

## Mitchell's Musings 9-1-14: Remembrance of Things Past: A Party for the Boss

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Sometimes, unusual things happen that seem unique to our time. Sometimes, however, the seemingly new developments may be echoes of events in the past. For this Labor Day musing, surely the unusual event *de jour* is the semi-strike and now settlement of a dispute at Market Basket, a family-owned supermarket chain in New England. There are a variety of unusual elements of the Market Basket story, not the least of which is that smaller regional supermarket chains are being swallowed up by national giants.

I won't go into the details of the Market Basket case. Tom Kochan of MIT has been following the story he provides a description:

*Imagine high-level executives, store managers, clerks, and warehouse workers standing outside their stores side by side for a month demanding their CEO be reinstated and the business model that made the company thrive be maintained. And imagine their customer base cheering them while they had to shop elsewhere at considerable inconvenience and expense. That is exactly what happened this summer at Market Basket, a highly successful New England family-owned grocery chain with 71 stores and 25,000 employees. On Wednesday night, Arthur T. Demoulas struck a triumphant deal to buy his warring cousins' share of the family grocery empire, ending a six-week standoff between thousands of employees and management...*

*For years, Arthur T. had led Market Basket to high profits with a business model that provided consumers with low prices and good quality service by building a highly productive, well paid, and loyal workforce. But when (cousin) Arthur S. gained control in June, he fired Arthur T., replaced him with new co-CEOs of his choosing, and began pursuing options to increase the flow of cash to family owners. Employees demanded Arthur T. be reinstated and the business model they built together be restored. They organized rallies that attracted as many as 10,000 workers customers, and community supporters. They used a "Save Market Basket" Facebook page to spread their message and maintain solidarity across the ranks. At one point 68 of the 71 store managers signed a statement saying they would not work for anyone but Arthur T. Customers offered countless testimonials to the low prices and good service they were missing and documented the increased costs they incurred in shopping elsewhere by pasting their sales receipts on the windows of their local stores...<sup>1</sup>*

It is unusual for nonunion workers, as at Market Basket, to strike for obvious reasons. It is even more unusual (unheard of?) for them to be joined by supervisors and managers. But it happened in this case.

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<sup>1</sup><http://fortune.com/2014/08/28/what-the-market-basket-deal-says-about-american-workers/>. A radio interview with Kochan and others can be heard at <https://archive.org/details/0818MarketBasketRoundtable>.

Once we get away from the details, however, what seems most unusual is the degree of empathy of the store workers for the top boss. It's not that bosses can't be liked or even be popular among workers. But how many employees would sacrifice to keep the boss? For that to happen, it likely requires both a popular boss and a sense that if he goes, jobs and conditions will be in jeopardy.

Put in those terms, the Market Basket story reminded me of another story that my stepfather once told me that took place in the late 1930s or early 1940s. As you are likely to know, those years were a period of severe labor strife. My stepfather, William Mitchell, was an organizer and official of the UE, the United Electrical Workers, one of the more radical CIO unions of that era. The UE later was expelled from the CIO in the late 1940s for having communist leadership. It still exists today, but is a shadow of what it once was.<sup>2</sup> (It is symptomatic of the situation of unions more generally nowadays that CIO currently means Chief Information Officer, but we digress.)

In any event, the major employer that the UE had organized was General Electric. But there were various small employers that had been unionized by the UE, typically in manufacturing. My stepfather was stationed in New York City, but he was sent by the union to visit and investigate a local in the Midwest where, reportedly, something funny was going on. When he got there, he talked to local officers and union members and looked at the books. No irregularities were to be found.



As he prepared to leave, one of the members asked him if he was coming to the party. What party is that? The party for the boss! You're having a party for the boss?

It turned out the boss/owner had signed a standard UE agreement, but found he could not afford the contractual wage rates. So from time to time, the workers threw a party for the boss and chipped in enough money to keep the firm going. As in the Market Basket case, the workers liked the boss and liked their jobs and realized that they need the former to keep the latter.

There may be no deeper lesson in this story. It's just something that happened. Have a good Labor Day holiday.

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<sup>2</sup>The union reportedly has about 37,000 members. It has a website: <http://www.ueunion.org/>