

# CURRENT LABOR RELATIONS ISSUES IN THE FOOD INDUSTRY

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## Background

Food production, processing and distribution have undergone revolutionary changes in the past 40 years. Not the least of these has been the labor relations field. While not universal, unionism is common place and tends to set the pattern for personnel practices along the links which make up the food chain.

Only farm labor lags behind, but even here we have seen the inclusion of farm labor under the minimum wage law, under state Workers Compensation acts in some 30 states, and most recently inclusion under the unemployment insurance system. This coverage is subject to limitations but the principle is accepted. Extension of collective bargaining rights to hired farm labor now seems to be but a matter of time.

When we talk about the food industry - a term which tends to be misleading - we are encapsulating a diverse number of organizations divided functionally into crop production, food processing, transportation, warehousing and finally, retailing.

In this last category alone, we are talking about almost 200,000 individual stores with total sales of over \$130 billion a year. There are over 31,000 stores classified as supermarkets, of which 20,000 are tied to chain operations.

This fragmentation carries through on the trade union side. There are three major unions in retailing: about 10 percent of the membership of the 2.2 million Teamsters is in the retail food area, the Retail Clerks Association has 450,000 members in retail foods, and the Amalgamated Meat Cutters has 190,000 retail food members. In some stores the Retail Clerks represent the grocery department and meat department; in other stores the Meat Cutters have wall-to-wall representation. In 1976, some 1372 contracts covering 642,000 workers came up for negotiation.<sup>1</sup>

Figures in the food processing sector are not available, although we do know that meat processing plants are widely organized and the Meat Cutters Union has some 360,000 of its total membership in the packing industry. The Teamsters have many contracts in perishable fruits and vegetables on the West Coast.

Organizational activities in crop production is a story in and by itself which in recent years has resulted in market disruption in selected areas. The efforts of the United Farm Workers extend beyond the pure collective bargaining drive, characteristic of most unions, into the socio-political realm.

The inevitable product of the type of fragmentation on the management and the union side which I have described above is internal union competition, leap-frogging and whiplashing.

The history of intense competition in the food sector has made it difficult to win agreement for broader cooperation with labor from the management side; the respective unions are wary of each other and remain fearful of ultimate management objectives if they give ground on long-cherished rights.

And yet, both labor and management feel vulnerable to the challenge of forces outside the industry, not the least of which is wage and price controls.

### The Road Ahead

One change I can foresee in government policy which will have an impact on the food sector, concerns agricultural labor relations. You are familiar with the problems encountered in the last decade, so I need not go into detail. Former Secretary of Labor Shultz testified before Congress in 1969 in favor of some form of labor legislation favoring an agricultural labor bill. But, the lack of consensus within the community of growers, and as well as within the labor movement, thwarted efforts by individual Congressmen or by the Executive to promote acceptable legislation. It is quite likely that recent developments will now force the issue.

I might add at this point that I have worked on the issue of agricultural labor relations off and on for the past few years. I feel the resolution of the problem has been too long delayed and that collective bargaining should be permitted. My viewpoint is not tied, however, to support for one adversary as opposed to another. There are neither "good guys" or villains in my scenario.

Rather, I look at the amorphous, ill-defined labor market in agricultural production. I suspect that the nature of the labor market with its dependence on casual and migratory labor and the

methods by which this labor is recruited and utilized is inefficient. In addition, I also suspect that many of the costs associated with this poorly organized labor mechanism are transferred to the society at large instead of being internalized.

An insight to the point I am making is contained in the following quotation: "The mechanized tomato harvest has produced a shift in California from an unsophisticated production system, accompanied by primitive employment relationships, to a sophisticated and complex production system with continuing primitive employment relationships."<sup>2</sup>

The "primitive employment relationships" noted above are in large measure traceable to the primitive or poorly developed labor market structure. Historically, this has been an area in which unionism has had a positive impact because it contributes to structure and stability. Unions have introduced a degree of rationality into seasonal and casual labor markets.

Moving on, I can only assume, given political developments, that the trade unions will try to push through some amendments to the National Labor Relations Act, notably revocation of Section 14(b). But such efforts have failed in the past, and they may suffer the same fate this time around.

Whatever develops, the basic rules of the labor relations game will remain unchanged. We have had 40 years experience with the system. It has served us well, and neither of the parties of direct interest nor public policyframers seek major change.

I think I should remind you that the National Labor Relations Act is predicated on the creation and maintenance of "substantially equal bargaining power" in the words of the late Senator Taft. One

might ask quite legitimately if the abstract ideal squares with reality in any given industry, but for the present such questions are not being pursued.

What is important here is the recognition of competing power centers as underlying the relationship between management and labor. Thus, while strikes over recognition - the most disorderly and potentially threatening to law and order - were to be reduced, no one then, or now, has ever felt that strikes over contract issues should be restricted under normal circumstances. Therefore, the use of crude economic power is not and should not be foreclosed in our assessment of the future.

There is another level at which power factors operate, and that is at the socio-political level. These factors form the climate within which labor management relations take place and influence the extent of organization in a given geographic area or a particular industry. These climate factors often determine the size of wage determinations and other contract characteristics as well.

U. S. trade unions have fought for union security clauses (closed shop, union shop, etc.) in order to compensate for a lack of social and political power in many parts of the country. Union security clauses are virtually unknown in other industrialized countries because the climate for union activity is more benign. As a result, the labor-management climate in the countries of Western and Northern Europe is free of much of the harsh adversary characteristics found in the United States, and joint problem solving between management and labor is much more common.

#### Work of Joint Labor-Management Committee in Retail Food

There is, however, an important joint effort now taking place in the U.S. food industry which bears watching. I refer to the work of the Joint Labor-Management Committee of the Retail Food Industry. The Committee is almost three years old and is establishing an impressive record. Its accomplishments are not those which make for headlines; indeed the Committee could not remain in existence if such were the case.

The Joint Committee is composed of the top officials of the three major unions, along with 11 representatives of the major food chains - all but one of whom is the Chief Executive Officer of the company. This group forms the Executive Committee. It is supported financially by the parties and by two trade associations - the National Association of Food Chains and the Super Market Institute.

It is chaired by an experienced third-party neutral. He has no stated powers - no clout other than that of moral suasion as consensus develops on any given issue.

One can imagine the problems faced by a neutral chairman in overcoming the suspicions on the part of both management and labor. Most of those invited to the first meeting in order to discuss the possibility of the formation of such a committee, for example, had never met each other. After the original meeting, a group of deputies meeting weekly took three months to put together an acceptable working document around which the Joint Committee could form.

The work of the Joint Committee can be understood by the following quote from the agenda agreed upon almost three years ago:

If the Committee is to make a constructive contribution to the industry, it will have to be sensitive to interference with normal collective bargaining and respect the autonomy of the individual organizations. The Committee cannot and should not be a mandatory industry settlement organization.

However, with reliable data that is kept current, and utilizing its role in encouraging open communication and exchange of information on a national basis, the Committee may be able to assist the industry in key contract discussions that might otherwise lead to major confrontations.

The original agenda also stated that the "Committee shall be a national forum for discussion of longer-range industry problems that often surface in local negotiations and which may benefit from national attention to secure mutually beneficial results."

The Committee has taken upon itself the establishment of an ongoing forum in order to improve communication between labor and management at all levels. Little is to be gained by a meeting of the heavyweights and public personalities on each side, if the genuine interests and concerns of the entire structure are not considered. The diversity and fragmentation of that structure does not lend itself to discussions made by a core group. Under these circumstances, it is clear that no miracles are in the offing.

What types of problems have come before the Committee and what hope is there that its activities will be useful in solving industry problems?

The Committee has worked on the relationship between top management and the international unions and the definition of the scope and limits of authority and responsibility on both sides. This may sound fuzzy, but I can say, based on my own experience over the years as a person in the middle, that the degree of mutual ignorance of one another's problems is monumental.

The Committee has worked on the problems of governmental regulation, one which is common to all those who operate retail stores and to the unions as well. A subcommittee has been established to study the special problems of retailing in regard to OSHA, equal employment and the Pension Reform Act (ERISA). These are examples of national problem areas which are beyond the capacity of local organizations to resolve.

The Joint Committee has also interested itself in the area of technological change. The neutral chairman, for example, served as a member of the Public Policy Subcommittee of the Ad Hoc Industry Committee on the Universal Product Code. He could not have undertaken this function without approval of the labor members.

This does not mean, however, that the union representatives have committed themselves to support any changeover to the automated checkout system. It does mean rational consideration has been given to such a move.

Who knows when the benefits of these tentative, groping discussions of technological change will pay off? In this business, haste does indeed make waste. There is no quick fix in the labor

relations field, and mutual accommodation to new developments must, of necessity, take time.

The Joint Committee has, as one of its initial objectives, the collection of industry data about wages and fringe benefits in order to assist the industry in reaching constructive decisions in collective bargaining. The analysis of this information has set the stage for the offer of assistance to those directly engaged in bargaining.

The Committee cannot interfere mindlessly or impose solutions on free agents. It has, however, worked out general guidelines to help the parties, and it will offer assistance about trends, wage comparisons, pension benefit plans, etc. It targeted some 24 bargaining situations in 1976 which were key to the industry and where it was felt some outside help could be useful. The Committee publicly announced its concern and its interest and appointed representatives of both sides to track developments and to identify the point at which an offer of assistance might be acceptable to the parties.

The Committee does not serve as a mediator, although it does cooperate with the Federal Mediation and Conciliation Service. It does not normally have a representative at the bargaining table.

The best that can be said is that the Committee representatives serve as "facilitators" to agreement. It has been successful in California in facilitating an agreement involving 54,000 workers.

It facilitated restructuring bargaining in the Washington-Baltimore area, and according to one union leader in private conversation, "has been most helpful in several situations."

### Comments

I have devoted a great deal of space in developing the workings of the Joint Committee for two reasons: First, I think this effort at joint problem identification and discussion is of tremendous significance to the retail food industry. It can lead to the rational resolution of many of the structural problems plaguing all of you which has its ultimate impact on the consumer.

It is all well and good for each of us to understand in the abstract that the present labor relations configuration can be made more rational. In certain cases, union mergers could contribute to the type of stability which can produce constructive change. The establishment of common contract expiration dates in certain areas can be useful, or area and regional bargaining might help. Technological changes - centralizing meat cutting or the use of the automated checkout system - may be regarded by some as the answer to food productivity problems.

But no one in this audience would accept any of the above proposals "cold turkey," and none of them can be put into practice unilaterally.

Problems of this nature have to be discussed and studied outside of the "combat zone," and that is what the Joint Committee is trying to do.

Secondly, I view this experiment in developing trust between labor and management in a broad perspective. There are other industries where structural problems are interfering with the smooth functioning of the labor relations system. It may well be that ongoing success in the retail food sector can provide insights into methods for problem solving efforts in other sectors of our economy.

Footnotes

<sup>1</sup>Industry and union-related statistics appear in speech by Wayne Horvitz, Impartial Chairman, Joint Labor Management Committee of Retail Food Industry, to National Academy of Arbitrators, San Francisco, April 1976.

<sup>2</sup>Friedland, William H. and Amy Barton, "The Harvesting Machine Saved Tomatoes for California," Trans-Action Magazine, Sept./Oct. 1976, pp. 35-42.