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Tesco faces tests in L.A. ambitions

By Peter Dreier
 Posted: 11/26/2007 12:00:00 AM PST

HERE comes Tesco, the world's third-largest food retailer, with big plans for opening hundreds of supermarkets in this country, including 50 in Southern California in the next year alone.

In its effort to penetrate the Southern California market, has made big promises about the quality and price of its food, the pay and benefits for its work force, the location of its stores, and its environmental impact. Tesco has spent big bucks wooing community groups, hoping to avoid the kind of political quagmire that its competitor Wal-Mart faced in trying to open its mega-stores in Los Angeles, Inglewood and elsewhere.

But most of L.A.'s grass-roots groups are skeptical. They worry that Tesco's first few stores in Southern California will be what the grocery industry calls "loss leaders" - attractive operations designed to lure new customers and marketing visibility, which then revert to more traditional business practices in subsequent waves of stores. These activists have done their homework, and they learned, from their counterparts in Europe, that Tesco has a history of promising more than it delivers.

For example, Tesco has pledged that its Fresh & Easy Markets will be good employers, but the company has been regularly criticized for exploiting child labor in countries where it manufactures products, as well as for contracting with manufacturers in England that pay less than minimum wage.

When Tesco began talking to local politicians

and community leaders in Los Angeles, it claimed to be a worker-friendly, unionized employer in Britain. But it's been unwilling even to meet with the United Food and Commercial Workers union that represents employees in most of the major supermarkets in the area. In fact, Tesco plans to mostly hire part-time workers for its U.S. stores - hardly the kind of middle-class jobs that you'd expect from a company that claims to be socially responsible.

Similarly, Tesco wants consumers and local officials to trust that its local stores will be a model of environmental responsibility. But a recent report by Occidental College researchers points out that Tesco's plan for a centralized distribution system will result in more trucks and pollution emissions in the region.

Not surprisingly, Tesco has refused to make any firm commitments about its business practices. So a broad coalition of over 25 community, faith, labor, environmental, and consumer groups - the Alliance for Healthy and Responsible Grocery Stores - is demanding that Tesco negotiate and sign a "community benefits agreement." The agreement would ensure that the UK giant would live up to its claims about providing a healthy environment, good jobs, and healthy food options in underserved communities.

Community Benefits Agreements are enforceable contracts, signed by community organizations and corporations that set forth specific benefits the corporation will provide in exchange for the community's support. CBAs are not new to Los Angeles. Several community groups and grass-roots coalitions have already persuaded various giant corporations - including AEG, the developer of the Staples Center expansion, the LAX modernization plan, and the Hollywood and Vine mixed-use project - to participate in such compacts.

Typically, the community benefits from these arrangements including things like local-hiring programs, environmental mitigations, affordable housing, living-wage provisions, and "right to organize" guarantees.

Unlike most developers, Tesco isn't trying to win approvals for one mega-development and then leave town. It wants to establish a permanent presence in Los Angeles and Southern California, and it wants to win the ongoing loyalty of communities and consumers who, until recently, had never heard of this British corporate giant. Tesco surely doesn't want to engage in local brush-fire battles each time it tries to open a new store in Los Angeles and the surrounding communities. Accordingly, the company would be wise to avert regular clashes with L.A.'s spirited and effective community c

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As Tesco seeks to gain a foothold in Southern California, its relationship with the Alliance for Healthy and Responsible Grocery Stores will be an important test of this new way of doing business.

Peter Dreier is E.P. Clapp Distinguished Professor of Politics at Occidental College.

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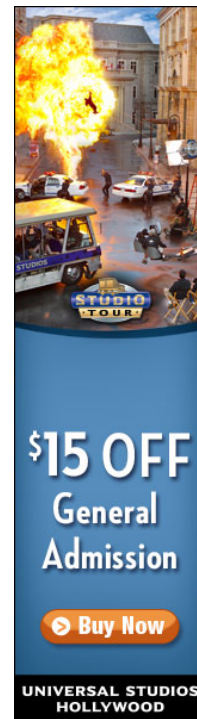
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