

# The Wall Street Journal

## Council Hammers Wal-Mart at Hearing

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See page 2

Wal-Mart Stores Inc.'s foes lined up to deride the retail giant for its ambitions to open a store in New York during a public hearing on Thursday. But Wal-Mart wasn't there to hear those complaints.

The City Council called the hearing to discuss the potential impact on the city if Wal-Mart decides to open a store here. The company has been speaking with real-estate developers and searching for potential sites in the city, but hasn't announced any immediate plans.

Wal-Mart has faced opposition from some political leaders and retail and grocery unions who charge that the company pays low wages and threatens the jobs of local mom-and-pop stores. Wal-Mart's decision not to speak at the hearing drew criticism from many members of the City Council.

"Wal-Mart's absence and refusal to attend only leads me to further skepticism about them as a company," said City Council Speaker Christine Quinn.

Many of the council members who spoke had harsh words for the retailer. Council Member Charles Barron called Wal-Mart stores "plantations" that paid insulting wages. "Don't even think about coming into East New York," said Mr. Barron, who represents that neighborhood of Brooklyn.

In a letter sent to the City Council on Tuesday declining to speak at the hearing, Wal-Mart criticized the event for focusing on the company before it opens a store in New York, while ignoring other big-box retailers that already operate in the city.

"Since we have not announced a store for New York City, I respectfully suggest the committee first conduct a thoughtful examination of the existing impact of large grocers and retailers on small businesses in New York City before embarking on a hypothetical exercise," wrote Philip H. Serghini with Wal-Mart community affairs.

While Wal-Mart was absent from the hearing it has gone on the offensive with an aggressive public relations campaign. The company has sent out mailers to city residents and has taken out radio ads pleading its case.

Wal-Mart helped organize a petition with 30,000 signatures of residents who say they want a Wal-Mart in New York. The signatures were presented at the hearing by East New York resident Tony Herbert. "This is about jobs," he said. "We need to stop this political brouhaha."

Mayor Michael Bloomberg has defended Wal-Mart, and said New York officials should not dictate who can do business in New York. "This city should be open to business for anyone who wants to come here," Mr. Bloomberg said at a separate news conference. "You should let the marketplace decide."

Several academic and nonprofit researchers presented data and studies saying that new

Wal-Mart stores did not bring a net-gain of jobs when they opened stores in urban area and often times those stores resulted in job losses in those neighborhoods.

David F. Merriman, associate director at the Institute of Government and Public Affairs with the University of Illinois at Chicago, presented a recent study on Wal-Mart's economic impact in Chicago. The study found that businesses within immediate proximity of a Wal-Mart store had about a 40% chance of closing within the two year period after it opened.

Wal-Mart officials have called that study "flawed."

Small business owners and local grocery store operators spoke out against the retail giant and said their jobs would be threatened if open stores in New York. Wal-Mart "will drive small businesses out of business," said Mark Tanis, a general manager for a Shoppers World in Brownsville, Brooklyn.

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