

This newsletter is the sole responsibility of Allen Polk Hemphill, and does not reflect the views of anyone but Allen. Allen can be contacted, and (free) electronic subscriptions are available at allen@allenhemphill.com
May be quoted with proper attribution.

"Freedom of the Press belongs to those who own one."

A. J. Liebling of the New Yorker

October 15, 2003



Strike!

What? Suddenly Southern California has been moved to France – or Italy?

Many of the grocery stores are being picketed, the Los Angeles bus system is stopped because of strikes, and the LA Deputy Sheriffs are calling in “sick” with “blue flu.”

I just left Hawaii where Honolulu was nettled by a 30-day bus strike – from bus drivers who make more money than teachers, police, and fire fighters! The Honolulu strike was a PR disaster that 82% of the population opposed from beginning to end.

The Honolulu strike became unpopular when the press reported, in detail, how well the bus drivers were paid and how great were their benefits. On average, Honolulu bus drivers, hardly a group destined to be recruited for Jeopardy, were receiving an average of \$64,000 a year in salary and benefits!

I suspect that there will be immediate support for the grocery workers, but it will at least moderate when the demand for continued free medical becomes understood. (Ninety-two percent of all national workers contribute at least something to their medical expenses, and “free” medical is an uncontrollable expense for any company...it is a blank check!)

Grocery stores are among the lowest profit earners in America...usually less than 5% profit. That profit is based on turning the inventory over quickly. The main problem that Albertsons, Vons, and Ralphs has is that they cannot raise

Commentary

prices to cover the increasing costs of medical, because the costs of their main national competitor, Wal-Mart wage and benefit package is already 30% lower than unionized grocers.

Companies do not pay salaries and benefits – shoppers pay salaries and benefits. This apparent fact has never been part of union knowledge, where Econ 101 has never been a requirement.

To compete with Wal-Mart and other non-union grocers, the union stores must substantially reduce their costs – impossible when they must write a blank check for medical expenses.

Some unions are obviously learning the truth, slowly. “Give backs” are common in the airline industry, but it took several bankruptcies for the unions to learn...and apparently unions do not transmit their newly gained knowledge to other unions. Eastern Airlines pilots were still picketing four years after Eastern Airlines no longer existed!

The strikers at the local Vons were not intimidating when I recently crossed their picket lines to shop. They were pleasant, but I have seldom found anyone who is not pleasant to me at least in person. I intend to continue crossing those lines and purchasing what I can from the struck grocers. I will go to Major Market, a non-union grocer, for those items that Vons does not currently carry because their shelves are not well stocked due to the strike.

The City of Honolulu caved to the Bus Drivers Union, and found that ridership was still down 20% three weeks after the strike was settled. To cover the huge rise in bus fares necessitated by the new contract, the City needs MORE riders, not fewer.

The Honolulu bus drivers last struck about 20 years ago, and it will take them eight or so years to make up the salaries they lost – they may never win back the good will. It has been about the same length of time since the last grocers strike in Southern California, and, as is usually the case, the “lessons learned” from the last strike have similarly been lost in time.

Major Market has my allegiance. I will not be returning to Vons after the strike is over. Their employees have inconvenienced me, and I shall inconvenience them in my small way

(This newsletter is periodically published electronically and delivered primarily by e-mail. Free subscriptions may be had by sending an e-mail to allen@allenhemphill.com with the word "subscribeRB" in the subject or the text.)



Dolphin Realty

Allen P. Hemphill

Real Estate Broker

15817 Bernardo Center Dr,
111, San Diego, Ca 92127
RB Office (858) 487-4750

27739 Mountain Meadow Road
Suite #5
Hidden Meadows CA 92026
Meadows Office (760)-749-5005

Home Office (760) 749-2654

www.allenhemphill.com
allen@allenhemphill.com