Canadian grocery executive gets $3 million raise as inflation eats up workers’ wages

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As food costs have soared, eating into the wages of millions of workers across Canada, the billionaire executive of the country’s largest grocery retailer saw his salary rise by CA$3 million last year.

Galen Weston Jr. (family net worth US$7 billion as of 2020), drew in a total compensation of CA$8.4 million in 2022 as president and chairman of Loblaw Companies Limited, up from CA$5.4 million in 2021. Weston and his family draw their wealth from the controlling stake they hold in Loblaw and Choice Properties, the largest real estate investment trust in Canada, through George Weston Ltd. As chairman and CEO of George Weston Ltd., Weston pulled in another CA$3 million last year, bringing his overall income for the year to CA$11.8 million.

Loblaw is the largest of three companies that dominate the supermarket grocery market across Canada, operating an array of franchises, including Loblaws, No Frills, Provigo, Real Canadian Superstore, Shoppers Drug Mart, T&T Supermarkets and Zehrs Markets. The company also provides financial services and insurance through President’s Choice Financial.

Testifying before a parliamentary committee alongside other grocery executives in March, a defensive Weston claimed that his company, which operates a virtual monopoly, had no control over prices and that it was already operating with slim profit margins. “[T]he claim that Canadian grocers can correct food price inflation is simply wrong,” the millionaire executive told the assembled MPs. He further claimed that “reasonable profitability” was needed for opening new stores and hiring more employees.

Loblaw saw its bottom line rise by 2.5 percent in 2022 to CA$1.9 billion out of total revenue which exceeded CA$56.5 billion. Far from focusing its profit on investing in its stores and employees, the company instead spent CA$1.3 billion on stock buybacks in 2022, rewarding its wealthy shareholders.

According to Indeed, the average cashier at a Loblaw store earned the poverty wage of CA$15 an hour, which is equivalent to the federal minimum wage prior to April 1. Loblaw cashiers are not subject to the federal minimum wage, but to the provincial minimum wage in the province where they work. Even with the recent increase in minimum wage to CA$16.65, a full time cashier will earn less than CA$32,000 per year, with average rent taking 75 percent of their income.

The poverty wages which confront Loblaw workers, and fuel the company’s profits, have been enacted with the complicity of the unions, including the United Food and Commercial Workers (UFCW), which sold out demands for a strike by thousands of Superstore workers in Alberta in 2021 and British Columbia in 2022. The UFCW and other unions, including Unifor, have been critical partners of the big corporations in suppressing the class struggle and enacting major concessions.

The unions kept workers on the job in grocery stores, slaughterhouses and auto factories even as they were getting sick and dying. Most infamously, Canada’s three largest grocery chains—Loblaw, Empire and Metro—clawed back a CA$2 per hour “hero” bonus just three months into the pandemic in June 2020.

While Weston raked in millions, Canadians have weathered what Dr. Sylvain Charlebois, director of the Agri-Food Analytics Lab at Dalhousie University, has described as a “food inflation storm,” with prices rising at rates not seen in more than 40 years, shredding any nominal income gains workers have received in recent years. The Agri-Food Analytics Lab’s latest food price report predicts that the cost of groceries will continue to rise overall by 5 to 7 percent in 2023, with the highest increases in vegetables, dairy and meat.

Average hourly wage growth was consistently below the rate of inflation in 2022, meaning that most Canadians have seen a real wage cut. According to Statistics Canada, consumer prices rose 7.6 percent between July 2021 and July 2022, while wages rose just 5.2 percent.

The Agri-Food report noted that the dramatically rising cost of living is being driven by the escalating US-NATO war against Russia in Ukraine and disruptions caused by the pandemic. “The uncertainty from the ongoing Ukraine war shows no signs of ceasing,” Dr. Stuart Smyth, University of Saskatchewan campus lead, noted. “Labour shortages in key sectors, such as crop harvesting, food processing and transportation, lower supply and drive-up prices.”

As food prices soar, so has the demand for the services of food banks as many find they can no longer afford the basics. Toronto’s Daily Bread Food Bank reported this week that visits have quadrupled since the onset of the COVID-19 pandemic in 2020. The food bank saw 270,000 visits in March, the most ever in 40 years of operations. According to CityNews, Daily Bread CEO Neil Hetherington reported at a news conference Tuesday that it was spending CA$1.8 million per month, compared to CA$1.5 million per year before the pandemic.

The charity reports that the share of those with part-time and full-time employment seeking food aid in the city is growing, doubling in the last year from 16 percent to 33 percent.

A survey by Second Harvest, a food rescue charity, found that more than 5 million people across Canada relied on food banks or other food-related programs every month last year and the number is expected to rise to exceed 8 million per month this year, nearly quadrupling the pre-pandemic demand.

Growing popular outrage among workers over being fleeced at the grocery store has prompted empty populist posturing by the three major parties.

At the parliamentary hearing in March, New Democratic Party (NDP) leader Jagmeet Singh postured against “greedflation,” demanding of Weston “Is there no limit to how much profit you can make on the backs of Canadians that are struggling because they can’t afford their groceries?” Singh has proposed to tax Weston’s raise and send it to food banks.

Amid Singh’s posturing, the NDP has propped up Justin Trudeau’s Liberal government, which is spending billions on waging war in Ukraine and imposing ruthless austerity on social spending.

Conservative leader Pierre Poilievre has repeatedly denounced “Justinflation,” blaming supposed overspending by the Liberals for rising costs, while declaring that inflation can be fought through “fiscal sanity,” by which he means slashing social programs.

The Liberal government has promised in its latest budget to spend CA$2.5 billion on a “grocery rebate” program which would provide a one time payment of up to CA$467 to a family of four earning less than CA$38,000 annually. This is a mere pittance when it is expected that the average family of four will spend more than CA$16,000 on food, an CA$1,100 increase over last year.

Meanwhile the Liberal government has spent more than CA$1 billion on military equipment for Ukraine since February 2022 in the pursuit of “regime change” in Moscow and has committed to spending an additional CA$14 billion on military equipment to prepare for open war against Russia and China. Canada spent more than CA$26 billion on its military in 2021, a nearly 14 percent increase over 2020.

Inflation is not simply the outcome of a greedy few at the top. Rather it is inherent in the capitalist drive for profit to squeeze as much out of the working class as possible. The solution is to expropriate the wealth of the Weston family and the entire capitalist class which has been extracted from the sweat of workers’ labour. Above all, this requires workers to be armed with an internationalist socialist perspective to transform society to meet human need rather than the pursuit of profit by a privileged few.