



SUPERMARKET WORKERS STRIKE

October 27, 2003

Health care benefits and the onslaught of major grocery superstores like Wal-Mart are fueling a dispute between supermarket workers and their employers in California.

A conflict between the supermarket workers' union and employers in Southern California over the cost of health care insurance has highlighted the shifting economic forces affecting millions of workers around the country.

Why workers are on strike

Grocery store workers walked out of their jobs at 859 grocery stores in Southern California this month after contract negotiations failed between their employers and their union, the United Food and Commercial Workers Union.

Among other things, the workers – 70,000 strong – are protesting the desire by major grocery chains such as Albertsons, Ralph's and Safeway to make employees contribute to rising medical benefit costs.

"The union remains ready and available to talk any time to employers ... but workers are not going to give up their health care," UFCW spokesman Greg Denier told the Reuters news service.

The high cost of health care

Health care costs are on the rise everywhere, forcing companies to make decisions about how to balance the expense of keeping workers covered while at the same time keeping them happy. Some health care economists — and many insurance companies — argue that generous coverage has given Americans and their doctors a perverse incentive to indulge in wasteful consumption of expensive drugs and tests.

The only way to control spending, they say, is to expose consumers to the true costs of health care.

In a joint statement released last week, the supermarkets said that companies must control health care costs in order to remain competitive.

"We proposed to the union that our current employees, who pay no portion of their health care premium now, share a small portion of the costs of that coverage."

In California, supermarket employees make an average of \$12 to \$14 per hour and contribute no money to their medical benefits. The union has said that the cost of paying for increases in co-payments would be too high.

“If you have fully covered health benefits, you're very, very lucky, but you're also sort of a dinosaur,” said Jack Kyser of the L.A. County Economic Development Corp.

In other parts of the country workers pay an average of \$2,400 a year for health insurance. The California grocers are asking employees to pay \$800.

Wal-Mart's role in the strike

The grocery chain executives argue that they have to pass some of the cost on to workers to survive the challenge posed by their largest competitor: Wal-Mart.

Wal-Mart, which pays its employees about 25 to 30 percent less than most grocers and does not have unions to fight for employee rights, plans to build 40 new superstores in Southern California by 2009.

In Arizona, one industry consulting group, Retail Forward, estimates that the opening of each new Wal-Mart superstore – a store that sells groceries and fresh produce as well as house wares – will lead to two supermarkets going out of business.

As the nation's largest private employer, Wal-Mart can bargain for lower prices from suppliers. In addition, only about half of Wal-Mart's roughly 1 million employees are in a company health plan, according to Mona Williams, a Wal-Mart vice president. Many are ineligible for health care benefits because they were hired too recently.

The effects of the strike

On Friday, one frustrated customer crossed the picket line at a grocery store in Irvine, Calif., after she was forced to go to three different stores to do her shopping, the Associated Press reported.

“I can sympathize with their situation,” said the shopper Theresa Volk about the strikers. “But I really don't think they have a clue as to the cost of health care.”

Meanwhile, supermarket workers in West Virginia, Ohio, Kentucky and Missouri are also striking Krogers to retain their health benefits.

"Until there is some type of resolution to the health care crisis nationally, the issue of health care will continually emerge as the No. 1 issue that will lead to strikes in the country," according to Kent Wong, the director of Center for Labor Research and Education at UCLA.

By Kristina Nwazota, Online NewsHour