

Campaign Analysis - CIW McDonald's Campaign for Fair Food

i. Farmworker Poverty and Human Rights Abuse – Farmworkers who pick tomatoes for the fast-food industry are among this country's most exploited workers.

Details: In a 2001 report to Congress, entitled “The Agricultural Labor Market – Status and Recommendations,” the US Department of Labor called farmworkers “a labor force in significant economic distress.” The report cited farmworkers’ “low wages, sub-poverty annual earnings, (and) significant periods of un- and underemployment” to support its conclusion, adding that “agricultural worker earnings and working conditions are either stagnant or in decline.”

Tomato pickers in Florida's fields face sweatshop conditions every day, including:

- Sub-poverty wages - Tomato pickers make, on average, \$10,000/year;
- No raise in nearly 30 years - Pickers are paid virtually the same per bucket piece rate (roughly 45 cents per 32 lb. bucket) today as they were in 1980. As a result, workers have to pick over twice the number of buckets per hour today to earn minimum wage as they did in 1980. At today's rate, workers have to pick nearly 2 ½ TONS of tomatoes just to earn minimum wage for a typical 10-hr day;
- Denied fundamental labor rights - Farmworkers in Florida have no right to overtime pay, even when working 60-70 hour weeks, and no right to organize or bargain collectively.

In the most extreme cases, workers face conditions that meet the legal standards for prosecution under modern-day slavery statutes. Federal Civil Rights officials have prosecuted five slavery operations, involving over 1,000 workers, in Florida's fields since 1997. One federal prosecutor called Florida “ground zero for modern-day slavery,” while President Bush traveled to Tampa in 2004 to declare human trafficking “an affront to the defining promise of our country,” citing the case of a young Guatemalan woman “forced to work without pay in the tomato fields of central Florida.”

ii. Role of the Fast-Food Industry in Farmworker Poverty – Fast-food giants like McDonald's and Burger King play an active role in creating the unconscionable conditions in Florida's fields. These massive chains are able to pool the buying power of tens of thousands of restaurants and leverage that enormous power to demand ever-lower prices from their tomato suppliers. This in turn puts a strong downward pressure on farmworker wages, as tomato suppliers squeeze their diminishing profits from their workers through ever-lower wages in order to meet the volume discounts demanded by their fast-food clients. As such, farmworker poverty feeds fast-food profits.

Indeed, while we may think of farmworkers as part of a discrete agricultural industry, they are in fact part of a much broader -- and increasingly integrated -- food industry. This industry flows almost seamlessly from the farm to the plate. The consolidation of market power in the retail end of the food industry – the result of the explosive growth of corporations like McDonald's, Burger King, and WalMart over the past three decades -- draws profits to the top and impoverishes those who toil on the farms where our food is grown and picked.

Details: Workers are not alone in criticizing fast-food industry pricing strategies and the impact of those strategies on farmworker wages. A May, 2005, article published in the produce industry journal “The Packer” by a tomato industry re-packer (a form of middle-man between the fields and the retail sector) also describes in detail how fast-food industry demands for lower prices are passed on to farmworkers in the form of wage cuts. The article, entitled “Big fast-food contracts breaking tomato re-packers,” can be found here: <http://www.ciw-online.org/images/Packer2005.pdf>

Further evidence of the squeeze by major corporate buyers – and its consequences for farmworkers -- is found in a 2004 Oxfam America report, entitled “Like Machines in the Fields: Workers without Rights in American Agriculture.” The report cites a significant shift in an important economic indicator, known as the “Marketing Spread” (defined as the disparity between the price a consumer pays for a product and the price received by the grower). Oxfam reports that, “whereas in 1990 grower-shippers received 41% of the retail price of tomatoes, by 2000 they were receiving barely one quarter (25%).” The study goes on to conclude, “Squeezed by the buyers of their produce, growers pass on the costs and risks imposed on them to those on the lowest rung of the supply chain: the farmworkers they employ.” The complete Oxfam report can be found at http://www.oxfamamerica.org/pdfs/labor_report_04.pdf

iii. Taco Bell Agreement Offers a Way Forward – In 2005, after a 4-year boycott, the CIW reached an historic agreement with Taco Bell to address the ever-deepening poverty and degradation of farmworkers in Florida.

Details: The agreement established a model designed to enlist the immense market power of the fast-food giants to reverse the damage done over the past several decades to farmworker wages and to demand an end to human rights abuses, including modern-day slavery, in the operations of their Florida tomato suppliers. It includes the following principles:

- A penny per pound pay raise, nearly doubling the going piece rate when workers pick tomatoes going to Taco Bell;
- Supply chain transparency and a verifiable zero tolerance policy for modern-day slavery;
- The right for farmworkers to participate, through the CIW, in the development and implementation of an enforceable code of conduct.

iv. McDonald’s Efforts to Undermine the Gains Won in the Taco Bell Agreement – Rather than work with the CIW to support the principles established in the Taco Bell agreement, McDonald’s chose to work with the growers’ powerful lobbying association, the Florida Fruit and Vegetable Association (FFVA) – the very employers responsible for decades of exploitation – to blunt criticism of the food industry and to establish a “low-road” alternative to the Taco Bell agreement.

Details: Just weeks after the announcement of the Taco Bell agreement, the following meeting took place at a leading tomato growers’ packing house, as reported in the Lakeland Ledger (“Growers seek SAFE haven,” 1/29/06):

"WASHINGTON -- Jay Taylor recalls the seeds being sown last spring in a tomato packinghouse in Palmetto, where members of the restaurant industry and Florida agriculture met to discuss an escalating labor war.

That March, Taco Bell had agreed to pay tomato pickers in Florida an extra penny per pound and to demand new labor standards from growers after a three-year boycott and a run of bad press. The Coalition of Immokalee Workers, the boycott organizer, had cast an unflattering spotlight on growers with a shame campaign against a big corporate customer.

Vegetable growers and other restaurant chains knew the Bell deal, the first of its kind, tolled for them. Taylor said the message from restaurant representatives was clear: "You guys have got to do something about this issue."

The "seeds sown" at that meeting grew into McDonald's carefully constructed detour to avoid the two key principles the Taco Bell agreement:

- As an alternative to the Taco Bell code of conduct, which was designed and implemented in partnership with workers, McDonald's and the FFVA created an employer-controlled monitoring program called Socially Accountable Farm Employers (SAFE). You can find more details on the origins of SAFE – its roots in a public relations firm that specializes in "crisis management" and counts McDonald's among its clients, as well as the role of the FFVA in its development – here: (http://www.ciw-online.org/Tangled_Web.html).

You can find a point-by-point comparison of SAFE and the Taco Bell agreement here: (<http://www.ciw-online.org/pointbypoint.html>).

SAFE is a classic case of the fox guarding the henhouse. It was immediately denounced by a broad spectrum of human rights, labor, and consumer organizations. Since the creation of the FFVA-sponsored SAFE program, former FFVA chairman Frank Johns was named numerous times, although not charged, in the federal indictment of his longtime crewleader, Ron Evans. Evans was charged with keeping his workers in what prosecutors called "a form of servitude." Evans ultimately received a 30-year sentence for recruiting workers from homeless shelters across Florida, enticing them with promises of good pay and housing, and holding them in debt through a combination of low wages and charges to the "company store" for everything from rent to crack cocaine. Johns publicly defended Evans as "an above average crewleader."

You can read more about the relationship between Johns and Evans, as well as the argument for holding the giant fast-food corporations accountable for farmworker exploitation, here: (http://www.ciw-online.org/Foxes_Henhouse_FFVA.html)

- As an alternative to the Taco Bell penny per pound surcharge, McDonald's argued that farmworker wages were already satisfactory, and paid for a study to support that very conclusion. McDonald's wage study found that tomato pickers in Florida earned an average of roughly \$14.00 per hour, with the fastest pickers earning upwards to \$18.27 per hour. Like SAFE, McDonald's study was thoroughly discredited by dozens of leading legal, labor, and social research scholars, including former US Secretary of Labor Robert

Reich. One evaluation called the report, "so riddled with errors both large and small that it cannot be accepted as factually accurate on virtually any measure...The report should have no credibility whatsoever."

You can read a complete critical analysis of the McDonald's study -- produced by Dr. Bruce Nissen, Director of the Research Institute on Social and Economic Policy at Florida International University – here: (http://www.ciw-online.org/Nissen_report.html).

You can read former Labor Secretary Reich's letter to McDonald's here: (http://www.ciw-online.org/Reich_et_al_on_Mcdis.html).

v. Consequences of McDonald's Actions since the Taco Bell Boycott - Predictably, McDonald's façade of social responsibility has done little to curb the abuses of farmworkers in its supply chain.

Details: Ag-Mart, a key supplier of the grape tomatoes that grace McDonald's salads, has made headlines for labor abuse time and time again over the past two years. In October 2006, an expose by the North Carolina News and Observer found workers living in "crowded, squalid housing." The paper further reported the discovery by North Carolina labor officials of 30-40 workers who were crowded into a former nightclub building with "no hot water, no shower, and not enough beds" by Ag-Mart labor contractors. You can read more about Ag-Mart's housing scandal at: www.ciw-online.org/AgMart_squalid_housing.html

AgMart also made the news in December, 2005, for hiring a convicted slaver to "recruit, supervise, and transport farmworkers for Ag-Mart Farms," in Florida. The Ft. Myers News-Press reported, "The Immokalee contractor who prosecutors called 'brutal' for beating migrant workers and extorting money from them to pay off smuggling debts, spent 33 months in prison for enslaving migrant farmworkers in 1999. But today he's back in business." McDonald's and SAFE were silent on AgMart's choice of a convicted slaver to supervise its farmworkers. You can find the News Press article at www.ciw-online.org/scandal.html

Most recently, more than 200 Immokalee tomato pickers sued Ag-Mart in federal court, claiming that the company systematically doctored its books to hide widespread minimum wage violations. For more on the latest suit filed against Ag-Mart, see the Ft. Myers News-Press story "Grower sued by migrant workers," here: <http://www.news-press.com/apps/pbcs.dll/article?AID=/20070131/BUSINESS/70130050/1014>

In short, tomato pickers in McDonald's supply chain continue to labor for sub-poverty wages in exploitative conditions without guarantees of basic labor rights, including the right to overtime pay and the right to organize. Instead of working with the CIW to support the principles for fair farm labor standards established in the Taco Bell agreement, the company has opted to pursue an aggressive course designed to counter those principles. McDonald's actions have served to undermine farmworkers' fragile gains and to embolden growers determined to thwart progress.