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Kroger-Albertsons merger means layoffs, higher food prices

written by Scott Scheffer
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Members of Food and Commercial Workers Local 400 rally outside Kroger's Mid-Atlantic Division headquarters in Roanoke, Va.

A proposed deal between two of the biggest grocery chains in the U.S. — Kroger and Albertsons — has many thousands of workers worried about losing their jobs. It also raises the possibility of more food deserts and worsening food prices.

Grocery prices have already risen by nearly 12% in the latest capitalist inflation crisis. If the deal goes through, the new corporation will control 20% of the U.S. grocery market with 5,000 stores in the 48 contiguous states.

Corporate mergers are always followed by a period of consolidation of assets. That means closures of some stores and layoffs. Both Kroger and Albertsons have a history of disregarding workers' rights and turning their backs on the communities that have brought them billions of dollars.

Under the agreement, Kroger would buy Albertsons for nearly $25 billion. It isn't by any stretch the largest dollar amount among corporate mergers. Others, among banks, telecommunications companies, and energy giants like Exxon Mobil, have been worth over 10 times that much.

It is the latest in a trend of retail mergers over the last 30 years. The emergence of big high-tech, warehouse-based corporations, Amazon, Walmart, and Costco, has set the wave of consolidations. By shrinking the workforce, they've taken over most grocery sales in the U.S.

In addition to combining with Albertsons, Kroger is looking to mimic the Amazon model by building giant high-tech warehouses at a dozen or more locations. This technology-based war among the retail giants is what underlies the proposed merger. At the same time, it has led to a heightened workers' struggle, including an energetic unionization campaign by tens of thousands of Amazon warehouse workers.

A consolidation deal in 2014 between Albertsons and Safeway illustrates how mergers wipe out jobs and how ineffective regulations have become. The Federal Trade Commission approved the deal with the condition that Albertsons sell 168 of their stores to a much smaller grocery chain, Haggen. Haggen only owned 18 stores at the time, and buying 168 more was a highly leveraged deal.

The obligation to sell to Haggen was supposed to ensure competition, but under-capitalized Haggen's failure was a foregone conclusion. Albertsons launched a competitive war against Haggen, forcing it into bankruptcy in just over a year. No federal regulator had the power to do anything about it.

Food Chain Workers Alliance

As corporations grow and control more of their market, capitalist regulations become proportionately weaker. Suzanne Adely, Co-Director of the Food Chain Workers Alliance, spoke with SLL about the merger and what capitalist consolidation can mean for workers, using the example of the meat and poultry industry.

"The industry is controlled by only a few big corporations. During COVID, the leverage they have meant that there was no transparency over health and safety. This led to a terrible number of Covid infections. It also means they have more control over the supply chain. For example, if they are a supplier for a government contract, maybe for school lunches, they can be chosen for their cheapest bid without regard for their health and safety record. Their sheer size diminishes transparency and lets them avoid any accountability."

Corporate mergers must be approved by one of the capitalist government's federal regulators. But the anti-trust system in the U.S. is weak by design. As a result, only rarely have similar mergers been blocked.

Capitalist competition leads to mergers. As a result, fewer and fewer corporations control larger market shares as time goes by under capitalism. This trend is part of the DNA of the capitalist economy and is explained by classical Marxism.

In the 19th century, most economists thought that the competitive era of capitalism was permanent. But Karl Marx recognized the inevitability of the concentration of capital and market share into the hands of fewer and larger corporations. In “Capital” he wrote, “The battle of competition is fought by the cheapening of commodities. The cheapness of commodities depends … on the productiveness of labor, and this again on the scale of production. Therefore, the larger capitals beat the smaller.”

Some Democratic politicians have spoken out against the merger, including Senators Bernie Sanders, Amy Klobuchar and Elizabeth Warren. Their position against it may help to secure their base as the Democratic Party worries about the midterm elections. But corporate power rolls over liberal politicians all the time.

The only real challenge to corporate power is that of workers and the community. In 2019 Kroger closed five supermarkets in Los Angeles. The United Food and Commercial Workers union was joined by the LA chapter of the Southern Christian Leadership Conference, the Harriet Tubman Center for Social Justice, and a number of community organizations based in South LA in a fierce struggle to save workers’ jobs and prevent another food desert in the Black community. This union and community alliance, along with the amazing union drive being conducted by Amazon workers, are examples of how to challenge capitalist corporations’ attempts to maximize their profits and beat down the working class.

When we fight, we win!