

Grocery Unions Battle to Stop Invasion of the Giant Stores

By Nancy Cleeland and Abigail Goldman, Times Staff Writers

Inglewood seemed to offer the perfect home for a new Wal-Mart Supercenter, with low-income residents hungry for bargains and a mayor craving the sales-tax revenue that flows from big-box stores.

But nearly two years after deciding to build on a 60-acre lot near the Hollywood Park racetrack, Wal-Mart is nowhere near pouring concrete. Instead, the world's biggest company is at war with a determined opposition, led by organized labor.

"A line has been drawn in the sand," said Donald H. Eiesland, president of Inglewood Park Cemetery and the head of Partners for Progress, a local pro-business group. "It's the union against Wal-Mart. This has nothing to do with Inglewood."

Indeed, similar battles are breaking out across California, and both sides are digging in hard. Wal-Mart Stores Inc. wants to move into the grocery business throughout the state by opening 40 Supercenters, each a 200,000-square-foot behemoth that combines a fully stocked food market with a discount mega-store — entirely staffed by non-union employees. The United Food and Commercial Workers and the Teamsters are trying to thwart that effort, hoping to save relatively high-paying union jobs.

The unions have amassed a seven-figure war chest and are calling in political chits to fight Wal-Mart. The giant retailer is aggressively countering every move, and some analysts believe that Wal-Mart's share of grocery sales in the state could eventually reach 20%. The state's first Supercenter is set to open in March in La Quinta, near Palm Springs.

"If we have an advantage," said Robert S. McAdam, Wal-Mart's vice president for state and local government relations, "it's that we are offering what people want."

In fact, Wal-Mart has won allies by providing people of modest means a chance to stretch their dollars.

"We need to have retail outlets that are convenient and offer quality goods and services at low prices," said John Mack, president of the Los Angeles Urban League. "I really think that there are potential economic benefits for this community with the addition of a Wal-Mart."

Yet the Supercenters also threaten the 250,000 members of the UFCW and Teamsters who work in the supermarket business in California.

For decades, the unions have been a major force in the state grocery industry and have negotiated generous labor contracts. Wal-Mart pays its grocery workers an estimated \$10 less per hour in wages and benefits than do the big supermarkets nationwide — \$19 versus \$9. As California grocery chains brace for the competition, their workers face severe cutbacks in compensation.

"We're going to end up just like the Wal-Mart workers," said Rick Middleton, a Teamsters official in Carson who eagerly hands out copies of a paperback called "How Wal-Mart Is Destroying America." "If we don't as labor officials address this issue now, the future for our membership is dismal, very dismal."

The push for concessions has already started, prompting the longest supermarket strike in Southern California's history. About 70,000 grocery workers employed by Albertsons Inc., Kroger Co.'s Ralphs and Safeway Inc.'s Vons and Pavilions have been walking the picket lines since Oct. 11, largely to protest proposed reductions in health benefits. The supermarkets say they need these cuts to hold their own against Wal-Mart, already the nation's largest grocer.

Rick Icaza, president of one of seven UFCW locals in Southern California, has taken issue with much of the supermarkets' rhetoric since the labor dispute began. But he doesn't doubt that Wal-Mart is the biggest threat ever posed to the grocery chains — and, in turn, his own members.

"The No. 1 enemy has still got to be Wal-Mart," he said.

The unions and their community allies have stopped Wal-Mart in some places and slowed it down in others. They have persuaded officials in at least a dozen cities and counties to adopt zoning laws to keep out Supercenters and stores like them.

Homeowner groups, backed by union money, sued to stop construction of two Supercenters in Bakersfield, arguing that the stores would drive local merchants out of business. Contra Costa County and Oakland also have passed measures that could block Supercenters.

In Los Angeles, several City Council members are drafting an ordinance to require an examination of how large-scale projects such as Supercenters would affect the community, including the possible loss of union jobs. As envisioned by supporters, the measure would allow the city to insist on higher wages as a condition of project approval.

"We want Wal-Mart to be able to help us with our economic development," said Councilman Eric Garcetti, who is co-sponsoring the measure. "We just want to be able to do it on our terms and not theirs."

Wal-Mart, however, can more than match its foes in resources and resolve.

To soften its outsider image, the retailer has hired local political insiders to coax projects through planning bureaucracies. It has promised jobs and sales-tax bonanzas to cities struggling with deficits and unemployment.

When the answer is "no," Wal-Mart rarely concedes defeat. At least nine times during its latest California push, the company has responded to legal barriers by threatening to sue or to take its case straight to local voters by forcing referendums.

That's what happened in Inglewood after the City Council in October 2002 adopted an emergency ordinance barring construction of retail stores that exceed 155,000 square feet and sell more than 20,000 nontaxable items such as food and pharmacy products. The measure was tailored to block a Supercenter.

Icaza declared victory. "Wal-Mart's plans to enter the retail grocery business in Inglewood are dead!" he crowed in a union newsletter.

But they weren't. Within a month, Wal-Mart gathered 9,250 signatures on petitions, more than enough to force a public vote. The company also threatened to sue the city for alleged procedural violations. Looking at a possible court battle or an embarrassing failure at the polls, Inglewood officials withdrew the ordinance they had passed a month earlier.

Furious with the council, Icaza ran his own candidate in city elections in June. Ralph Franklin, a former supermarket clerk and manager and now a UFCW business agent, won with 70% of the vote, ousting a council member who had gone against the union.

Worried that the council might try to trip it up again, Wal-Mart went on the offensive. In late August, the company, through a group called the Citizens Committee to Welcome Wal-Mart to Inglewood, began gathering a new batch of signatures to force a popular vote on the Supercenter. The initiative, which calls for building permits to be issued without a public hearing or environmental impact study, is expected to be on the March 2004 ballot.

"When people feel they're not getting a fair shake with the legislative process, they take things to a vote" of the electorate, said McAdam, the Wal-Mart vice president.

Wal-Mart's opponents have vowed to sue to block the initiative on the grounds that it oversteps the limits of the ballot process.

UFCW and Teamsters locals have raised dues or diverted funds from other programs to bankroll anti-Wal-Mart campaigns. With more than \$1 million now available, thousands of members to draw from and encouragement from national leaders, local labor would seem to be in a strong position.

But union efforts have been hampered by personality conflicts and disagreements over strategies and goals, according to people close to the situation.

As in Inglewood, many union locals have focused on so-called site fights, winning zoning restrictions at the local level. That strategy can temporarily save union jobs and give leaders victories to celebrate, but it does little to stop the long-term march of Wal-Mart, critics say. After all, there are 478 cities in California, 88 in Los Angeles County alone.

Pushing for zoning restrictions also can backfire, stirring resentment among consumers and business owners — even those who directly compete with Wal-Mart.

Wal-Mart opponents "try to use the government to accomplish things that they may not be able to accomplish in the marketplace," said Alan Zaremborg, president of the California Chamber of Commerce. "It's not government's role to interfere with what consumers want."

For their part, national labor strategists want local leaders to focus less on zoning campaigns and more on the daunting, long-term goal of unionizing Wal-Mart employees. Few take the advice, and those who do quickly realize just what they are up against.

George Hartwell, president of UFCW Local 1036 in Camarillo, hired 18 organizers to hit the nine Wal-Mart stores in his jurisdiction. With few leads to go on and employees in stores forbidden to talk about unions, progress was slow. Then in mid-summer, a group wearing union T-shirts was served with trespassing papers and asked to leave a Wal-Mart in Lompoc. Lawyers tussled over that for months. Now Hartwell and his crew can enter the stores, but with strict limitations. "We go through and say, 'good morning' or 'good afternoon,' just to be visible," he said.

Despite the long odds in taking on the company, many union activists insist they have no choice.

"I've put 29 years of my life into this job, and now they're trying to pull the rug out from under me," said Diane Johnson, a union cashier at a Pavilions store in Los Angeles who is helping to coordinate anti-Wal-Mart efforts in Inglewood through the Los Angeles Alliance for a New Economy.

Johnson and co-workers have made door-to-door visits and spoken from church pulpits, hoping to turn public opinion against the discounter. "For me to go backwards would just be hell," she said.

But Wal-Mart, the nation's largest seller of everything from toys to DVDs, has plenty of defenders too, some of them politically and financially powerful. They range from prominent Los Angeles toy importer Charlie Woo, who recently took up Wal-Mart's case before Los Angeles City Council members, to Jeffrey Katzenberg, a co-founder of Hollywood studio DreamWorks SKG. He lobbied former Gov. Davis against signing a statewide anti-big-box measure passed by the Legislature five years ago; Davis vetoed the bill.

McAdam said Wal-Mart doesn't order its suppliers to lobby on the company's behalf. But it does spell out for vendors the consequences of anti-Wal-Mart legislation.

"It's our belief that on certain issues, they have a vested interest in seeing ... that our company can continue to grow," McAdam said.

Wal-Mart also helps smooth entry into new markets by cultivating relationships with civic groups.

As it prepared last year to buy and renovate a former Macy's in the south Los Angeles community of Baldwin Hills, corporate officials met with leaders of the Los Angeles Urban League and arranged to hire some employees through the organization.

Allies in organized labor tried to dissuade the Urban League's Mack from cooperating. Normally pro-union, Mack turned them down, saying the community badly needed jobs and low-cost shopping options.

"I'd rather have a person on somebody's payroll — even if it isn't at the highest wage — than on the unemployment roll," Mack said. "We're not going to punish job seekers by refusing to refer them to Wal-Mart for a job."

By the time the Baldwin Hills-Crenshaw Plaza Wal-Mart opened in January, Wal-Mart had doled out thousands of dollars, mostly in \$1,000 grants, to local institutions such as schools and youth programs. The company cut the Urban League a \$3,000 check. It also provided \$10,000 for new lights at the Martin Luther King Jr. Little League Baseball field.

The ordinance being considered in Los Angeles would ask planners to weigh the "community benefits" of a mega-store in any zone that receives federal, state or municipal funding or incentives — essentially the entire city.

Like an environmental impact report, the community-benefits study would consider possible negative outcomes and propose ways to mitigate them. Wages could be held to "prevailing standards." If supermarkets were deemed the standard, that would mean union scale.

Backed by Garcetti and Councilman Ed Reyes, the ordinance could be ready for a council vote next month.

Several studies commissioned in recent years by independent groups, including the Orange County Business Council and the San Diego Taxpayers Assn., found the state would suffer a net economic loss if union jobs were traded for jobs at Wal-Mart.

Wal-Mart had declined to respond with numbers of its own until a few months ago, when it commissioned the Los Angeles County Economic Development Corp. to measure the

effect of Supercenters on the region. Researcher Gregory Freeman said the study balanced wage losses with consumer savings, noting that Supercenter prices are typically 20% lower than at union markets.

The study was completed two weeks ago, Freeman said, but hasn't yet been released.

As he began his study in mid-summer, Freeman told council members that other analyses haven't fairly measured all the pros and cons of the Supercenters. For one thing, he said, savings from lower grocery prices could be used by working-class shoppers for other things, such as buying homes.

As for those merchants who won't be able to compete with Wal-Mart, others say, progress always carries a price.

"I grew up in Pennsylvania; my father had a corner market there. When I was 3 or 4, the A&P moved in and put him out of business," recalled the Chamber's Zarembek. "That was tough for us, but I don't think anyone would go back and say we shouldn't have supermarkets."

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