Safeway's British labor strategy spells trouble in U.S.

U.S businessmen who have looked with horror over the years at the rampant labor chaos in Britain which has become a significant factor in that nation's industrial decline should be more than a little disturbed over giant Safeway Stores' handling of a strike by Teamsters Union members against its distribution centers in California. The strike, which began as a local walkout last July 18 at British-linked Safeway's Richmond, California, distribution center, is emerging as a major test of whether the "British System" approach to labor-management relations will replace America's tradition of labor-management cooperation based on mutually shared profits accruing from technologically based productivity gains.

The immediate issue in the strike is Safeway's demand that it be allowed to make arbitrary work rules changes based on a new computerized productivity system designed at Cornell University. But there are also disturbing signs that Safeway is using the strike to help pave the way for a major assault on the Teamsters in next year's nationwide Master Freight talks. For decades, the Teamsters have been the major labor obstacle to British-style "austerity programs" in the U.S., and as a result have continuously been the target of puffed up "pension scandals," "racketeering" frame-ups, and Foundation-financed "rank and file" revolts. Moreover, there are abundant indications that the current Safeway strike was deliberately provoked to build up the proterrorist "rank and file" networks in the union over against the responsible national Teamster leadership.

The new productivity system is known as MTM — Measured Time Minutes. It was instituted at the Richmond depot in the summer of 1977 and is presently in operation in every Safeway warehouse across the country. The system is based on a computer program which for every worker takes into account such factors as age, height and weight, sex, the nature of the order being filled, and so forth, and measures the worker's actual productivity against a

Who's who on Safeway's British board

W. S. MITCHELL

President and chairman of the board of Safeway, Mitchell is a director of the **Chubb Corporation** and its subsidiary, the **Pacific Indemnity Company**.

PERCY CHUBB, III

A senior vice president at **Chubb**, his family's firm, Percy Chubb's seat on the Safeway board provides a double interlock between Safeway and Chubb.

Chubb is also a director of **Fidelity Union Trust**, a New Jersey bank close to **Prudential**, the Anglo-Dutch connected insurance company which set up playwright Leroi Jones as the terrorist "Imamu Baraka" in Newark in the 1960s and helped turn Newark into a breeding ground for race riots and terrorist activities.

The **Chubb Corporation** board is filled with numerous representatives of the to-this-day Anglophile Morgan group, including:

- D. Nelson Adams, a member of **Morgan Guaranty**'s law firm, **Davis, Polk and Wardwell**.
- Lewis A. Lapham, retired president of **Bankers Trust**, which has been closely associated with the Morgan bank for decades.
- Robert V. Lindsay, executive vice president of Morgan Guaranty Trust.
- Thomas Rodd, retired vice chairman of Morgan Guaranty.
- G. G. Michelson, senior vice president of **Macy's**, the "Our Crowd" department store.

ROBERT A. MAGOWAN

A former chairman of the board and president of Safeway, Magowan is currently chairman of the executive and audit committees of the Board of Directors. Magowan got his start in business at **R. H. Macy and Co.** He was a principal partner at **Merrill Lynch, Pierce, Fenner and Smith** until going to Safeway in 1955. Merrill Lynch is the sole investment banker for Safeway and administers its employee stock ownership program.

"computerized average worker." The computer reveals whether the worker is performing at a 60 minute hour potential, a 40 minute hour potential, or whatever. During the year that MTM was in operation before the strike, more than 150 of 1,200 workers at the Richmond depot were laid off or forced into disability due to harsh working conditions, with similar shrinkage around the country.

In the view of industry experts, the MTM system sums up what's wrong with the nation's food industry. The major cause of low productivity in the food industry — and a major contributor to high food prices — is chronic undercapitalization. Notorious in this regard, the food industry suffers from large-scale anarchy resulting from the lack of standardization, containerization, and genuine automation which could enormously simplify the movement of food from producer to consumer. Instead of the needed industry-wide overhaul, the capital improvements introduced by food processors, distributors and retailers have tended toward such gimmicks as the new computerized cash register systems, which can be amortized over a short period of time.

The MTM merely feeds into this problem. Whereas actual worker productivity is based on the individual worker's relationship to an overall workforce and to the overall capital development in a given industry — a fact well recognized in industries where a high rate of capital improvement is the norm — MTM is based on the glaring fallacy that there is a computer productivity norm for the hypothetical "average individual worker." By focusing on speeding up the individual worker — a process which will quickly exhaust its limits — MTM will merely encourage Safeway and like-minded organizations to further postpone necessary capital spending decisions, and preserve the industry's profile as undercapitalized and a low-wage, low-skill, dead-end employer.

"Distribution Without Waste"

Safeway has a long history of such scrimping on capital spending while making profits off of rationalization. The company brags that it houses its slim corporate staff not in modern corporate offices, but in a converted warehouse in Oakland, and it attributes its rise to number one — it surpassed A&P as the world's largest food chain in 1973 — to the policies behind its long-standing motto, "Distribution Without Waste." As a result Safeway also has a long history of serious labor problems, despite its efforts to instill loyalty to the company.

The MTM system which triggered the latest bout of difficulties was developed at Cornell University, at an extension of the agriculture school, but the system has all the earmarks of the notorious Cornell School of Industrial and Labor Relations. The school was one of the key centers which disseminated the methods of behavior modification and its industrial application pioneered at the Tavistock Institute in London in the U.S. and throughout the Americas. The Cornell School

MERRILL L. MAGOWAN

Vice-president at **Merrill Lynch, Pierce, Fenner and Smith**.

CHARLES DE BRETTEVILLE

Retired chairman of the board of the **Bank of California** and currently a director of **BanCal Tri-State Corporation**. The Bank of California is the **Rothschilds'** principal outpost in California, with Baron Edmund de Rothschild holding about one-third of the stock, and also Safeway's principal bank; the relationship between food retailing companies and their banks is traditionally close, because of the large amounts of credit involved in the business. Along with the Republic Bank of Texas and Citibank, the Bank of California administers Safeway's company pension fund.

De Bretteville is also a director of the **Shell Oil Company**, which is 69 percent owned by **Royal Dutch Petroleum Co.**, the Netherlands, and **Shell Transport and Trading Co.**, U.K.

ERNEST C. ARBUCKLE

Beginning as a personnel specialist at Standard Oil of California (1937-41) and various other companies, Arbuckle is presently chairman of the board of the **Saga Corp.**, a food service and restaurant corporation which specializes in "fast food." He is a former chairman of the board of **Wells Fargo** bank, and is currently a director of **Owens-Illinois**, **Hewlett-Packard**, **Utah International**, and the **Stanford Research Institute**, and a member of the **Trilateral Commission**.

JOHN F. BOOKOUT

President and chief executive officer of the **Shell Oil Company**.

itself did extensive studies of backward peasant cultures which became the basis for the fascist reorganization of the Chilean economy and for World Bank-imposed labor-intensive agriculture throughout Latin America. The Cornell School also developed the OD ("Organizational Development") system imposed in U.S. auto plants to induce speed up, and it produced such specimens as Victor Gotbaum, leader of New York City's low-wage, low-skill AFSCME union.

Spawning terrorism

Such "labor relations" techniques, widely in use in England, result in the atomization and social breakdown of the workforce — a situation of individual competing bodies who couldn't care less about effective teamwork or the condition of equipment they are operating. Such working conditions are ideal breeding grounds for the "militant," proterrorist Maoist countergangs, such as the foundation-funded "Teamsters for a Democratic Union" and related "rank-and-file" organizations which are attempting to break the leadership of the Teamsters, and which have further been implicated in international terrorism.

It is not uncommon for a company to encourage a labor strike as part of a strategy of weakening union control over its workforce, and from all indications, this a major aspect of the current Safeway strike.

But there are strong indications as well that the Safeway management is giving direct encouragement to these "radical" split-off unions. This is made all the more likely by the fact that the same Anglo-Dutch financial interests which fund the countergangs, environmentalism, and international terrorism pull the strings at Safeway.

The TDU has been exposed as having promoted proterrorist networks in last winter's miners' strike and preaching "class warfare," and the TDU is in a defacto alliance with PROD and FASH, two other "independent" teamster organizations, to promote the destabilization of the upcoming master freight contract. It was Teamster networks associated with the TDU which helped precipitate the current strike against Safeway, against the wishes of elected Teamsters leaders, and which have at every step of the way encouraged confrontation and violence.

The employment of organized scabs by Safeway represents the "appropriate" "right-wing" counterdeployment against the strike. Hence the strike has been turned into a classical left-right confrontation and rallying point. The net effect of the escalating provocations has been to discredit the national Teamster leadership and set the stage for a violent confrontation. It is no coincidence that the strike has already been marked by the murder of one picket and numerous arrests. The Teamsters leadership has made every effort to cool down the strike but has met with intransigence of the Safeway leadership. Responsible union officials and others on the scene believe that Safeway management is responsible for the prolongation and much of the violence of the strike.

What this could spell is trouble in next year's nationwide Teamster master freight negotiations. Barry Bosworth, the brash young director of the Council on Wage and Price Stability who nearly provoked a nationwide postal walkout until Labor Secretary Marshall unceremoniously shunted him out of that negotiating picture, has already warned a meeting of the trucking industry's bargaining group held in August to take a hard line in their upcoming bargaining. Blasting the Teamsters for having won significant wage gains in their past three contracts, former Brookings Institution staffer Bosworth threatened government intervention in the freight negotiations to hold down the size of the settlement and set an example for the rest of the labor movement.

Who runs Safeway?

Corporate boardroom watchers who have studied Safeway's heavily British-slanted group of directors say it is by no means far-fetched that the Safeway management group would deliberately exacerbate the California strike in order to build up the TDU and other violent countergangs to feed a set-up confrontation between the union and "hardliners" such as Bosworth in the master freight bargaining. As a precedent, they cite the current plight of the Ford Motor Co. management in Britain, sandwiched in a wage dispute between the "hardline" stance of a Labour Party government and the "hardline" demands of Labour Party union members.

Anglo-Dutch and related financial interests figure prominantly on the Safeway board of directors in the form of interlocks with Shell Oil, the U.S. branch of Royal Dutch Shell; the Rothschild's Bank of California; and the Chubb Insurance Company, which jointly owns Chubb, Ltd. (Hong Kong) with Jardine Matheson & Co., Ltd., the Hong Kong-based trading company which has been implicated in the drug trade since its founding in 1832. The Chubb Corp. is the chief seller of "antiterrorist" insurance in the U.S. to frightened U.S. executives. Chubb's chief of security participated in a conference on the subject of corporate security in Chicago last August, along with John Grant, officially an Edinburgh-based private investigator and "terrorist expert." Leading antiterrorism experts who analyzed that conference have voiced concern that Chubb, like Lloyd's of London, may be creating a market for its insurance by feeding information gleaned on executive's security arrangements to British-run terrorists to facilitate "hits" (See *EIR*, Vol. V, No. 35, Sept. 12-17, 1978).

—Lydia Dittler