coast join the defined pension plan that was in effect only in California. A month later, Costco agreed to the terms and the union endorsed the contract, averting a potential strike. Costco workers have not gone on strike since the 1970s when the Teamsters first began unionizing stores.

Workers are determined to win greater wage increases, and not just for themselves. On social media, discussions among workers over the contract often centered on a desire to win higher wage increases, not just for themselves, but also for non-unionized workers at Costco. Workers expressed a belief that by winning higher wages for themselves they could indirectly secure higher wages across the company, with Costco boosting non-union wages as an attempt to stave off additional unionization drives.

The retail giant, known for its warehouse-style stores and relatively higher wages and benefits compared to

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major competitors such as Walmart, employs over a quarter of a million people and made over $5 billion in profit last year, a full $1 billion more than the year prior. This billion dollars alone could provide all Costco workers, union and non-union, an extra $4,000 each.

Union officials told members that a “no” vote would give them a stronger position in bargaining and aid in the negotiations for improved terms. In reality, the Teamsters are seeking to provide themselves with cover while they go back and bargain for another concessionary deal. The union would then treat any modest changes from first deal as a major “victory.”

Currently, the Teamsters are attempting to ram through a sellout contract for thousands of car haulers in the auto industry which falls far short of workers demands. The Teamsters also abruptly ended a strike by 400 beverage distributors in the Philadelphia area, in spite of the substantial support that it was beginning to receive.

Costco workers can wage a fight for significant wage increases and improvements to working conditions, but it requires that they first establish their own independent initiative. This means the formation of a rank-and-file committee, similar to what Kroger workers in Indiana have done after rejecting the UFCW-backed sellout, to fight for rank-and-file control over the bargaining process and appeal for the broadest possible support from grocery workers and others across the country.

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