



## Market Basket Employees Return to Work; Unions Surprised

The tone of [the announcement](#) from Market Basket's shareholders late Wednesday night was vastly different from the statement issued by the company's previous CEOs two weeks ago announcing that any of the striking workers who failed to return to work by Friday of that week would be terminated.

The first statement was harsh: "You must return to [your job] ready to fulfill your duties no later than Friday, August 15, 2014. Should you choose to ignore ... these directives, the company will consider you to have abandoned your job, thereby ending your employment with the company."

The latest announcement was warm and reassuring, and comforting to the nearly 25,000 employees and hundreds of thousands of customers of Market Basket who had boycotted the 71-store chain over the last six weeks:

Effective immediately, Arthur T. Demoulas is returning to Market Basket with day-to-day operational authority of the company.... The current co-CEOs will remain in place pending the closing, which is expected to occur in the next several months.

All associates are welcome back to work with the former management team to restore the company back to normal operations.

The boycott by customers of the East Coast supermarket chain — aided, abetted, and encouraged by upper management as well as store managers across three states — gave Arthur T. Demoulas the leverage he needed finally to negotiate successfully with his cousin to relinquish control of the chain to him and his family. On Thursday, those employees who had been holding their breath for the last six weeks could breathe again. Steve Paulenka, a fired Market Basket manager, dressed for work on Thursday morning, although he said wryly: "I think I'm employed. I'm not really sure." On the other hand, Ann Rogers, a protesting employee who worked in the company's accounts payable department, was sure: "It's just fantastic. I've been working with this company for 28 years, and this has been hanging over the company's head the whole time. This fight was absolutely worth it." Claire Murphy, a cashier at a Market Basket in Billerica, Massachusetts, said that, although she doesn't want to go through this ever again, "It was an amazing experience. We're all so much closer now."

Arthur T. Demoulas, affectionately known to his employees as "Artie T" and now the controlling shareholder of Market Basket, no doubt is happy as well. He no longer runs the risk of being fired unilaterally and is able now to devote 100 percent of his energies to restoring, strengthening, and growing his chain. No doubt his cousin, Arthur S. Demoulas, is happy to have the rancorous relationship finally come to an end. Arthur S. and his side walk away from the deal with \$1.5 billion for their 50.5





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percent interest in the chain, while Arthur T. had to do some scrambling at the last minute to come up with a third of the purchase price from a private investor to seal the deal.

Vendors are happy as well. Activity in each of the 71 stores has been likened to the action of a NASCAR pit crew to move the food from loading docks onto empty shelves. Those stores will require more than 12,000 cases of steaks and other beef, 100 tractor-trailer loads of produce, 15,000 boxes of fish fillets and seafood, 187 tons of chicken, 60,000 cases of hot dogs and deli meats, and 3,750 tons of dairy products. One of the vendors, Tony Piedimonte, owner of a 2,800-acre vegetable farm in upstate New York who has supplied Market Basket for more than 40 years, could hardly wait for the final word on Wednesday night. He was already preparing to send truckloads of green beans, cucumbers, peppers, cabbage, sweet corn, and other produce as early as Thursday morning. "One way or another, I will get it for them. If I can't get it all in one day, I'll get a good portion of the stores started. I'll do everything within my power," Piedimonte said.

Massachusetts and New Hampshire governors Deval Patrick and Maggie Hassan were also delighted. In a joint statement they said, "Market Basket is a major employer in Massachusetts and New Hampshire and an important local resource for the communities the company serves. We are delighted that the parties have reached an agreement ... so that employees can return to work and customers will once again be able to rely on the stores to meet their needs." Nothing was said in the statement about the governors' relief that tax revenues from those 25,000 workers will once again begin to flow into their states' coffers as a result of the settlement.

The grocery unions seemed to downplay the settlement, claiming, among other things, that the workers of the non-union store chain had only a single issue about which they were united: the reinstatement of their beloved "Artie T." Said David Lewin, professor of management at the University of California, Los Angeles: "To have an internal uprising of just about everyone, without a union, is very unusual in American industry. And it's even more unusual for workers to say — we want this guy to come back — and to have him actually come back." Peter Derouen, a spokesman for the United Food and Commercial Workers Local 791, a union that represents workers at Shaw's Market, one of Market Basket's competitors, tried to minimize the potentially negative impact on the union movement of the success of Market Basket's workers in having their way with upper management: "There [was] no division about what they wanted. This [was] a one issue fight."

That's not exactly correct, of course. The reason that Market Basket's workers adore "Artie T" is because he treats them well, he pays them well, he gives them bonuses often equal to two or three months' salary, plus he provides a handsome benefits package including a retirement plan to which the company contributes 15 percent of their wages. He also treats them like individuals and makes a special effort to remember their names and family situations. He also makes extraordinary efforts to make sure that everyone knows who their real boss is: the customer. So it wasn't all about Artie so much as it was about the business model that he represented that workers perceived to be threatened if Artie's cousin continued to run the business his way. One need only note the tone of the "discharge" letter issued earlier in August to see the difference.

Derouen is no doubt aware of the decreasing influence of unions in general, and his union in particular. Back in 2010, unionized workers at Shaw's warehouse struck for four months over pay and health benefits but finally gave it up and acquiesced to the company's offer, settling for a deal that was comparable to the one the company had initially made prior to the strike. Nationally, the number of strikes initiated by unions has plummeted from 317 in 1973 to just 15 last year, according to the U.S.



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Department of Labor.

In her summary of the Market Basket incident, Deirdre Fernandez, writing for the pro-union *Boston Globe*, admitted that Market Basket workers “achieved in three weeks what few unions have accomplished in recent years. They stood up to their multibillion-dollar employer, won local and national sympathy for their struggle, and stayed united.” What Fernandez failed to mention is that the success of the Market Basket movement by its workers exposed the myth that labor and management are always and forever opposed to each other. This myth has been promulgated over decades past to justify the rise of union power to balance the power of management. In the present case, it has been exposed as a lie. The interests of labor and management are, in fact, united in a single cause: serving their customers as best they can, providing them with products and services for which they are willing to pay. Now back in business, Market Basket has not only gained increased confidence and respect from its workers, but will shortly recover its customers as well, making the company stronger than ever and all without union interference.

*Photo of Market Basket employees back to work near a likeness of “Artie T”: AP Images*

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