Aug. 19, 2002

Interest?

At first glance this story seems like another dreary tale of corporate restructuring and lost jobs. It follows the usual script; mortgage paying jobs replaced by McJobs. “Worker flexibility is central to maximizing shareholder value.” To question the rationale behind the script is to be backward, uninformed, a Luddite.

Most workers are unaware of the script and their input seems a low priority. This despite the devastating effect it has on working people, families, communities and our country as a whole.

But then the story gets good. There are those details. A shabby and disgraceful set of details for which there are only two versions: the union version and the company version. The over 200 employees have not been asked for their version and the system has silenced them. Maybe.

Caught in the crossfire of issues are about 250 guys, one of which is me. We are essentially without a voice although we have intimate detail of a truly bizarre series of events.

I will condense my 25 years of doing this work for Overwaitea Food Group (OFG) in the following paragraph:

I spend the first 15 years helping to make a very small company a very big company. Our workplace becomes one of the most efficient in North America. People travel to tour the place. Then the warehouse is broken apart, several departments contracted out. Then we are told, in what many describe as no more than a “paper deal” or a “shell game”, that we no longer work for OFG. This strikes us an odd reward for excellence. But it gets much worse. The operation, or what’s left of it, is steadily run into the ground in predictable ways. Then, this last April, we are given the boot. Thanks for building the company now get lost.

This is, on the surface, a story about a top rated distribution facility; the employees that helped build the company, and the shameful and unethical way in which they are being flushed down the toilet. It is about testing the legal boundaries surrounding contracting out and labour law. When is a deal really a deal and not just a paper charade? Is it legal to purposely run an operation into the ground in order to paint the labour costs as excessive? As a general theme it examines what logic there may be for abandoning the bottom line in favor of what may be the most expensive divorce in history.

It has nothing to do with efficiency or effectiveness or being the best or minimizing costs or any of those things we normally associate with capitalism. What dynamics prompted OFG to decide that the best should be torn apart and destroyed? How could something so damaging to the company make sense?

You should know that to take on this story is to take on Jim Pattison, Mr. Olympic Bid. Mr. Pattison has openly acknowledged on the CKNW July16 program that people need employment to be able to afford vacations and send their kids to school, morale of the province, etc. He has spoken to the logic of employment as a useful socio-economic policy. For those of us who have spent most of our working lives building this company from nothing to a dominant market force, we say bullshit.

In the context of economic policy there are some amazing similarities to Gordon Campbell's actions. I would call this co-opting socio-economic policy-making from the government but they seem to be riding the same train. The employees feel, rightly or wrongly, there is a strong likelihood that JP will get his payback for Liberal support at the LRB.

It is also a statement about what unions have become-dues collectors-as evidenced by the union that has done little but watch it happen.

We realize people are losing their jobs all over the place. If I thought for one second that there would be a savings for Jimmy, I would not like it, but I would understand. "It's just life. Get on with the next thing." Sadly that is far from the case and a mountain of money has already been spent on the destruction of this facility. Neither management, the union, nor OFG (Overwaitea Food Group) have cared to comment on the sums associated with this operations demise. Mr. Pattison likes to keep these cards close to this chest. I can hardly blame him. This is a sad state of affairs. Certainly not the kind of employment policy Mr. Pattison so recently referred to regarding the Olympic Bid.

There is nothing in this agenda for anyone. Not the consumer, not Jimmy, not the economy and not this province. It follows the race to the bottom creed in a most cruel and illogical fashion. It has consistency and logic only when seen in the light of certain economic policies—policies that have been endorsed elsewhere in the country. Now we have the right government for our endorsement. This labour dispute personifies that agenda. Our dynamics are much the same, a consistent disregard for costs in doggedly pursuing a questionable agenda.

Therefore, I suggest that it is time for British Columbians to revisit Linda McQuaig's "The Cult of Impotence." Why would a book published in 1998 be relevant? There may be few things to thank the NDP for, but I believe resistance to the economic policy this book examines is one of them. The first 100 pages make a lot of things in B.C. make sense. Certainly the actions of Campbell government echoes these policies and they seem to be aggressively pursuing them in the name of fiscal restraint. Whatever words they are dressed up in, they mirror the policies examined in the book and the questionable foundation they rest upon. This book examines the history, precepts, and logic of this policy. Its discussion of Paul Martin is also relevant at this time.

The various free-trade agreements have left us politically homogenized. Deficit reduction and fighting inflation is the rhetoric for unemployment and erosion of the social safety net. Our country, our province, our fiscal health is subordinated to a questionable economic agenda. "Worker flexibility" becomes a ubiquitous and ill-defined mantra for the "race to the bottom". People are feeling it doesn't matter who you vote for anymore. The NDP may have delayed our full endorsement but now it's catch up time.

The unions seem to be unwilling or incapable of actively defending workers quality of life issues. Worse than that they have helped facilitate the attack on working people with agreements like the UFCW 777 deal. This deal is an important event in this story and an interesting story in itself. It predictably led to a massive movement toward part-time low paying jobs. Because part time members pay the same dues as full time members, the union is laughing all the way to the bank. We are not amused. Dues collection is now a business although it is described as a union. Working people are caught between a rock and a hard place with no real voice.

As US President Bush has furthered more cuts to an already "in crisis" social safety net, certainly we should do the same. He also has entertained using armed forces for many new civilian duties including labour conflict. He has also chosen to speak out on the impending baseball strike. Get it settled. It seems he has opinions to share on a great variety of topics. The social safety net, employment, and the fate of the working person don't seem to be among them. But to be fair, they do have wars to conduct and a costly mission to mars to fund. World domination seems at hand. This is not the time to get teary eyed.

As you probably know, Mr. Pattison covets his privacy especially concerning his business. There is however more than enough information available to get a close look at this story. I have written extensively on the issues and am fairly conversant in most respects. Never let it be forgotten that there are also over 200 eyewitnesses to the events, a group that has for all legal purposes been silenced by the system. This is their story.

Attached below is a generic description of the events. If you or your producers have interest please contact me at the my e-mail, dag@dowco.com

Sincerely,

Darryl Gehlen

Aug.19, 2002

What happened at Loman: A Brief History

A group of working people joins a small, struggling company. The President of the company constantly reminds them that employees are the “heart and soul” of the company. They know he means both management and union employees. He sits down to lunch with the union employees often. If he says it, he means it. They see this. They trust him. They go the extra mile. It gets to be a very big company. In fact the workers become one of the most efficient crews in North America. So far everybody is making out pretty good, management and workers alike. At this point the workers average about 15 yrs of service. Then a series of events transpired within a short time period.

They come into work one day to find out that their union had signed a deal with a new competitor. It was a huge departure from the industry norm and gave a significant advantage; at least as far as the corporate bean counters were concerned, to the new competitor. As a result a significant and symbiotic shift occurs in both corporate agenda and the place of unionism in that agenda. The industry has never been the same.

Then the trusted President retires. His successor, also a good man, lasts a year. The next guy looks good on TV but he doesn’t want to have lunch with us. Things go downhill from there.

Although it takes time to see it, this is where the shift in corporate rhetoric occurs, from “investing in human capital” to “the race to the bottom”. The union deal with the new competitor seems to be the impetus for both the change in rhetoric and the trusted presidents retirement. In hindsight, many of the union employees believe he chose not to tear apart what he had built.

They come to work and are told that several parts of the operation were going to be contracted out. There was a lot of confusion and anger about this. We thought we had a collective agreement that forbade that. Apparently not according to the LRB.

A lot of workers either lost their jobs or went back to part-time. Apparently the “heart and soul” bit was expendable. They were not very happy about it. They thought their performance and the “heart and soul” bit meant a good future with the Big Company. Many had started families and bought homes. 20/20 hindsight makes the events much clearer now but back then these decisions were very confusing.

To most, including managers of the operation, it was quite a shock. For many years they had worked to get distribution under one roof. Having achieved that goal it became one of the best operations in the business. To see it get torn apart just didn’t make sense. There were some very bitter partings.

So once again, distribution was spread all over the valley and as far away as Calgary. The “third party” companies’ performance was not good. Trucking costs went through the roof. Efficiency went for a crapper across the board. It didn’t seem to matter. What were they after if it wasn’t efficiency? Didn’t costs matter? If not. Then what?

Not long after that they come into work one day and are told they no longer work for the Big Company. They now work for a very, very Small company. In fact they are it. Nothing changes except a few faces and the name on the check. The big company still owns the building and all the stock in it. They continue doing what they were doing with the same equipment, in the same way for the same business, i.e. the Big Company.

They were not very happy about it. They understood what third-party contracts were supposed to be about but this did not pass the smell test. It seemed like just a “paper deal” with some very obvious labour relations purposes or so they suspected. But they were still getting a paycheck.

Then the management follows a new but consistent pattern. Past management practice is abandoned. Management on the floor is minimized. Statistics and paper production (AKA Managing From the Desk) are the order of the day. And produce paper they do.

The employees try to be a part of the dialogue. This was what they were used to. There had been an effective written-suggestion process in place. The new management adamantly opposed it. Just talk to us. Talk the employees did but to no avail. The management appeared interested and concerned but their “vocal” suggestions made little impact. Actions speak louder than words. They had been doing this for a long time. They knew the business inside and out. They had eyes. It was pointless. The suggestions and morale go south. It has predictable consequences.

Just about everything that happens from here on in increases labour costs in a predictable way. An unproven and inappropriate management style leads to the inevitable. The so-called “customer”, our old employer, contributes to these increases in predictable ways.

The new management shows great interest in documenting these predictable consequences but gives every indication that no action will be taken to do much more than that. This inevitably leads to more problems, which are then also documented, and the circle continues.

The appearance of managing, at least on paper, becomes a hallmark of the new management. But it has another and more pointed message. The paper trail read like a rap sheet of labour related inefficiencies.
An odd result given this was, a short time ago, one of the most efficient crews there was.

This continues unabated for several years with predictable results. All documented.

An LRB decision, commonly referred to as the “Painter Decision” seems to give more weight to “cost concerns” in choosing a third party contractor, a rationale we strongly suspect as an MO in our demise.

We get painted as a post-globalization redundancy and a testament to union inefficiency. Once again, an odd result for a mature and highly trained workforce.

So where is the union, the legal representatives of these guys? Good question. This is the flip side of the story.

So far it looks like the deal with the new competitor, mentioned at the beginning, has set the stage for the union’s transformation from substance to appearance, mimicking the very management style that has led them to this dispute. Dues collection and cost considerations replace the quality of life issues intrinsic to collective agreements.

While the new management was busy producing paper documenting labour inefficiencies, no real defense of worker quality, experience, or the deleterious effect the new management was having on our statistical “appearance” was ever made. The union told concerned members that as long as they’re paying you, they could run it however they like. More employees were required. More dues paying cattle in the pen.

In fact, the union seemed grateful for the new work created. Apart from the inefficiencies were a number of new jobs, either done previously by the old management or the old maintenance company. Again the union "appeared" concerned about the obvious effect on the labour cost but said we had to be competitive. How they would further that goal by allowing new costs into the labour calculation was never addressed.

This pimple pops in April of this year with termination notices, effective Sep. 28, 2002. The union says it will do whatever it takes to defend the members. Again mimicking the management, this turns out to be more appearance than substance.

First, the workers are asked to pay for the cost of producing information leaflets. Then they have to fight the union to get their Shop Steward invited to a conference. The union seems less than enthusiastic about getting the message out. They are rarely mentioned at the official web site www.ufcw1518.com. It starts to be called the "UFCW Econo Fight". A secretive memorandum appears and is supposed to be the answer. It turns out to be full of holes. It is an interesting story in its own right

It doesn't get any better from there. Confidence in the LRB and the union take a dive. The members see what they had suspected ever since their union signed the UFCW 777 Superstore deal. The union is largely in the business of dues collection. Representation is a sideline with a great deal of cost sensitivity.

It is also a story about resiliency and democracy. For these guys, after years of relative labour peace (at least on paper), the fight is a new game with a steep learning curve. However, these workers are a mature and knowledgeable workforce with the better part of their working lives invested. They are not about to see it go down the toilet this way. They start taking matters into their own hands. Fortunately, they are not alone.

It turns out that there are several reform organizations already hard at work restoring unionism to unions. It turns out that great deals of them have focused on their union, the UFCW, as representative of what is wrong with unionism today. One of those organizations, Members For Democracy, ends up being the real voice for Loman issues and the only source for detail. They offer advice, documents, discussion, and plenty of information. Their home page www.ufcw.net has covered the recent events in a way that can only be seen as an embarrassment for the official web site. And they are a volunteer organization.

It's a messy pot of soup. From our perspective and in our opinion, there's Larry, Moe, and Curly running the warehouse, Mr. Burns from "The Simpsons" running the corporation, and see-no-evil, hear-no-evil, and speak-no-evil running the union. We are the ones who will pay for this scripted looney-toon. We are not amused. There is talk of securing an independent legal assessment but how to come up with the money?

Right now we are busy information leafleting at the stores. There are issues before the LRB in September, which will decide if OFG can get away with this shabby shell game. At this point our employment is scheduled to end on September 28.

The details have already been spoken to in a number of documents, most of which I can provide.

Sincerely,

Darryl Gehlen