LABOR RESPONSE TO KEYNOTE ADDRESS

by

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Fifteen years ago, no one was really using the words "big food," "big government," "big labor" and "big consumer" groups to describe the food distribution system in the United States.

Steel, Oil and Auto even Communications, yes — but food? That fragmented industry? But food industry executives found that there is a significant correlation between market share and return on investment.

In grocery retailing, for example, this drive for increased profits left those same executives in a quandary. Should a supermarket chain gain a "toehold" position in a large number of city market areas and then start expanding its market base in each city? Or, should it concentrate its efforts on building a dominant position in a city — one city at a time. According to a study done by William E. Fruhar, Jr., of the Harvard Business School, many chains who had used the toehold strategy in the years between 1948 and 1958 found themselves spread quite thin when the Federal Trade Commission stepped in to block future mergers in the industry.

Chains that had chosen to drive for a larger portion of the market in a limited geographical area fared much better.

During the late 1960's and early 1970's, market expansion by the top chain slowed considerably largely because of agreements made with the Federal Trade Commission.

By the mid 1970's, the FTC had essentially dropped its policy of blocking mergers and slowing industry concentration and four major mergers took place.

1) Lucky Stores, Incorporated acquired Arden-Mayfair's grocery stores in Seattle and Tacoma.

2) Winn-Dixie, Incorporated acquired Kimbell, Incorporated out of Texas.

3) Allied Supermarkets acquired Great Scott Supermarkets in the Detroit area.

4) A&P purchased 62 National Tea stores in Chicago in 1976, but at the same time began closing other A&P stores in other parts of the country.

These recent changes in market structure have had severe impact on employees who work for retail food corporations.

1) Stores closed and moved out of a geographical area altogether.

2) Food chains have been acquired and the successor will not retain employees simply because they are union members.
3) Some chains lost market position and never regained strength, not because of any action on their part, but simply because they waited too long to look at their own operations in the face of a changing market structure.

When A&P began retrenching and closing stores, over twenty thousand of their employees lost their jobs. Then the Retail Clerks and Amalgamated Meat Cutters Unions stepped in and negotiated severance wage payments and the extension of benefits such as health care insurance coverage.

When Winn-Dixie acquired Kimbell's, Incorporated, union members were not permitted to retain their jobs. After unfair labor practice changes were submitted by the Retail Clerks Union against Winn-Dixie and months of court battles, Winn-Dixie withdrew from the market and its successor, rehired many of the original employees.

Food Fair recently closed its doors in the Philadelphia area because of liquidity problems and reported mismanagement and over 2,000 of their employees lost their jobs. We are still in court over that one.

This closing sent shock waves through the industry as creditors began to react. Consequently, labor contract negotiations became tenuous in several situations, but particularly with Allied in Detroit.

Yes the new United Food and Commercial Workers International Union is a "big" union--around 1.3 million members strong--the largest union affiliated with the AFL-CIO. But with the increasing trend toward market concentration "big" makes us strong enough to protect our members rights to a job; "big" makes us strong enough to successfully handle employees grievances and "big" makes us strong enough to fight for legislation that will protect all workers.

The corporate urge to increase profits has another effect also. Instead of building or acquiring more plants or stores a corporation might change the way it operates in a given market by introducing new machines. Jobs are then broken down into simple steps and an individual worker does the same job over and over again. Jim Hightower, the Editor of the Texas Observer Newspaper of Austin, summed up the situation expertly when he stated:

"Workers doing only one step of the whole process don't have to be trained as long for the job. In addition, the employer pays less for this unskilled labor. In a supermarket, for example, one person who needs to be trained can cut the meat, but the person simply wrapping it or ringing it up needs to know much less and therefore is paid less.

Administrative and overhead costs are smaller per unit of output. Since more things are sold in a supermarket than in a small store, the rent, the costs for telephones, etc. are spread over more products.

The work can be speeded up--even with the same tools and machines--because the same workers do not have to go out to unload the material, then carry the shipment to the shelves, and then go back to the cash register. All this time spent walking back and forth is lost money for the employer because it cuts down on actual production time. The more production is divided into small tasks, the more the worker is "nailed" to one spot, he can be supervised more easily and additional speed-up can be enforced."
Eventually, he concludes a "series of simple steps can be done by a more complex machine reducing the worker to a mere extension of the machine."

Developing trends in the use of centralized meat cutting and of UPC and scanning equipment in wholesaling and retailing have brought the issues of productivity and automation to the bargaining table. Here there are no simple solutions as issues dealing with the quality of working life and productivity are extremely complex.

The issue becomes even more involved when one remembers that although the UFCW is a "big union," we are not Steel or Auto. Instead of having a few master agreements to negotiate our bargaining calendar contains close to 10,000 individual local agreements over a three year period in the food industry alone. Working out technological change problems will be a long and tedious effort. It will require constant and open discussions on both the part of union and management.

Perhaps Professor Cain should direct a little more sympathy to "labor" particularly in the food industry. We, the UFCW, have our members economic well being at stake. We are concerned over our members welfare in the face of market disruption and technological change aimed at increasing corporate profits just as consumer groups are a voice for the individual consumer against rising prices.

In closing, I would like to point out that there are more than 165,000 collective bargaining contracts in the United States and it is not an accident that 98% of all collective bargaining agreements are negotiated without strikes. Company and union officials work together all the time. From the day a plant, a store or an office is organized, the collective bargaining process begins and constant communication is the key to its success.

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