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Peter Dreier

*Occidental College*, dreier@oxy.edu

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# Tesco Should Sign L.A.'s Community Benefits Agreement



Selection: A shopper looks at the makeup at a Tesco in the United Kingdom. The chain is about to open stores across Los Angeles and activists are demanding that Tesco sign a Community Benefit Agreement.

BLOOMBERG NEWS

By PETER DREIER

**I**N the past decade, Los Angeles has been ground zero for several highly visible David vs. Goliath battles around social justice issues. Community, faith-based, consumer, labor, and environmental groups have clashed with large national corporations, including hotel and supermarket chains, big real estate developers, clothing firms that employ sweatshop workers and big retailers such as Wal-Marts. These feisty activist groups have won significant victories, getting these firms to be more accountable and socially responsible in terms of their impact on workers, consumers, communities, and the environment.

Now Tesco, the world's third largest food retailer, wants to open hundreds of supermarkets in this country, including 50 in Southern California in the next year alone. Last week it opened its first in L.A., in Glassell Park.

Tesco has made big promises about providing healthy and affordable food and good jobs, locating stores in low-income underserved neighborhoods and limiting the environmental impact of how the food is grown and transported from farms to warehouses to stores. Tesco has spent big bucks wooing community groups, hoping to avoid the political quagmire Wal-Mart Stores Inc. faced in trying to open mega-stores in Los Angeles, Inglewood and elsewhere.

But L.A.'s grassroots groups are skeptical. They worry that Tesco's first few stores in Southern California will be "loss leaders" – attractive operations designed to lure new customers and marketing visibility – but then revert to more traditional business practices. The activists have learned, from counterparts in Europe, that Tesco has a history of broken promises.

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 they manufacture products, as well as for contracting with manufacturers in England that pay less than minimum wage.

Tesco presented itself to L.A.'s politicians and community groups as a worker-friendly unionized employer in Britain, but they've been unwilling even to meet with the United Food and Commercial Workers union that represents employees of major supermarkets. In fact, Tesco plans to mostly hire part-time workers for its U.S. stores, hardly middle-class jobs.

Similarly, Tesco wants consumers to trust that its local stores will be a model of environmental responsibility; but an independent report released in Britain reveals that the firm's "carbon footprint" – its use of energy resources – may be twelve times higher than what Tesco acknowledges.

According to a recent Occidental College report, Tesco's centralized distribution system will result in more trucks and pollution emissions in this region.

### **Safe and healthy**

Tesco also claims that its Fresh & Easy markets will provide safe and healthy food, but British health inspectors recently found that more than 45 percent of its produce tested positive for pesticides and insecticides – including some baby food.

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 sign a "community benefits agreement" to ensure that it will live up to its promises.

Such agreements, called CBAs, are enforceable contracts signed by community organizations and corporations. They set forth specific benefits the corporation will provide in exchange for the community's support.

They are not new to Los Angeles. Several community groups and grassroots coalitions have already persuaded several giant corporations – including developers of the Staples Center expansion, AEG; the LAX modernization plan; and the Hollywood and Vine mixed-use hotel, entertainment, and retail project – to participate in such compacts. Typically, they

include things like local-hiring programs, environmental mitigations, affordable housing, living wage provisions, and "right to organize" guarantees.

Los Angeles has been a pioneer in this movement, but the idea has spread across the country. CBAs give all stakeholders a voice in development and help ensure that projects meet the real needs of communities. As a practical matter, CBAs help companies avoid costly litigation and delays, while securing a positive image and broad public support for their projects.

Tesco isn't trying to win approvals for one mega-development and then leave town. It wants to establish a permanent presence in Southern California, and win the ongoing loyalty of communities and consumers. Tesco surely doesn't want to engage in local brushfire battles each time it tries to open a new store here. Accordingly, the company would be wise to avert regular clashes with L.A.'s spirited and effective community groups.

Although contentious, the past decade's David vs. Goliath frays have made Los Angeles a better city to live and work. In the process, L.A. is on the cutting edge of redefining what we mean by a "healthy business climate" – a city with good-paying jobs; a clean environment, and housing affordable to employees with a range of incomes.

The burgeoning coalition of neighborhood and community groups, environmental and public health activists, and unions and faith-based institutions wants the private sector to invest and thrive in the city, but they are insisting that the ground rules be up-front, transparent, and sealed by binding agreements that guarantee a creative balance between social responsibility and private profit. As Tesco seeks 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.

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*Peter Dreier is the E.P. Clapp Distinguished Professor of Politics at Occidental College. He is coauthor of "The Next Los Angeles: The Struggle for a Livable City."*