

How Loblaw funds the unionization of Wal-Mart

High Finnacle

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There's seldom anything as riveting as a battle between good and evil. The supposedly good retailer Loblaw Cos. and its President's Choice union, the United Food and Commercial Workers Union (UFCW), are fighting mythically evil and resolutely non-union retailers like Wal-Mart and Costco.

In reality, Loblaw is hell bent on keeping Wal-Mart out of Loblaw's \$25-billion share of the Canadian grocery business. Meanwhile, it is fiercely determined to horn in on Wal-Mart's multi-million-dollar turf by getting into the general merchandise game in a grand way.

For the past two decades, the UFCW has taken beating after beating at the hands of just about every employer it has come up against. The union is bleeding members, its bank accounts and pension plans are hurting, and its labour contracts are in full retreat from the halcyon years. The once-formidable food union is reduced to begging the big retailers and meatpackers for more members and less onerous contract concessions.

Meanwhile, Loblaw officials know the best way to fight Wal-Mart is to slash its own operating expense, the bulk of which are made up of labour costs. That benefit would be optimized if Wal-Mart's operating costs were forced upward with union contracts more costly than the ones Loblaw operates under.

However, for that Loblaw dream to come true, the UFCW would have to accept some pretty sweeping collective agreement changes, and a union would have to successfully organize a whole whack of Wal-Mart employees. Astrologers would say that there would have to be a mighty alignment of the stars and planets to make Loblaw's fantasy a reality. Voila! The stars did align in late 2002.

Loblaw got the UFCW to accept much lower wage rates and working conditions that rivalled non-union Wal-Mart's. In return, Loblaw has quietly pumped nearly \$1-million into UFCW coffers and it has promised to add close to one-half million dollars more within the next 11 months. The money is a gift to three separate local unions to help the UFCW with "Education and Communication initiatives."

The \$1.35-million gift could go a long way toward educating Wal-Mart employees to the misguided perception that they would actually benefit from joining the UFCW. It could go a long way toward communicating that Loblaw is good and Wal-Mart is bad.

The money and promises of much more materialized after a UFCW-controlled pension plan started heading for the rocks. The Canadian Commercial Workers Industry Pension Plan (CCWIPP), with a membership of close to 200,000 workers, was sick and much in need of huge cash infusions.

In mid-2002, the CCWIPP went cap in hand to Loblaw and other employers to beg a 30% increase in employer contributions. This was begging at its best because it happened in the middle of Loblaw's multi-year collective agreements. The employers could have legally told the UFCW to take a hike until the contracts expired in 2006, but Loblaw didn't.

Instead, Loblaw gave the CCWIPP a large cash infusion. Then the hugely profitable grocer put the arm on the UFCW for a multi-million-dollar deal of its own. According to a December, 2003, Ontario Labour Relations Board decision, Loblaw plans to open at least 40 mammoth Real Canadian Superstores in Ontario

by 2005. Loblaw claimed that "would require changes to the collective agreements to allow the new superstores to be more competitive with its non-union competitors like Wal-Mart."

That's when Loblaw gave the UFCW an ultimatum: If the UFCW agreed to give Loblaw massive contract concessions, Loblaw would continue their mutually profitable partnership. If the UFCW refused, Loblaw would terminate the partnership by closing its unionized stores and opening non-union stores in the future. However, it didn't stop there. Loblaw got assurances that the UFCW was prepared to wage an expensive drive to woo Wal-Mart employees. Sometime after Loblaw discussed forking over the \$1.35-million for communications, the UFCW began to boast that "A major effort is underway. The union has made a long-term commitment to persuade Wal-Mart workers to join UFCW Canada."

Even though the UFCW did the concessionary deal with Loblaw in secret, when the members caught on, the union did publish a sanitized spin on what was in most of the deal. However, little if anything was publicized about the \$1.35-million for "Education and Communication initiatives."

Retailers operate in a fast paced, fiercely competitive marketplace. Change is swift and often radical. Industrial unions by their very nature oppose radical change unless that change involves death knocking at the door. In effect, Wal-Mart is no more anti-union than any other retailer. It's just more effective in keeping unions out.

"Loblaws is as anti-union as Wal-Mart and probably more dangerously so, says Ontario labour relations specialist Wanda-Marie Pasz. "The veneer of representation provided by the UFCW presence renders Loblaw workers more vulnerable to exploitation and less able to seek out real workplace representation than the workers at Wal-Mart."

This whole Evil Empire thing seems to be more about stifling competition and maximizing union dues than about protecting the rights of oppressed workers.

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