

Walmart strikes deal with unions in Chicago

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Walmart has agreed to use only unionised construction workers in Chicago in an effort to overcome political opposition that has repeatedly blocked its plans to expand in the city.

The world's largest retailer said it had signed a project labour agreement with the Chicago & Cook County Building Trades Council, which requires it to use union members on future projects, in a break with the company's traditionally anti-union stance.

The move is part of a series of measures announced by Walmart to win support ahead of a meeting of a Chicago city zoning committee tomorrow that is due to consider an application to build a store at Pullman on the city's south side.

On Monday it said it hoped to open "several dozen stores of varying size and format" in Chicago over the next five years as part of what it said was a long-term initiative called the Chicago Community Investment Partnership.

The plan would include opening grocery stores in "food deserts" – poor inner city areas that have been largely abandoned by supermarket chains.

Walmart said it and its Walmart Foundation would also provide \$20m of funding over the next five years to groups in the city aimed at combating hunger, reducing youth violence and other objectives.

The retailer said it would create 12,000 retail and construction jobs and yield more than \$500m in local taxes. It also said it would pay "competitive wages". Local news reports said it had committed to pay a starting wage of \$8.75 per hour – 50 cents above the state's minimum wage.

Walmart has only one store in Chicago, and attempts to win approval for more have been blocked by pro-union members of the city council. Target, Walmart's discount rival, has eight stores in Chicago.

The UFCW grocery workers' union sees Walmart's grocery-selling Supercenter stores as a threat to the superior wage and health benefit packages paid by the city's traditional unionised supermarkets.

In 2006, the council passed a "living wage" bill aimed at large format stores that was vetoed by Richard Daley, the city's mayor, who supports Walmart's plans for the city.

As part of its current campaign in Chicago, Walmart has held discussions with union representatives, including two meetings with the city's main union body, the Chicago Federation of Labor.

If its proposals for Chicago advance, it would set a precedent for progress in cities including New York and Los Angeles where the retailer has faced similar union-led opposition. Eduardo Castro-Wright, head of Walmart's US stores, has said urban areas represent a growth opportunity for Walmart, which has been developing small grocery formats, such as Marketside and a Hispanic Supermercado de Walmart, in response.

Walmart has also signed a "community benefits agreement" for its proposed Pullman store that includes targets for the use of minority-owned construction companies, and a commitment to encourage neighbourhood small businesses.

Fonte: Financial Times, London, June 22nd 2010, Companies, online.