

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON SMALL BUSINESS

COMMITTEE ON COMMUNITY DEVELOPMENT

COMMITTEE ON ECONOMIC DEVELOPMENT

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February 3, 2011
Start: 1:28 pm
Recess: 6:30 pm

HELD AT: Emigrant Savings Bank
49-51 Chambers Street

B E F O R E:
DIANA REYNA
KAREN KOSLOWITZ
ALBERT VANN
Chairpersons

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Karen Koslowitz
Albert Vann
Christine C. Quinn
Mathieu Eugene
Letitia James
Margaret S. Chin
Peter A. Koo
Elizabeth Crowley
Charles Barron
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Daniel J. Halloran
Daniel Dromm
David G. Greenfield
James Sanders, Jr.
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Julissa Ferreras
Jimmy Van Bramer
G. Oliver Koppell
Helen D. Foster
Jumaane D. Williams
Vincent J. Gentile

A P P E A R A N C E S (CONTINUED)

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Association Director
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National Supermarket Association

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Maisha Morales
Former small business owner
FUREE

A P P E A R A N C E S (CONTINUED)

Frank Garcia
Chairman
New York Statewide Coalition of Hispanic Chambers

Ken Baer
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Brian Ketcham
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Elizabeth Bird
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Stephen Parker
Board Member
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Ronald J. Dillon
President
Concerned Homeowners Association

CHAIRPERSON REYNA: Good afternoon.

My name is Diana Reyna and I'm Chair of the Small Business Committee that oversees and advocates for the 220,000 small businesses across the five boroughs. I want to thank Speaker Quinn and the other committee chairs for their cooperation with this important hearing: Council Member Karen Koslowitz of the Committee on Economic Development and Council Member Albert Vann of the Committee on Community Development.

Today, we embark on a hypothetical exercise to discuss whether or not the world's largest and most profitable big box retailer, Walmart, would have a positive or negative impact on New York City's small businesses and communities alike, if they were to open a store within our five boroughs.

Before we begin, I want to acknowledge the hard work of my time, as well as the Council staff for coordinating this long-awaited and delayed meeting. After several attempts to reach out to Walmart executives and members of their delegation, declined to participate in this process. Because this hearing

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2 specifically focuses on their store, and not
3 including their competitors who already have
4 stores in New York City, we believe that New
5 Yorkers deserve to hear from them. In a public
6 forum, we believe it is an opportunity to present
7 to the constituency of our great city.

8 As a result of the current human
9 rights concerns, economic climate and the barrier
10 surrounding Walmart's expansion, it is important
11 to have a constructive dialogue to examine how big
12 box retailers in urban environments impact
13 communities and small businesses.

14 As a legislative body, we support
15 innovation and high tech job creation, investing
16 in woman and minority-owned small businesses, as
17 well as business incubators that will facilitate
18 the critical work of entrepreneurs in creating
19 startup companies. Small businesses are the
20 backbone of New York City's economy and account
21 for almost two-thirds of the city's private sector
22 workforce.

23 The small business sector employs
24 over 1.5 million people. Under Speaker Quinn's
25 leadership, we are fighting to expand loan

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2 programs for small businesses, making sure that
3 they have everything they need to get started and
4 keep running in this difficult climate. We've
5 made significant progress on reforms designed to
6 benefit small business owners and eliminate
7 unnecessary barriers to small business expansion
8 and development.

9 I am focused on knocking down
10 barriers in the path of men and women who are
11 hoping to take a chance, follow a dream and start
12 a business. The importance of the small business
13 sector to New York City's economy and job market
14 cannot be overstated.

15 I would like to thank everyone for
16 coming today, including those who came to testify.
17 I want to acknowledge my co-chairs, Council Member
18 Koslowitz and Council Member Albert Vann, who both
19 have opening statements.

20 CHAIRPERSON KOSLOWITZ: Good
21 afternoon, my name is Karen Koslowitz. I am the
22 Chair of the Committee on Economic Development.
23 First, I would like to thank Speaker Quinn for her
24 leadership and advocacy on behalf of New York
25 City's small business owners, employees and

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2 disadvantaged New Yorkers who are so very
3 deserving of opportunities to have good jobs with
4 good pay by companies who will be good corporate
5 citizens.

6 As Chair of the Committee on
7 Economic Development, I am charged with many
8 responsibilities, but none more important than
9 facilitating the economic growth and prosperity of
10 New York City.

11 The eighth largest sector of New
12 York City's labor market is the retail sector.
13 The city's retail sector employs over 300,000
14 workers and comprises 9.5 percent of the private
15 sector employment in the city. Over the last two
16 years, this sector has been both growing and
17 profitable.

18 Although New York City is famous
19 for flagship retail corridors, such as Fifth
20 Avenue and SoHo, more than 50 percent of the
21 city's retail activity occurs along business
22 corridors in the neighborhoods of the outer
23 boroughs. Within these neighborhoods business
24 corridors function as the economic engine of the
25 community. These neighborhoods have retail

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2 destinations such as Austin Street and 63rd Drive
3 in Queens, Atlantic and Fulton Avenue in Brooklyn,
4 Fordham Road and The Hub in the Bronx, Highland
5 and Victory Boulevard in Staten Island and 125th
6 and 181st Streets in Manhattan, to name a few.

7 In fact, there are almost 200
8 distinct commercial corridors within the many
9 neighborhoods of each borough of the city. These
10 commercial corridors are filled with mom and pop
11 stores and entrepreneurs chasing the American
12 dream.

13 In our charge to facilitate
14 economic growth and prosperity in our city, we
15 have a responsibility to these mom and pop
16 businesses to protect their fair opportunity to
17 compete and prosper. To communities beset with
18 chronic unemployment and limited opportunity, we
19 have a responsibility to govern responsibly and
20 not trade short-term relief for long-term economic
21 insufficiencies.

22 Today, we are examining the history
23 of Walmart and its potential future in New York
24 City. Walmart is the world's largest retail
25 store, and because it sells an extraordinarily

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2 large selection of merchandise, a new nearly
3 Walmart store in the city potentially threatens
4 the existence of most small businesses in the city
5 and the very retail strips in our outer boroughs I
6 mentioned earlier.

7 Some have noted, and it is true,
8 that Walmart's big box competitors may not have
9 received the same attention when opening for
10 business in the city that Walmart has. It is also
11 true however, that Walmart and these other big box
12 stores are not equals. Walmart is not your
13 ordinary big box retail store. Walmart is in a
14 category by itself. Walmart's main competitors
15 are Costco, Target, Sears and K-mart. Walmart by
16 itself exceeds the number of stores, employees,
17 annual revenue and profits earned from each of
18 these companies combined. Clearly, Walmart is
19 different.

20 In the context of this hearing, the
21 committee must compare Walmart's promises of low
22 prices and good jobs with its well documented
23 history of eliminating jobs and destroying small
24 businesses. The committee's objective today is to
25 listen, to learn and to get answers to critical

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2 questions that need to be addressed. It is my
3 hope that at the conclusion of today's hearing we
4 all will have a better understanding of how best
5 to proceed for the betterment of New York City's
6 economic growth and prosperity.

7 CHAIRPERSON VANN: Good afternoon,
8 I am Councilman Al Vann, Chair of the Committee on
9 Community Development. I'm very please to co-
10 chair this afternoon's hearing with Chairs Reyna
11 and Koslowitz. I would especially like to
12 acknowledge and thank Speaker Quinn and her staff
13 for their tremendous work in organizing this joint
14 oversight hearing, a hearing that will examine the
15 potential effect on small businesses and
16 communities if Walmart opens a store in New York
17 City.

18 Today's hearing will provide an
19 opportunity for the committees to understand how
20 Walmart is different from other big box stores and
21 its retail competitors that already exist in New
22 York City. The Committee on Community Development
23 is charged with the Council's oversight of issues
24 and affairs that affect New York City residents
25 and communities that are affected by poverty.

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2 To the extent that Walmart has
3 presented itself as a significant solution to
4 addressing issues of poverty in communities that
5 lack jobs, the committee seeks to examine this
6 claim. More specifically, we will review whether
7 or not this large retailer can actually provide
8 good quality jobs that will assist low income
9 employees to advance out of poverty rather than
10 jobs that simply perpetuate or exacerbate the
11 poverty rate.

12 Critics of Walmart have argued that
13 the low product costs offered to its customers
14 have come at a high cost to taxpayers. They
15 content that since 2005 Walmart has been defined
16 as the United States' employer with the highest
17 number of employees relying on anti-poverty public
18 assistance programs such as Medicaid and food
19 stamps, in order to meet their needs.

20 As Chair, I look forward to
21 testimony regarding this critical claim and
22 learning more about Walmart's relevant past and
23 present practices.

24 In addition, I am also particularly
25 interested in the overall oversight goal of this

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2 hearing, which is aimed at understanding the
3 potential comprehensive impact of Walmart on
4 community development efforts. Both in 2008 and
5 again in 2010, I introduced legislation to make
6 transparent the impact of economic development
7 projects on communities. The Community Impact
8 Report Bill attempts to get at the heart of
9 exactly what we seek to learn through today's
10 hearing, which is whether or not Walmart's
11 presence in New York City will produce positive
12 economic and social outcomes for economically
13 distressed city communities and residents.

14 So, on behalf of the committee,
15 this is another issue that I hope to discuss in
16 today's hearing. I'd like to thank all of you for
17 participating, all of you who have come. I look
18 forward to an in-depth discussion on all of the
19 relevant issues regarding Walmart's potential
20 impact on New York City. Thank you.

21 CHAIRPERSON REYNA: Thank you, Co-
22 chairs. I just wanted to remind everyone of some
23 housekeeping rules. I'd like to remind everyone,
24 please maintain your cell phones off. Second of
25 all, please make sure that there is no

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2 inappropriate behavior displayed here in this
3 chamber, including clapping. We will escort
4 anyone who violates that rule. We want to
5 maintain order. There are many people who would
6 like to testify and we want to respect everyone's
7 opinion.

8 We also want to make sure that
9 people are aware there is a line around the
10 corner, and we would like to have everyone have
11 the opportunity to enter this room. As you
12 testify, or should you take a break, someone else
13 will take your place and you will have to stand in
14 line to enter the room again. We want to afford
15 everyone the opportunity to come in.

16 I'd like to give the opportunity to
17 our Speaker to say a few words. I would like to
18 also just recognize my colleagues who are here
19 before us: Council Member Wills, Council Member
20 Rodriguez, Council Member Jackson, Council Member
21 Barron, Council Member James, Council Member
22 Crowley, Council Member Levin, Council Member
23 Weprin, Council Member Brewer, Council Member
24 Ferreras, Council Member Eugene, Council Member
25 Greenfield, Council Member Dromm, Council Member

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2 Lander, Council Member Halloran, Council Member
3 Van Bramer. I believe I've captured every Council
4 Member. We also have Council Member Foster and
5 also Council Member Koppell, who just walked in.
6 As Council Members come in, I will make sure that
7 we acknowledge you. This is a very important
8 hearing for all of us and for all New Yorkers. I
9 thank you all for being here. Speaker Quinn?

10 SPEAKER QUINN: Thank you very
11 much. Thank you, Chair Reyna, Chair Koslowitz and
12 Chair Vann for holding this hearing today. Thank
13 the weather for not forcing us to reschedule the
14 hearing yet again.

15 Contrary to what some people have
16 indicated, the City Council of New York has the
17 responsibility, and in fact the obligation, to
18 explore issues and topics that will affect the
19 lives of New Yorkers. Things such as how a
20 development might change their jobs, their
21 neighborhood, their quality of life. How a new
22 business entering their neighborhood could affect
23 their jobs, their neighborhood, their quality of
24 life.

25 That's why it is vitally important

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2 that today the City Council is looking at how
3 Walmart has affected the makeup of the other major
4 metropolitan cities it has located in. This
5 hearing will look at what specific impacts Walmart
6 has had, particularly on small businesses in those
7 other cities.

8 First, I want to thank everyone who
9 is here today to share their thoughts of why
10 Walmart would be detrimental or beneficial to the
11 City of New York. As always, the Council is
12 looking forward to hearing from both sides of this
13 argument.

14 Before I begin though, I want to
15 say how deeply disappointed I am that one very
16 important part of the equation, Walmart, decided
17 not to join us here today. Today would have been
18 a great opportunity for Walmart to present its
19 arguments and its evidence about itself as a
20 company. To refute the claims that multiple
21 academic and other studies have shown.

22 Walmart has claimed that recently
23 it's made concerted efforts to change, to do good.
24 If that is the case, then why not come and tell
25 the public and the City Council, the governing

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2 body of the City of New York, about this great
3 change they have implemented and accomplished.

4 Walmart's absence and refusal to
5 attend, sadly, only leads me to be further
6 skeptical about them as a company. I can only
7 judge the world's largest retailer by its action
8 and its past records, not by the rhetoric it's
9 putting out in its paid advertisements.

10 Let's be clear, Walmart is like no
11 other company in the world, although they try to
12 make comparisons and say that they are. No other
13 company has the revenue power and the size to move
14 the market the way Walmart has and does. To say
15 that it's like other retailers, even other big
16 boxes is simply not fair or a truly educated
17 comparison.

18 Let's, for the record, just for a
19 second take a look at Exxon Mobile and Chevron.
20 They are the second and third largest companies in
21 the country. But their combined revenue, Exxon
22 and Chevron, barely surpasses Walmart's revenue
23 alone for last year. Just to put the size and
24 scope of Walmart in perspective.

25 Study after study has shown that

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2 Walmart's business practices are, in a word,
3 predatory. Its employment, its treatment of
4 employees is unjust and that competitors tend to
5 follow Walmart's lead in order to stay afloat.

6 In Chicago, studies found
7 businesses in immediate proximity of Walmart had a
8 40 percent greater chance of going out of
9 business. Studies have also shown that a quarter
10 of competing businesses, within the first year of
11 Walmart opening its store, went out of business.

12 Walmart says it can bring jobs to
13 New York City, something we desperately. Well,
14 for every two jobs Walmart has created in other
15 parts of the country, three jobs have been lost in
16 those very same neighborhoods. Losing more jobs
17 than you create is a net loss, not a gain.

18 This is in addition to Walmart's
19 public and proven track record of creating jobs
20 that do not pay sufficiently nor offer feasible
21 health insurance options. It also has a record of
22 creating jobs that hire and promote based on
23 gender, race and sexual orientation, a clear
24 violation of New York City's human rights law,
25 which we will enforce against every employer who

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2 is now or ever wants to come into the five
3 boroughs.

4 If Walmart were to come to New York
5 City, will it ensure fair and comparable wages and
6 benefits? Will Walmart hire without
7 discrimination and treat employees of all genders,
8 races, religions and sexual orientation and other
9 components of our civil rights law fairly? Would
10 it allow workers to organize if they want to,
11 without threats of job losses or closing down
12 stores as they've done in other places?

13 Would it use local distributors and
14 suppliers? Will it use Hunts Point Market as a
15 distributor to help New York City's economy grow
16 or will it stay within its own economy it has
17 created within itself, pushing things like our
18 important Hunts Point Market even further into
19 distress?

20 If Walmart does not do any of these
21 things, we sadly have to say it is not welcome in
22 New York City. We don't know if they're going to
23 do any of these things or not because they refuse
24 to come today and answer these questions. If they
25 don't do these things, not only will it deny basic

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2 rights to New York employees, but it will destroy
3 our small businesses and eliminate more jobs than
4 it creates. All for what: low prices? Not in New
5 York City.

6 I have a message for Walmart. You
7 cannot come to New York City and behave the way
8 you have behaved in other parts of the country.
9 New York City will simply not stand for it.
10 Walmart knows this. Maybe that's why they're not
11 here with us today.

12 We fought this battle before and
13 every other time New York City has won. I am very
14 confident that this time around and the next time
15 around and the time around after that if it comes
16 to that, we will be victorious again. Thank you
17 very much, Madame Chair.

18 CHAIRPERSON REYNA: Thank you,
19 Speaker Quinn. I'd like to recognize Council
20 Member Williams who has joined us. This will
21 begin the first panel. We have been joined by
22 Professor David Merriman.

23 I apologize. Council Member
24 Charles, I have you right here. Council Member
25 Charles, I'd like to recognize you.

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2 COUNCIL MEMBER BARRON: Say the
3 last name.

4 CHAIRPERSON REYNA: Council Member
5 Charles Barron, I apologize.

6 COUNCIL MEMBER BARRON: Thank you.
7 Thank you very much. I wanted to specifically
8 speak to Walmart's journey or attempted journey
9 into East New York. East New York is in my
10 district largely. East New York has double-digit
11 unemployment. East New York is a community
12 rebounding. It's a community that has the most
13 affordable housing that has come in out of this
14 City Council and I thank my members of the City
15 Council for helping us do that.

16 It's a community that began
17 negotiating with Related Companies. These are the
18 developers that want to do further business with
19 the city. Well, we say to Related today, if you
20 want to continue dealing with the City and dealing
21 with the City Council, then honor your commitment
22 and don't lie.

23 We sat down with Related around
24 this deal, Gateway Phase 2 in our district.
25 Because we needed jobs, we were able to negotiate

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2 and Related came to this City Council, assured us
3 in meetings that there would be no Walmart
4 included in this plan. This is a plan that will
5 create 2,385 units of housing, 80 percent of it
6 affordable, defined by us, what affordability is.
7 It would also create 7,000 temporary construction
8 jobs and 1,000 permanent jobs without Walmart.

9 So when you have some of these paid
10 black individuals coming into my district, going
11 on TV that were paid by Walmart, probably the only
12 job that Walmart will create is theirs. Paid, and
13 the first thing they're going to tell our
14 struggling people in East New York, we need jobs,
15 we need jobs, we need jobs.

16 Well, East New York, we're getting
17 them without Walmart. We're getting jobs that
18 we're demanding having living wages, demanding
19 that have affordable accessible health care for
20 you, demanding that they have pensions for you,
21 demanding that they have a workplace environment
22 conducive for your health.

23 So when Walmart comes in, and you
24 need understand that Walmart, first of all, pays a
25 lot of workers part time wages, eight dollars and

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2 change, so they don't have to pay health care.
3 When they do pay health care, it is not health
4 care that is affordable and accessible to all of
5 the things you need to take care of your health.

6 Walmart even had a history, and we
7 should reject them on this alone, had a history
8 which was featured in "Capitalism: A Love Story,"
9 Michael Moore's film where they took out insurance
10 policies on its workers and the beneficiary was
11 not the family of the workers, it was Walmart.
12 They called it a dead pheasant's policy.

13 Walmart, if they're allowed in this
14 city, not only will you have a sum net loss of
15 jobs, but we're saying to Walmart, don't even
16 think about coming into East New York. You can
17 try to bring your little roving plantation to East
18 New York all you want, but there are no slaves in
19 East New York and we will not be your slave
20 workers in your plantation. Because that's what
21 Walmart is, it's nothing but a plantation and
22 we're not accepting it.

23 We're desperate for jobs, but we're
24 not going to take anything. We want jobs with
25 dignity, jobs with integrity, and jobs with self-

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2 respect. That's the kind of arrangement we have
3 with Related. So, just to let you know, Walmart
4 doesn't have the power to just come into East New
5 York. It is Related. They have to go through
6 Related, because the deal was negotiated with
7 Related. Related has the city portion of the
8 property. We still have the state negotiating for
9 that property. So it is not a done deal.

10 Walmart will not be coming into
11 East New York, because what these black leaders
12 that are going around here pushing Walmart need to
13 understand that you're nothing but wolves in
14 sheep's clothing. You need to stop this. Respect
15 your people. Just for the little few pennies that
16 Walmart is giving you, you will see a neighborhood
17 destroyed, a community economy destroyed.

18 So we're saying don't believe the
19 hype. You've been had, you've been took, you've
20 been bamboozled, and the people in East New York
21 are not going for it. Once we found out the
22 truth, everybody I spoke to in East New York that
23 first said: sure, bring them in. If you come up
24 to an average person and ask if they want to bring
25 Walmart in: jobs and cheap goods. Who's going to

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say no?

But when you tell them about the dead pheasant's policy and you tell them about their discrimination against women and blacks and Latinos who have them in some of the largest class action suits in the nation. When you let them know that the Waltons are worth \$20 billion a piece, that their profits are \$13-\$16 billion, that their CEO makes \$13-\$29 million and they pay their workers cheap slave labor. The people will understand it. Not only will they not want Walmart in here, they'll be angry and they'll let Walmart know how they feel.

So don't believe the hype. We must fight Walmart and have a New York City free Walmart and an East New York free Walmart. Thank you very much.

CHAIRPERSON REYNA: Thank you, Council Member Barron. Again, ladies and gentlemen, including Council Members, no clapping, no booing, no hissing. The rules will be enforced. We need cooperation from everyone.

First of all, I'd like to recognize Council Member Mark-Viverito, who has joined us,

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as well as Council Member Koo.

I'd like to call on our first witness to testify. We've been joined by Professor David Merriman, of the University of Illinois, from Chicago. Welcome, Professor.

SPEAKER QUINN: Let me just make, if I can Madame Chair, one other housekeeping addition, before we hear from the professor, who we're sorry was snowed in and couldn't make it here today.

Most of the hearing will be as they are in most hearings as long as we have enough witnesses to fall into these categories: an anti panel, a pro panel, an anti panel, a pro panel.

That said prior to the professor not being able to get here from Chicago, we already had one witness on the first anti panel who was videoconferencing. So the first panel is going to be split in two because we're not that technologically to do two video witnesses as one. We'll have the professor and do questions and bring up the other members of the anti panel and then we'll go to the anti/pro. I just wanted to explain that change in the beginning. Thank you,

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Madame Chair and Professor.

CHAIRPERSON REYNA: Thank you. I just wanted to also remind everyone who is going to be testifying to please make sure that when you fill out your appearance card that you do mark in opposition or in favor of. It is very important. We mark down your position on this issue. Thank you so much. Professor, welcome.

PROF. DAVID F. MERRIMAN: Thank you. Good afternoon, Chairmen Koslowitz, Reyna and Vann and Council Members. Thank you for the opportunity to testify before your committees today.

My name is David F. Merriman and I am a Professor of Public Administration and a Professor and Associate Director of the Institute of Government and Public Affairs of the University of Illinois at Chicago.

I am an economist with more than 25 years of experience doing evidence-based analyses of state and local public policies. I specialize in fiscal issues and urban economic development. Today I will discuss the results of research that was conducted with a number of colleagues at

1
2 Loyola University and the University of Illinois
3 with funding from the Woods Fund of Chicago and
4 our universities.

5 We believe that our study is the
6 first to focus on the economic development impacts
7 of an urban Walmart store on local businesses and
8 employment. Fundamentally, our study had the
9 narrow purpose of measuring the new Walmart's
10 effect on net employment.

11 We conducted three annual surveys
12 of retail businesses in the West Side Chicago
13 neighborhoods starting in the months before
14 Walmart opened. Drawing on an analysis of those
15 surveys, as well as State of Illinois data on
16 sales tax receipts by zip-code, we find evidence
17 that the Chicago Walmart displaced many
18 neighborhood businesses and in doing so displaced
19 a number of jobs about equal to those it directly
20 generated. We find no evidence of a stimulatory
21 effect on new businesses. Full details of our
22 study methodology and findings are available at a
23 web site given in my written remarks.

24 Overall, the study's conclusions
25 support the common sense contention that large

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2 city Walmarts, like those in small towns, absorb
3 retail sales from neighboring stores without
4 significant net contributions to local employment.

5 Methodology: in order to study the
6 effect of Walmart on economic activity on
7 Chicago's West Side where it is located, we
8 gathered baseline, or pre-Walmart information and
9 measure post-Walmart changes in activity over a
10 two-year period. We attributed changes in
11 economic activity to Walmart's presence by
12 comparing pre-Walmart activity and trends to post-
13 Walmart activity and trends; changes in activity
14 near Walmart to changes further away; and changes
15 in product lines that directly competed with
16 Walmart to those that did not.

17 We obtained our main source of data
18 about business activity in the neighborhood of the
19 new Walmart store by conducting a series of phone
20 surveys of local businesses in the 64 square mile
21 area within four miles of Walmart. From March
22 through late August 2006, we implemented our
23 telephone survey and were able to obtain pre-
24 Walmart data.

25 Beginning in March 2007, we re-

1 surveyed those stores and then we conducted a
2 third wave of data collection beginning in spring
3 of 2008. These data collection efforts yielded a
4 sample of 306 retail businesses for which
5 locations relative to Walmart, line of business
6 and ongoing status were known over the time
7 period.
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9 On average the firms that we
10 surveyed in 2006 had about 10 employees and paid a
11 wage of about \$8.08 per hour. About half were
12 owned by Chicagoans while the rest had dispersed
13 ownerships. Many of the businesses had owners
14 that worked directly in the store for many hours,
15 an average of about 49 hours each week and many
16 had women or minority owners.

17 All businesses in our survey had
18 product lines that overlapped to some extent with
19 Walmart's. Many businesses carried multiple
20 product lines, and among the most popular product
21 lines of the stores we surveyed were apparel, 48
22 percent of the stores, and drugs, 31 percent of
23 the stores. Businesses ranged from as little as
24 one-tenth of a mile from Walmart to as far as 4
25 miles from Walmart with the average business about

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two and one third miles from Walmart.

Fifty-six of the 306 businesses we surveyed in 2006 had gone out-of-business by spring of 2008 and an additional 32 of the businesses, for a total of 88 had gone out-of-business by the end of our data collection period. Thus, the probability of a business closing during our study period was approximately 29 percent.

We used maps and statistical analysis to test the hypothesis that proximity to Walmart influenced the probability that a firm would go out of business during the study period. We found that businesses in the immediate proximity of Walmart had about a 40 percent chance of closing some time over the two year period after Walmart opened.

The probability a firm would go out-of-business fell at a statistically significant rate as distance to Walmart increased, about 6 percent a mile. Thus at three miles, a competing business had only a 22 percent chance of closing during the course of our study.

The general decline of closures with distance from Walmart was independent of

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2 direction that we looked. None of the simple
3 models of business closure was significantly
4 altered by introduction of variables that measured
5 direction such as north, south, east or west.
6 Similarly, base year employment had no
7 statistically significant impact on the
8 probability that a store went out of business.

9 We also studied the going-out-of-
10 business data by retail line of business. All
11 lines, with the exception of shoe stores showed
12 negative distance effects and a majority were
13 statistically significant. The largest effect was
14 found for toy stores at 25 percent per mile. So a
15 hypothetical toy store adjacent to Walmart had
16 about a 75 percent chance of going out of
17 business. A toy store three miles away would have
18 almost no chance.

19 We tried to estimate the jobs that
20 were lost as a result of Walmart. Using our data
21 and relatively conventional statistical
22 techniques, we estimated additional business
23 closures due to the presence of Walmart and
24 multiplied that times the average number of jobs
25 per establishment that went out-of-business.

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2 Average employment of the sampled
3 establishments for which we have employment data
4 that closed during our study was about six full
5 time equivalent workers. This gives an estimate
6 of about 189 full-time equivalent jobs lost
7 through the Walmart's effect on the 306 sampled
8 stores. If we adjust our estimates for the fact
9 that not all stores were sampled, we estimate
10 total losses of about 298. Total job losses of
11 about 298.

12 The job-loss figures estimated here
13 can be compared to the employment created by the
14 new Walmart store which we estimate, from various
15 sketchy data in the media, at about 320 full-time
16 equivalent jobs.

17 Thus, we find no evidence that
18 distance to Walmart was significantly correlated
19 with the change in employment or wages in stores
20 that did not close.

21 We also looked at a second data
22 set, as I mentioned earlier, on sales taxes. This
23 survey data throw light on the impact of Walmart
24 on nearby retailers in operation when Walmart
25 opened. But these data cannot fully address

1
2 claims that the Chicago Walmart stimulated new
3 retail business in the surrounding area. To
4 explore such claims we obtained quarterly, zip
5 code-level data on taxable sales from the Illinois
6 Department of Revenue from the first calendar
7 quarter of 2000 through the third quarter of 2008.

8 This dataset includes the zip code
9 in which Walmart is located, and nine surrounding
10 zip codes. We used data only through first
11 quarter of 2008 to avoid confounding trends for
12 the financial crisis that began in September of
13 2008.

14 In 2005, the zip code in which
15 Walmart is located had taxable sales of about \$743
16 million. We do not have data on the annual sales
17 of the Chicago Walmart, but estimate using various
18 data sources that its sales would account for
19 approximately 8 percent of the sales in that zip
20 code. Thus, in the absence of any crowd-out
21 effects, sales in Walmart's zip code would be
22 expected to jump about 8 percent after its
23 opening.

24 Sales in Walmart's zip code were
25 growing at a healthy 7.5 percent per year before

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2 its opening compared to growth of only one percent
3 in neighboring areas. Thus, in the absence of any
4 crowd-out effects, sales in Walmart's zip code
5 would be expected to continue to grow much faster
6 than its neighboring zip codes.

7 Our statistical analyses of these
8 data finds that there was a jump in retail sales
9 in Walmart's zip code immediately after it opened
10 but that for the area as a whole there was no net
11 change in sales, suggesting that the additional
12 sales in Walmart's zip code simply reduced sales
13 elsewhere.

14 Furthermore, the growth in sales
15 fell in both Walmart's zip code and in neighboring
16 zip codes after Walmart's opened. This is
17 consistent with Walmart's sales substituting for
18 sales of nearby retailers. The temporary jump in
19 Walmart's zip code was immediately erased by
20 slower growth in sales of other retailers
21 according to our analysis.

22 In summary, our study of Chicago's
23 West Side Walmart has provided evidence that, in
24 an urban setting, proximity to Walmart is
25 associated with a higher probability of going out

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2 of business for local retail establishments. In
3 addition, sales tax collections suggest that the
4 West Side Walmart has replaced sales from its own
5 zip code and its immediately neighboring zip code.

6 The relation between closure and
7 distance from Walmart has strengthened over time.
8 The impact of distance from Walmart on store
9 closures is larger and more significant in our
10 later samples. While there is considerable
11 uncertainty attached to these calculations, they
12 suggest a loss in employment and sales about equal
13 to Walmart's own employment and sales. These
14 estimates support the contention that this Walmart
15 store absorbed retail sales from other city stores
16 without significantly expanding the market.

17 Thank you for the opportunity to
18 speak before you today. I'd be happy to take
19 questions.

20 CHAIRPERSON REYNA: Professor
21 Merriman, thank you so much. Your testimony was
22 very enlightening, especially during your summary
23 and conclusion. We would like to ask you several
24 questions.

25 In your testimony, you stated that

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2 businesses in the immediate proximity of Walmart
3 had about a 40 percent of closing sometime over
4 the two-year period after Walmart opened. Which
5 kinds of businesses were the most likely to close?

6 PROF. DAVID F. MERRIMAN: In our
7 study, we looked at it by type of business. Those
8 businesses that most directly competed with
9 Walmart were the most closing. As I mentioned in
10 my testimony, toy stores were the number one most
11 affected by that.

12 In looking at the data, it seemed
13 to us that Walmart could easily substitute for
14 that didn't require a lot of personal services
15 were most likely to be affected by Walmart's
16 opening.

17 CHAIRPERSON REYNA: So you would
18 say apparel stores?

19 PROF. DAVID F. MERRIMAN: I have
20 the actual figures. If you give me a minute, I
21 can look it up. Sorry, I don't have it right off
22 the top of my head. So for apparel stores, there
23 was a definite significant affect. Apparel was a
24 little bit lower than some of the other ones.
25 Hardware stores were particularly affected. Drug

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2 stores, there was a large effect. Electronics,
3 for example, those sorts to stores, those
4 relatively kind of high ticket items, relatively
5 expensive items where there wouldn't be a lot of
6 personal service would be the ones that would be
7 most affected.

8 CHAIRPERSON REYNA: If you can just
9 share with us, you mentioned apparel was least
10 affected.

11 PROF. DAVID F. MERRIMAN: Less
12 affected.

13 CHAIRPERSON REYNA: What was least
14 likely to close?

15 PROF. DAVID F. MERRIMAN: When I
16 say affected, I mean the probability of closure.
17 So the probability of closure, based on our
18 analysis, as I said the number one would be toy
19 stores. It looks to me, quickly scanning the data
20 like electronic stores would be the number two
21 store. Other stores that were greatly affected
22 would be drug stores and hardware stores.

23 CHAIRPERSON REYNA: Yes, I heard
24 that, Professor Merriman. I wanted to understand
25 what be those stores that would be the least

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likely to close.

PROF. DAVID F. MERRIMAN: The least likely to close. I'm sorry. Least likely to close stores that we found were shoe stores, as I mentioned in my testimony, apparel stores had a relatively smaller effect, and other types of stores not fitting any general category. Those were the ones with the smallest quantitative effects based on our study.

CHAIRPERSON REYNA: Thank you. I want to just recognize Speaker Quinn.

SPEAKER QUINN: Thank you very much, Professor. I just want to ask you to reiterate what I'm pretty sure I heard you say in your testimony was that in your study you controlled for the economic decline. Because some might try to minimize the impact of your study saying those stores would have gone out of business anyway because of the recession. I think I heard you say that in your methodology you had a way that you controlled for that.

PROF. DAVID F. MERRIMAN: Yes. There are two issues here. As I mentioned, there are two data sets that I discussed. The first

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2 data set was just within a four mile vicinity of
3 Walmart. So the national economic decline
4 obviously affected that whole area, but it
5 affected the whole area relatively uniformly. So
6 it's not really relevant to that discussion.

7 The other data set we used was
8 sales in the area. We cut off the sales data; we
9 stopped our analysis in the beginning of 2008,
10 before the national economic decline. We actually
11 have done some exploratory analysis letter the
12 data go longer. When we look at it longer, we
13 find more severe effects. But we thought in the
14 spirit of being conservative in interpreting our
15 results, we didn't want to convolute the results
16 by allowing the results to go further once the
17 economic decline started.

18 SPEAKER QUINN: Thank you. I just
19 think that's important in case other witnesses try
20 to discredit the data in any way.

21 PROF. DAVID F. MERRIMAN: Thank
22 you.

23 SPEAKER QUINN: I just wanted to
24 reconfirm that for the record. Two things: one, I
25 mean, I think Walmart kind of touted its Chicago

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2 model as a different model. That they had made
3 concessions and changes based on negotiations with
4 the community and others in Chicago. Though
5 still, we see in Chicago there being an extreme
6 effect on jobs.

7 The main offer Walmart seems to
8 make to places that it wants to open is that it
9 will create jobs. But it seems very clearly that
10 your study has concluded that there is not an
11 overall growth in jobs when Walmart comes to a
12 community, that there is a distinct creation of a
13 Walmart job but at the expense of other jobs.
14 Closer to Walmart, a greater likelihood that those
15 are the jobs lost, but with still some impact even
16 as the radius goes further. That's correct?

17 PROF. DAVID F. MERRIMAN: Yes.

18 That is correct. I should say there have been a
19 large number of studies, national studies about
20 Walmart. Our results are consistent with those
21 national studies. We're the first one to do this
22 kind of study in an urban area on one particular
23 store, but the results are very consistent across
24 the--

25 SPEAKER QUINN: [interposing] There

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2 is no outlier out there? There is no jurisdiction
3 in which Walmart has opened and been studied that
4 shows that in that place it net-net created jobs?
5 By that I mean the jobs it brought and other jobs
6 remaining?

7 PROF. DAVID F. MERRIMAN: Not to my
8 knowledge, I don't believe there is.

9 SPEAKER QUINN: Because there is a
10 phenomenon. Some have documented it and talked
11 about it with other big boxes, right, that you
12 might go there to get the huge block of 40 rolls
13 of toilet paper but you still go to your local
14 store to get the quart of milk, that they're not
15 in competition. That's if that is, in fact, a
16 correct phenomenon, we see nothing like that with
17 Walmart.

18 Some would contend that bringing
19 big boxes in actually kind of raises the tide for
20 everyone and then everyone does better by having
21 greater economic activity. Whether that's true or
22 not in other places, I don't know, but some assert
23 that. There's nothing to indicate that Walmart
24 raises the level of economic activity which then
25 would have a positive spillover effect on others.

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2 PROF. DAVID F. MERRIMAN: We didn't
3 see that in the Chicago data.

4 SPEAKER QUINN: Your data looks at
5 just businesses opening and businesses closing.
6 Does it look at all at the pay levels of jobs
7 gained or lost?

8 PROF. DAVID F. MERRIMAN: We didn't
9 have data on what Walmart paid or the working
10 conditions in Walmart. We did look at some
11 national studies to figure that out, and we also
12 heard some things from the media. We did attempt
13 to survey businesses about the wages paid in the
14 small businesses that were in our dataset. As I
15 mentioned, we found wages of only around \$8.00 an
16 hour in those businesses.

17 SPEAKER QUINN: Professor, is there
18 anything that would lead you to believe, based on
19 your expansive analysis of what happened in
20 Chicago that if a Walmart was to come to New York
21 City, we would somehow be protected from the job
22 losses you saw in Chicago?

23 PROF. DAVID F. MERRIMAN: Well, I
24 think that the effect on Walmart on businesses in
25 the immediate area depends on the configuration of

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2 that area. The particular area in Chicago had a
3 lot of small businesses relatively dense. My
4 guess is that the results of our study could be
5 extended to any area like that. I don't know the
6 neighborhoods that are being discussed in New York
7 but I think it could be different in different
8 neighborhoods. You could have different kinds of
9 effects in different neighborhoods.

10 SPEAKER QUINN: So it would be fair
11 to say that if Walmart was to open in a
12 neighborhood which had never seen any significant
13 level of small businesses, it wouldn't have the
14 same effect. But if Walmart, which is the case to
15 some degree, in the neighborhood that we believe
16 they're looking where there have been small
17 businesses, there have been supermarkets, et
18 cetera. If it opens in a neighborhood where there
19 is a cluster of businesses that it will largely,
20 one could extrapolate, have an effect on that?

21 PROF. DAVID F. MERRIMAN: Yes, I
22 think that's correct.

23 SPEAKER QUINN: Thank you very
24 much.

25 CHAIRPERSON REYNA: Thank you,

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Speaker Quinn. I'd like to recognize Chair Vann.

CHAIRPERSON VANN: Thank you,
Madame Chair. I have just two questions,
Professor. Thank you so much for your presence.

In a letter to the committee,
Walmart claims to be being unfairly singled out.
So how do Walmart's practices differ from other
big box stores, such as Costco, Target, K-mart, so
on and so forth?

PROF. DAVID F. MERRIMAN: I'm
sorry; I really haven't addressed that in
research. I hope that you'll have other speakers
that can address that issue. I'm not really
qualified to speak on that question.

CHAIRPERSON VANN: Fair enough.
How does Walmart entering an area affect the use
of subsidized health care and usage of programs
like food stamps and so forth? Did you do any
work in that area at all?

PROF. DAVID F. MERRIMAN: Again,
I'm sorry. I know that some people have looked at
that, some researchers have looked at that, but
I'm not qualified to speak about it. I apologize.

CHAIRPERSON VANN: I'll ask them to

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the others. Thank you very much, I appreciate it.

CHAIRPERSON REYNA: I'd like to recognize Council Member Barron.

COUNCIL MEMBER BARRON: Thank you very much. Professor, I want to follow up where the Speaker left off on the kind of businesses in a particular area. In my area in East New York, there is already an existing mall there that has all kinds of businesses, some smaller big box stores and restaurants. Then we have a new plan that's going to bring in an extension of that mall and have more retail stores come in. In addition to that extension of the mall, we're also going to have a town center, because 2,300 units of housing is coming in also with a new school and three parks. A whole new community is coming in.

So this town center is also going to have retail stores coming in, and that's not counting the existing retail stores outside of the mall that exists, the mall that's coming, the town center and then we have community stores all around a densely populated neighborhood.

What would you predict the economic impact of a Walmart would be on that kind of

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community?

PROF. DAVID F. MERRIMAN: My expectation, based on the Chicago results and sort of other literature is that you'd pretty much have a dollar for dollar replacement in retail sales. So you're not going to generate new retail sales. That means pretty much a job for job decline. You might even have a job loss if Walmart is more efficient and needs fewer jobs per dollar of retail sales than some other businesses.

So I don't think it would do much to generate either increased retail sales or increased jobs.

COUNCIL MEMBER BARRON: So let me just reiterate, just in case people didn't hear you. There would be a net loss of jobs with no increase in sales and retail in that type of neighborhood, if Walmart came in.

PROF. DAVID F. MERRIMAN: Yeah. I mean that's my guess, yes.

COUNCIL MEMBER BARRON: Thank you.

CHAIRPERSON REYNA: Thank you, Council Member Barron. Council Member Rodriguez, to follow Council Member Halloran.

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2 COUNCIL MEMBER RODRIGUEZ: Thank
3 you. Professor, I have one question. Based on
4 the finding of your study, would you recommend
5 that other cities, such as New York, open the door
6 to Walmart?

7 PROF. DAVID F. MERRIMAN: Well, I
8 have to say in general I don't take policy
9 positions. I want to say that I understand I'm on
10 an anti panel. She shouldn't confuse that with me
11 being anti-Walmart. I'm reporting on the results
12 of my study. I think it's up to you as the
13 Council to deliberate the cost and benefits. What
14 I think our study shows is that Walmart is not a
15 net generator of jobs, is not a net generator of
16 retail sales in urban areas. You have to weight
17 the many positive benefits and negative benefits,
18 I think as Council Member Quinn said earlier. So
19 I would prefer not to take a position on that.

20 COUNCIL MEMBER RODRIGUEZ: Thank
21 you.

22 CHAIRPERSON REYNA: Council Member
23 Halloran?

24 COUNCIL MEMBER HALLORAN: Thank
25 you, Madame Chair. Professor, my background in

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2 education was in anthropology, so I'm a student of
3 the social sciences. I'm trying to comb through
4 your data and conclusions.

5 You're saying that in fact jobs
6 were lost but I believe your testimony was that
7 they were extrapolated because you don't have
8 concrete information position by position on the
9 88 stores which you estimate to have closed. You
10 gave an average number of ten per store of
11 employees. You were estimating a 289 person loss
12 but you admit that Walmart conservatively employed
13 302 people. Unless my math is wrong, that
14 indicates a net growth of roughly 6 percent in
15 terms of jobs. Is that accurate or inaccurate?

16 PROF. DAVID F. MERRIMAN: I think
17 what we say in the study is that it reduced jobs
18 by a number roughly equal to the number that it
19 created. I think that is justified based on the
20 different datasets that we looked at actually in
21 the study. Three datasets and I talked about two
22 of them here today.

23 Obviously your math is right on
24 those numbers. I would claim that in Chicago
25 there was a job loss, but I think that roughly the

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jobs that were created were netted out.

COUNCIL MEMBER HALLORAN: So when a prior Council Member asked you a question, a particularly pointed question and repeated it twice, your answer as a social scientist is you have no data in front of you that supports the notion that in the Chicago study there was actually a net loss of jobs. In fact, your data indicates there was a net gain in jobs. Is that not correct?

PROF. DAVID F. MERRIMAN: I have not data indicating there was a net loss of jobs. That's right. You could argue that there have been jobs.

COUNCIL MEMBER HALLORAN: Let me also ask you, looking through your data, at one point you indicate that there was a 40 percent chance of closing at some time over the two-year period. Yet your hard data, your actual extrapolated data is that in the two-year period from '06 to '08, 32 businesses plus 56, for a total of 88, which is actually only 29 percent closed. How do you reconcile those two disparate numbers? As you're looking at those numbers, are

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2 you accounting for or are you controlling for
3 other factors including age-outs, lease-outs,
4 distress, family members retiring and other
5 economic factors or are you simply assuming the
6 only factor is Walmart in your data analysis?

7 PROF. DAVID F. MERRIMAN: So, let
8 me take the first part of that question, the 40
9 percent figure versus I think the 26 or 29 percent
10 figure. The 40 percent figure refers to a
11 business immediately adjacent to Walmart and it's
12 an estimated figure. As the major thrust of the
13 study is to show that as distance from Walmart
14 increases, the probability of going out of
15 business declines, the 26 percent figure is over
16 the whole area. That's an observed figure. So
17 those figures absolutely are consistent.

18 With respect to the second
19 question, did we take into account other factors,
20 we didn't have data on all the possible reasons a
21 business might close. What we are assuming, we're
22 using a statistical procedure which suggests that
23 those factors are random relative to distance to
24 Walmart. So that is what we did.

25 COUNCIL MEMBER HALLORAN: So your

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2 answer is no, you didn't control for any other
3 factor when you analyzed the data. Do you also
4 admit you have no baseline of businesses closing
5 to use as a reference point in analyzing it
6 comparatively speaking? Meaning, did you take
7 statistical data from that Chicago area over any
8 other period of time to compare it to closings
9 that were occurring to use as a reference in your
10 analysis.

11 PROF. DAVID F. MERRIMAN: We don't
12 have data from other periods of time. Of course,
13 it's not clear they would be relevant since the
14 economic conditions would change over time. But
15 no, we don't have data. We didn't do this kind of
16 study, you know, five years earlier or obviously
17 we didn't do it five years later.

18 CHAIRPERSON REYNA: Council Member.

19 COUNCIL MEMBER HALLORAN: My final
20 question has to do with your analysis of sales tax
21 collections data and the like. You indicate that
22 you only observed through one quarter of 2008, and
23 in understand why you did that, because of the
24 incredible economic downturn that we experienced.

25 However, you did, in terms of

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2 looking at the numbers on other issues, use the
3 entire reference period, right? So, there is a
4 bit of skew when you cut off that 2008. I
5 understand your testimony was that as it went
6 forward there were some more significant losses
7 that you're just not willing to attribute yet to
8 the impact.

9 However, how is it that you were
10 unable to determine the annual sales of Chicago's
11 Walmart? That was not available to you in any
12 manner, including corporate disclosures, their
13 publicly traded information to shareholders or net
14 reporting on the NASDAQ or NYSE wherever they are?
15 I'm not sure which branch they're on. You weren't
16 able to make any correlation there to sales tax
17 numbers? Could you explain why that was the case?

18 PROF. DAVID F. MERRIMAN: I'm not
19 aware of any data by establishment that's
20 released. I mean, naturally, businesses release
21 data on their sales, their global or maybe even
22 their state sales but they don't release it by
23 establishment. We asked the Department of Revenue
24 and they were unable to give us that data. The
25 Illinois Department of Revenue was unable to give

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2 us that data due to confidentiality restrictions.
3 So I'm not sure if you had another question, but
4 that's why.

5 COUNCIL MEMBER HALLORAN: I
6 appreciate you telling us why. It helps. I will
7 say that I do share the Speaker's concern that
8 Walmart chose to absent themselves here. I think
9 it would have been nice for them to come here. I
10 think in light of the fact that we all got
11 together on the third attempt to be here, after
12 snowstorm and snowstorm and we were all clear. It
13 would have been nice to have the other side here.

14 Professor, I also appreciate the
15 fact that you're saying you're not anti-Walmart
16 although you're on an anti-Walmart panel
17 designation. You're just trying to report the
18 data. I would suggest to you that looking at it
19 from a social science perspective, I would hope
20 you would agree with me that there are numerous
21 holes in how you've compiled the data, admittedly
22 by circumstance, and that characterizations that
23 have been made heretofore that suggest a net job
24 loss are not in your report. You agree with me,
25 yes?

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2 PROF. DAVID F. MERRIMAN: I think
3 that a characterization that there is a net job
4 loss doesn't accurately portray our report. I
5 think what accurately portrays our report is what
6 we said in the summary. It's about a wash in
7 terms of jobs. We don't find a net gain.

8 CHAIRPERSON REYNA: Thank you so
9 much, Council Member.

10 SPEAKER QUINN: I just want to
11 clarify for the record in case I created any
12 confusion in my opening statement with my
13 colleagues. The professor gave his testimony. I
14 mean we did assign him to an anti, just to kick it
15 off. But the Professor is a professor and
16 professors and their academic stature study things
17 and then give their results. He presented the
18 results of his study in his own words in his own
19 commentary right now and people can draw whatever
20 conclusions they want from it.

21 The studies that I have referenced
22 both earlier today at a press conference and my
23 opening statements are not this professor's
24 studies. We allowed this professor to make his
25 own presentation today and then be questioned by

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members of the City Council.

So if there was any misinterpretation that myself or any other Council Member were trying to assign the statement that in some jurisdictions Walmart, and I believe what I have studied in those other studies, jobs were lost, they are not to be assigned to this study which I believe, as the Professor has indicated to us, shows a net wash, not a growth as Walmart would contend, though they can't speak for themselves.

So if I created confusion, it was not Professor Merriman's study that I was referring to in my comments. Thank you, Professor. Sorry, Council Members.

PROF. DAVID F. MERRIMAN: Thank you.

CHAIRPERSON REYNA: Thank you. Council Member Lander, to follow, Council Member Mark-Viverito.

COUNCIL MEMBER LANDER: So, Professor, I just want to ask you a follow-up question or two based on Council Member Halloran's question. In your study, the businesses that you

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looked at, they existed in the same economic climate, all of them, correct?

PROF. DAVID F. MERRIMAN: Yes. I think that's fair.

COUNCIL MEMBER LANDER: They existed in the same regulatory framework, yes?

PROF. DAVID F. MERRIMAN: Yes.

COUNCIL MEMBER LANDER: The only variable was distance from the Walmart, correct?

PROF. DAVID F. MERRIMAN: It's one. I mean, obviously, each of the businesses had their own independent conditions, but we thought that was the most relevant variable for this study.

COUNCIL MEMBER LANDER: The variable that you were studying was distance from Walmart.

PROF. DAVID F. MERRIMAN: Yes.

COUNCIL MEMBER LANDER: So, of course, other factors affected all of those businesses: the size, what the ownership was, what the economic climate was, what the regulatory climate was. But you essentially analyzed them for what their distance to and from Walmart was,

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2 yes?

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PROF. DAVID F. MERRIMAN: Yes,

4

that's correct.

5

COUNCIL MEMBER LANDER: I just want

6

to be clear on that. I mean it sounds like you

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weren't able, with the dataset, to do sort of a

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multivariate analysis, that you didn't have

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multiple datasets. On the other hand, all of the

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businesses that you studied existed in the same

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regulatory climate, existed in the same economic

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climate. It is a reasonable assumption that to

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the extent other factors were in play, those were

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in play on the entire set of businesses and that

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if there was a substantial and noticeable

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difference based on proximity to the Walmart, that

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is was due to the Walmart. Yes?

18

PROF. DAVID F. MERRIMAN: Right. I

19

mean that's what statistical analysis is designed

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to do, right? It's designed exactly to do that,

21

to see whether there is an affect in that way,

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yes.

23

COUNCIL MEMBER LANDER: Thank you

24

very much for clarifying that. I guess my second

25

point is I know you did not, as part of this

1
2 study, interrogate these questions on job quality,
3 on wages, on reliance on public health systems if
4 you don't have health care, or on the other range
5 of factors. But hypothetically, if others had
6 found that the jobs that were lost were superior
7 in their job quality to the jobs that were gained
8 and that there was basically a wash in numbers,
9 you wouldn't say that that was wise for a city to
10 embrace, to have a net swap of better jobs for
11 worse jobs, even if you've got the same number.

12 PROF. DAVID F. MERRIMAN: Again,
13 I'm sorry; I have to defer to your judgment on
14 those factors. I mean, the quality of jobs that a
15 business creates is one set of factors. There are
16 many other factors that you might wish to look at.
17 You know, what are the benefits in cost to
18 consumers, what are the benefits in cost in terms
19 of economic freedom, et cetera. So I really don't
20 want to take a position. I'm sorry; with all due
21 respect, I believe it's your job to make those
22 kind of judgments.

23 CHAIRPERSON REYNA: Thank you.

24 COUNCIL MEMBER LANDER: So let me
25 just maybe ask another way. If you knew that you

1
2 were more or less equally swapping one set of jobs
3 for another set of jobs, one relevant set of data
4 you would want to bring to the table was the
5 relative quality of the jobs that you were
6 swapping.

7 PROF. DAVID F. MERRIMAN: Yes,
8 that's absolutely correct. That I certainly agree
9 with.

10 COUNCIL MEMBER LANDER: Thank you
11 very much.

12 CHAIRPERSON REYNA: Thank you.
13 Thank you, Professor for your consistency. I do
14 want to recognize Council Member Mark-Viverito.
15 To follow: Council Member Levin and then Williams
16 and then Greenfield. I want to remind my
17 colleagues that we have a host of panels that can
18 be endless for today. So we want to make sure
19 that everyone has an opportunity. Thank you very
20 much. Council Member Mark-Viverito?

21 COUNCIL MEMBER MARK-VIVERITO:
22 Thank you, Madame Chair. Professor, since you
23 were studying the small businesses and the
24 relative proximity to Walmart, one of the things
25 that this City Council has been really, really,

1
2 really strong on and we continue to put pressure
3 on this Administration, is on the services and on
4 the support to our minority women business
5 enterprises.

6 In the City of New York, people of
7 color are the majority in this city. I would dare
8 say that our small businesses are primarily run
9 and owned by minority women entrepreneurs. Is
10 that a similar dynamic in Chicago in terms of the
11 businesses that you were studying, the surveys
12 that were conducted with?

13 PROF. DAVID F. MERRIMAN: As I
14 said, yes, the data that we collected showed a
15 very large number--I don't have the numbers right
16 in front of me--of the businesses were women-owned
17 and minority-owned and that the owners were local
18 and worked many hours in the store. So, yes, I
19 think that's consistent with the Chicago
20 experience.

21 COUNCIL MEMBER MARK-VIVERITO: So
22 then if we were to model that pattern here in New
23 York City, that if a Walmart were to come to town,
24 that is primarily, again, those entrepreneurs that
25 are investing in our communities that would be

1
2 impacted and it would have an adverse impact on
3 people of color in this city. That clearly is of
4 concern to me, as someone who represents a
5 district that is primarily Latino, African
6 American and that most of our local entrepreneurs
7 are represented in that way. So that clearly is
8 an issue.

9 What would you say was the
10 percentage of the businesses that you studied that
11 fall in that category that would be considered a
12 minority women business enterprise?

13 PROF. DAVID F. MERRIMAN: Let me
14 just look at some of the statistics from the
15 report. I'm sorry.

16 Fifty-one percent of the businesses
17 were owned by Chicago residents. Forty-seven
18 percent of the businesses were owned by women, had
19 women owners. Fifty-five percent had minority
20 owners. Those are the kind of statistics we
21 found.

22 COUNCIL MEMBER MARK-VIVERITO: I
23 appreciate that. So I mean at the end, I thank
24 you Madame Chair for that. As has been said to
25 me, Walmart is definitely not welcome in New York

1
2 City. It is a union-busting, tax-evading, wage-
3 suppressing, job-destroying, civil-rights abusing,
4 food-stamp denying, multinational corporation that
5 has no place in New York City.

6 CHAIRPERSON REYNA: Thank you,
7 Council Member.

8 COUNCIL MEMBER MARK-VIVERITO:
9 Thank you very much.

10 CHAIRPERSON REYNA: Thank you so
11 much. I just want to recognize Council Member
12 Levin, Williams, Greenfield, and Brewer will be
13 the last individual. We do have other academics
14 testifying if you'd like to hold your questions
15 for the next few panels.

16 COUNCIL MEMBER LEVIN: Thank you,
17 Madame Chair. Thank you, Dr. Merriman. I just
18 have a quick question or just a point to
19 elucidate. So I appreciate that your study goes
20 until the beginning of 2008. That's a good thing
21 in terms of the control of it as it relates to the
22 timing with the economic crisis as it began.

23 So as of the beginning of 2008, the
24 job balance was a wash, right. But it's fair to
25 say, do you agree, that all the jobs that would

1
2 have been created from Walmart's presence there
3 would have been created by early 2008. However,
4 all the jobs that would have been lost due to
5 Walmart's presence, and I know that we can't
6 really measure that, but those would continue to
7 be lost? In other words, those businesses would
8 continue to close, whether that is due to the--

9 CHAIRPERSON REYNA: [interposing]

10 Professor, are you still there?

11 COUNCIL MEMBER LEVIN: Let's see if
12 we can get him back.

13 SPEAKER QUINN: He apparently
14 didn't like your question, Stephen.

15 [Pause]

16 CHAIRPERSON REYNA: While we wait,
17 I just want to prepare our next panel: Marlen
18 Lugones Bracho and Nelson Eusebio from the NSA,
19 National Supermarkets Association and an
20 entrepreneur himself from Compare, and Marlen
21 Lugones Bracho is from the Third Generation
22 Enterprises.

23 Thank you and welcome, Professor,
24 once again.

25 COUNCIL MEMBER LEVIN: Thank you,

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Doctor. Did you get my full question there?

PROF. DAVID F. MERRIMAN: I think I did. I think the gist of your question at least was if we had been able to continue the study for a longer period, might we have found more job losses.

COUNCIL MEMBER LEVIN: Due to Walmart's presence, in addition to the fact of the economic crisis. I mean that trend would likely continue.

PROF. DAVID F. MERRIMAN: Again, it's speculation, but it seems right. In that sense, it's a conservative estimate of the number of closures caused by Walmart. What we did find was the pattern that it seemed to be growing over time.

COUNCIL MEMBER LEVIN: Thank you, Doctor.

CHAIRPERSON REYNA: Thank you, Council Member. Next is Council Member Williams, Greenfield and then Brewer.

COUNCIL MEMBER WILLIAMS: Thank you, Madame Chair. Thank you, Doctor, for your testimony. My first question had to do, I guess

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2 with the study that a few of my colleagues spoke
3 about. My general question was is there generally
4 accepted practices or methodologies for these
5 kinds of studies? Did your study follow that?

6 PROF. DAVID F. MERRIMAN: This is
7 the first study that I'm aware of, of its kind,
8 looking at a single Walmart store. I think we did
9 something that was consistent with our experience.
10 The main authors are very, very experienced
11 researchers. And I think, yes, it's consistent
12 with good research practice.

13 COUNCIL MEMBER WILLIAMS: Thank
14 you. Also, you talked about I think the jobs that
15 they brought in were around \$8. Can you tell me
16 the salaries that the other stores were paying at
17 the same time, the average salaries?

18 PROF. DAVID F. MERRIMAN: I think
19 there might be some confusion here. I did not
20 have any data on what salaries Walmart paid. We
21 know from our survey data in the competing stores
22 we found average salaries of a little over \$8.

23 COUNCIL MEMBER WILLIAMS: But you
24 had no data for Walmart?

25 PROF. DAVID F. MERRIMAN: We don't,

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no.

COUNCIL MEMBER WILLIAMS: Since it was a wash, it appears that the job part of it was a wash, was there anything that you found that was beneficial to the community in which Walmart came?

PROF. DAVID F. MERRIMAN: Well, the main things that we focused on were jobs and sales, and in that it appeared to be pretty much a wash. We didn't look at other issues like real estate prices or anything like that. So we really didn't look at other issues, so I didn't find anything beneficial.

COUNCIL MEMBER WILLIAMS: Thank you very much. Also, I want to say I'm also concerned about Walmart's practices. I was hoping they would have come today so we can talk about that, since they are touting that they're good. It's very unfortunate that they weren't and I'd very much like to talk about them with my concerns and maybe they can address them.

I'm also concerned that they're pushing the job issue. I think my community needs jobs but even if you're hungry, someone shouldn't feed you garbage. I think that Walmart is trying

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2 to feed the hungry garbage because they think they
3 don't have any other choices.

4 CHAIRPERSON REYNA: Thank you.

5 COUNCIL MEMBER WILLIAMS: Also, if
6 I was building something and Donald Trump was
7 building something, you wouldn't compare the two.
8 So they shouldn't be trying to compare themselves
9 to any other store. Thank you.

10 CHAIRPERSON REYNA: Thank you,
11 Council Member Williams. Council Member
12 Greenfield, to follow, Brewer.

13 COUNCIL MEMBER GREENFIELD: Thank
14 you, Madame Chair. Thank you, Professor. I just
15 have a couple of quick questions. I'm not that
16 familiar with Chicago. Can you give us sort of a
17 general description of the neighborhoods that you
18 surveyed? Perhaps the ethnic makeup and how that
19 would compare to particular neighborhoods in New
20 York City.

21 PROF. DAVID F. MERRIMAN: I can
22 tell you about the Chicago neighborhoods. I'm not
23 terribly familiar with the New York neighborhoods.

24 In Chicago, the area immediately to
25 the south of the Walmart--the Walmart is located

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2 on a major thoroughfare, North Avenue, a lot of
3 traffic. Immediately to the south is a largely
4 African American, very poor neighborhood.
5 Immediately to the north of it is a largely
6 Hispanic neighborhood that's been growing
7 relatively rapidly in recent years. To the east
8 of it is a neighborhood that's also been growing
9 rapidly. It's more mixed ethnically I believe
10 than the other two neighborhoods. To the west of
11 it, the African American and the Hispanic
12 neighborhood continue a bit and then you hit a
13 suburb which probably has more Caucasian
14 residents, white residents.

15 COUNCIL MEMBER GREENFIELD: Thank
16 you, Professor.

17 PROF. DAVID F. MERRIMAN: The
18 western neighborhood is a higher income than the
19 north or south neighborhoods.

20 COUNCIL MEMBER GREENFIELD: Was
21 there a rationale that Walmart gave when they
22 moved into this particular neighborhood? Did you
23 follow that debate or conversation in Chicago at
24 the time?

25 PROF. DAVID F. MERRIMAN: I think

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2 there were several neighborhoods that were
3 discussed. Particularly south of this Walmart was
4 a very distressed neighborhood. I think some of
5 the arguments were that it might benefit that
6 distressed neighborhood. Although if we look at
7 where Walmart actually located, it was actually a
8 very rapidly growing portion of that neighborhood.

9 COUNCIL MEMBER GREENFIELD: So in
10 your opinion, the arguments that were made by
11 Walmart were those, in fact, proven to be true or
12 not true?

13 PROF. DAVID F. MERRIMAN: I'm
14 sorry. I couldn't comment on that.

15 CHAIRPERSON REYNA: Thank you.

16 PROF. DAVID F. MERRIMAN: I'm not
17 familiar enough with exactly what arguments they
18 made.

19 CHAIRPERSON REYNA: Thank you,
20 Council Member Greenfield. I just want to
21 interrupt. I do have to limit Council Members.
22 I'm allowing very generous times and we're never
23 going to get through this. I see more and more
24 small business owners leaving, apologizing that
25 they can't stay. So I just want to make sure that

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2 we understand there will be another professor on
3 live stream. If you can, just hold your further
4 questions.

5 COUNCIL MEMBER GREENFIELD: I will
6 do that, Madame Chair. For thanks for the
7 Professor, I'm going to send him a lamp for his
8 office. Thank you.

9 CHAIRPERSON REYNA: Thank you.

10 COUNCIL MEMBER BREWER: Thank you.
11 I'll be very quick. My question is did you note
12 where there were small businesses, as you
13 indicated, a toy store nearby would have had a 75
14 percent of not surviving and three miles away,
15 more survival possibility. My question is was
16 there a closure and emptiness of stores, some kind
17 of urban blight? Or were there pop-up stores?
18 What was kind of the situation of the actual
19 buildings nearby Walmart?

20 PROF. DAVID F. MERRIMAN: I'm
21 sorry. We did not follow kind of the real estate
22 effects of Walmart. That I think would be an
23 interesting piece of data, but we were not able to
24 do that.

25 COUNCIL MEMBER BREWER: Thank you.

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2 CHAIRPERSON REYNA: Thank you,
3 Professor. I will use chair privilege just to ask
4 my final question. I wanted to ask, the pre-
5 Walmart existence of big box retailers, were there
6 any present and were there any after?

7 PROF. DAVID F. MERRIMAN: Prior to
8 Walmart, I do not believe there were any in the
9 immediate vicinity. After Walmart, I believe that
10 at least one big box store, another big box store
11 did open up in that neighborhood, and I don't have
12 the exact specifics. But there was some large
13 stores opening in the area afterwards.

14 CHAIRPERSON REYNA: So prior to
15 Walmart, there were none. Once Walmart supplanted
16 itself, everything else came afterwards as far as
17 big box retailers are concerned.

18 PROF. DAVID F. MERRIMAN: To the
19 best of my knowledge, that's correct. I don't
20 have the exact dates that things opened.
21 Generally the trend in that neighborhood is for
22 more large chain stores to open.

23 CHAIRPERSON REYNA: Thank you very
24 much, Professor Merriman. I really appreciate the
25 time you've given us, your testimony and any

1
2 further contacts that we can have with you, we
3 welcome your continued studies.

4 PROF. DAVID F. MERRIMAN: Thank
5 you.

6 CHAIRPERSON REYNA: I'd like to
7 call the next panel while we prepare to receive
8 the next live video conference. We have Marlen
9 Lugones Bracho, Third Generation Enterprises. We
10 have Nelson Eusebio from NSA, The National
11 Supermarket Association from Compare. And we have
12 Mark Tanis from Shopper's World, Pitkin Business
13 Improvement District.

14 [Pause]

15 CHAIRPERSON REYNA: Welcome. You
16 may begin. Ladies first. Pull the mike in front
17 of you, state your name.

18 MARLEN LUGONES BRACHO: Hi, my name
19 is Marlen Lugones Bracho. I'm owner of Third
20 Generation Enterprises, which owns Top Pop and
21 City Club Carbonated Soda. Today we're
22 representing all small businesses.

23 I distribute, manufacture and own
24 both labels in the New York City area. We also
25 distribute in the surrounding 13 states. We sell

1
2 over a million cases to the people sitting to the
3 right and to the left of me. I sell to mom and
4 pop grocery stores and to independent supermarkets
5 throughout New York.

6 I guess we're here to discuss the
7 impact of Walmart. Our soda is represented by the
8 communities in New York City and the Compares and
9 the Fine Fares and the Associateds that buy our
10 product every day, day in and day out.

11 My company employs minorities. I
12 am a woman-owned and minority-owned business. My
13 family has been in business in New York for over
14 35 years. What we do is sell beverages. We
15 employ people. We have jobs. We deliver. We
16 manufacture. We need these customers to continue
17 to survive. That's basically it.

18 MARK TANIS: Good afternoon, ladies
19 and gentlemen. My name is Mark Tanis. I am a
20 Haitian American that has been working with
21 Shopper's World as a General Manager for over
22 seven years. We're located in the heart of
23 Brownsville, 1572 Pitkin Avenue, between Herzl and
24 Strauss Streets. I also sit on the Pitkin Avenue
25 Business Improvement District as a Board Member.

1
2 Shopper's World has been in the
3 community for over 45 years and also known as
4 Pitkin Bargain Center. Shopper's World employs
5 full timers and part timers, which consist of 40-
6 50 employees. There are several employees that
7 have been working for our corporation over 40
8 years. They are the backbone of our
9 establishment. Where will they go? They have
10 their union, which is Local 91, which Walmart does
11 not offer to their employees.

12 Shopper's World works in
13 conjunction with the local 73rd Precinct, works
14 with the Pitkin Avenue BID, which is the Business
15 Improvement District, the BRC, which is
16 Brownsville Recreation Center. We adopted
17 Brooklyn Collegiate School, located between Bergen
18 and Thomas Boyland. We donated to various schools
19 in the Brownsville area. We've participated in
20 fashion shows, helped in Summer Street events,
21 formulated Halloween parades, Christmas tree
22 lighting and much, much more.

23 It is imperative we keep a major
24 conglomerate like Wal-Monster away from small
25 businesses such as Shopper's World, Lane Bryant,

1
2 Jimmy Jazz and other mom and pop stores. I feel
3 this juggernaut, or Wal-Monster, is brainwashing
4 the consumers by their fancy ads. The bottom line
5 is the Wal-Monster will drive the small businesses
6 out of business. This will affect the families
7 who, unfortunately, will be out of a job.

8 Small businesses, such as Shopper's
9 World, are loyal to their customers. We know
10 customers on a first name basis and we have a
11 great rapport with the community and with
12 Brownsville community, to be precise.

13 Small businesses are your typical
14 stores that customers need in the neighborhood.
15 The Pitkin Avenue BID Executive Director, by the
16 name of Daniel Murphy, and I will continue to
17 fight this major conglomerate not to come to New
18 York City. Thank you.

19 NELSON EUSEBIO: Hello, my name is
20 Nelson Eusebio. I represent my individual store
21 in Queens New York, but I also represent 400
22 independently owned supermarkets scattered
23 throughout the area of New York City.

24 Supermarkets that are run on an
25 everyday basis by owners, owners who are there who

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2 care about their customers, who care about the
3 community, who contribute back to where they do
4 business by hiring local people from the
5 neighborhood. They don't bring nobody out of
6 state, not even out of borough. They hire within
7 their ten block district. If you live in the
8 community, chances are you work in your
9 supermarket if you need a job. That's what we do.
10 We provide services and we've been doing that for
11 25 or 30 years.

12 In an ideal world, you say this is
13 a cathedra [phonetic] society, why are you afraid
14 of Walmart? Why don't you want to compete with
15 Walmart? The reason we can't compete with Walmart
16 is--and I think you have part of the testimony
17 here--is Walmart doesn't play fair. They don't do
18 business the right way. We support our local
19 distributors. We buy our soda from her and we buy
20 our bread from the baker on Pitkin Avenue and a
21 distributor on Flat Bush Avenue. Walmart doesn't
22 do that. They bypass that. As a result, that's
23 how they're able to sell cheaper.

24 When they say that Walmart didn't
25 displace jobs in Chicago, they did displace jobs.

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2 They took away jobs that were there already in the
3 community and brought them to their place of
4 business. I want to continue to be an
5 entrepreneur for 20 years down the road. I'm not
6 interested in working for Walmart. I want to run
7 my own business. That's something that Walmart
8 needs to understand.

9 This is a city made up of small
10 businesses, businesses that give back to the
11 community. We fought these chains before, 20-30
12 years ago, we went down this road with other
13 chains that were coming into the city. We all
14 know where they are now. Walmart is no different.

15 It's very interesting. There was
16 an article just this week in the Daily News about
17 a strategy that Walmart is doing. Walmart said
18 we're rolling back prices, we're going to sell
19 cheaper. We want to attract more customers. The
20 fact is that they have a lot of inventory left
21 over from the Christmas holidays and they need to
22 get rid of it.

23 But how they're going about that
24 and this is in their own words. They said we're
25 going back to our manufactures and we're going to

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2 tell them either you get us a better price on that
3 or you're going to get out of the warehouse, we're
4 not going to pay you for it.

5 So in that case, if they're
6 supporting small business, like they claim they
7 are, somebody like Marlen here who has shipped
8 them four trailers of soda, they're going to call
9 Marlen and say you know what, that price you gave
10 me yesterday, it's no good. Cut it back again and
11 maybe, maybe we'll take that product from you.
12 What does Marlen do? Either she goes out of
13 business or she tries to sell them. Either way,
14 she's stuck.

15 That's how Walmart is able to sell
16 cheaper than us. We don't practice that way. We
17 leave our money in our communities. We work with
18 the local distributors. We work with the
19 community. We work with all the businesses. What
20 we have in East New York and in Ozone Park is a
21 healthy community, is a prosperous community. If
22 you walk up and down Pennsylvania Avenue, you see
23 a flurry of shops, of stores, of supermarkets. A
24 thriving community made up of entrepreneurs, made
25 up people that live there and that shop and they

1
2 don't have to walk ten blocks to buy a loaf of
3 bread. They can walk right down the block.

4 What we have there, it's a good
5 thing. We want to make it better. Walmart is not
6 going to do that. Walmart is going to make a
7 desert out of Pennsylvania Avenue if they come in.

8 CHAIRPERSON REYNA: Thank you so
9 much. We have had great behavior, so let's
10 continue that. I just want to welcome in live TV,
11 Stacy Mitchell, who has joined us from the
12 Institute for Local Self-Reliance. She is the
13 fourth member of this panel. I am holding
14 questions until she had ended her testimony.
15 Thank you and welcome, Ms. Mitchell. Can you hear
16 us?

17 STACY MITCHELL: Thank you very
18 much. Yes, I can. Can you hear me?

19 CHAIRPERSON REYNA: Absolutely.

20 STACY MITCHELL: Good afternoon,
21 Chairs Reyna, Koslowitz and Vann, and members of
22 the New York City Council. I thank you for
23 holding this hearing. I appreciate the
24 opportunity to join you today.

25 My name is Stacy Mitchell. I'm a

1
2 Senior Researcher with the Institute for Local
3 Self-Reliance, which is a 37-year old national
4 nonprofit research and educational organization
5 with primary offices in Minneapolis and
6 Washington, D.C. My area of expertise is the
7 retail sector, and in particular, the impacts of
8 large format retailers, notably Walmart.

9 I have presented on this topic at
10 numerous national conferences, organized by groups
11 like the American Planning Association, and have
12 served as adviser to many communities seeking
13 guidance on policy responses.

14 My testimony today examines some of
15 the economic and community impacts that New York
16 would experience if Walmart expands into the city.
17 I'll just briefly summarize the six primary points
18 in my testimony.

19 The first one has to do with
20 Walmart's urban expansion strategy. I think it's
21 important to note that as Walmart plans to move
22 into cities, its approach is not to open one or a
23 few sort of flagship stores.

24 Rather, Walmart appears to be
25 pursuing the same strategy that it's pursued for

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2 over 50 years in suburban and rural locations as
3 it expands, which is really a market saturation
4 strategy.

5 Where it comes into a new region,
6 it builds a few stores and then it goes back and
7 opens stores in between those stores and then goes
8 back and opens stores in between those stores
9 until the market area of each store overlaps with
10 its other stores and it has blanketed the entire
11 region. This really enables Walmart to maximize
12 its competitive position or market area.

13 Walmart appears, as I said, to be
14 approaching major cities in this same way. In
15 Chicago, Walmart has announced that it wants to
16 open more than two dozen supercenters as part of
17 the first phase of its expansion. That works out
18 to about 4.5 million square feet of retail store
19 space, the equivalent of more than 100 football
20 fields, and would be expected to capture at least
21 \$2 billion in local spending each year.

22 Walmart's intentions in New York
23 City are likely to be similar in scale and scope
24 and the company has indicated that it will deploy
25 a variety of different store sizes in order to

1
2 enter even neighborhoods that are too dense to
3 accommodate a larger type of store.

4 The key point here is that this is
5 really not about Walmart opening a few stores in
6 the city, it's really the beginnings of what the
7 company, I believe, hopes will be a much more
8 extensive deployment and takeover of the New York
9 City market, leading ultimately to a substantial
10 transformation of the city's retail sector.

11 That's why I think this hearing is so important
12 today.

13 My second point has to do with
14 Walmart's impact on locally-owned businesses.
15 When Walmart opens, nearby local businesses
16 downsize and close. This has been a consistent
17 and well documented pattern in communities across
18 the country. At the national level, you can look
19 at U.S. Census data and watch the number of small,
20 independent retailers has declined just as
21 Walmart's market share has risen.

22 Even businesses that are
23 competitive and popular often really struggle to
24 survive Walmart's aggressive tactics. Antitrust
25 officials in Arkansas, Wisconsin, the United

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2 Kingdom and Germany have found, as have various
3 industries, most recently the toy industry, have
4 documented Walmart regularly employs predatory
5 pricing, selling key items or even entire
6 departments below cost in order to put pressure on
7 and squeeze out competitors. It's a tactic that
8 even the best run and most efficient small
9 businesses really struggle to withstand.

10 Walmart often insists that instead
11 of hurting local businesses, it actually creates
12 spillover benefits for nearby businesses, but
13 there is absolutely no documented research to
14 support that. You just heard from Professor
15 Merriman about the study in Chicago that didn't
16 find that. There's research elsewhere that
17 likewise has found that Walmart's sort of one-stop
18 shopping formula means that customers who go there
19 don't tend to, the vast majority of customers
20 don't tend to then go into other businesses
21 nearby.

22 So even though Walmart is now the
23 nation's largest grocer, it sells 25 percent of
24 all groceries in the U.S., its economic function
25 in a neighborhood is very, very different from

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2 are invariably offset and mirrored by sales losses
3 at existing businesses in the region.

4 As those competing businesses
5 downsize and close, they lay people off.
6 Economists who have looked at this have found that
7 on average those layoffs actually exceed the
8 number of new jobs created by Walmart. By far the
9 most extensive and very well controlled study to
10 date was one done by Dr. David Neumark at the
11 University of California and his colleagues.

12 They examined more than 2,000
13 Walmart store openings nationwide and found that
14 on average Walmart eliminates 1.4 retail jobs for
15 every 1 job it creates. It's for the simple
16 reason that Walmart employs fewer people per
17 million dollars in sales than competing stores do.

18 The secondary impact that Walmart
19 has on employment has to do with what happens to a
20 consumer's dollar once it goes into a retail
21 store. There have been studies done in Chicago,
22 San Francisco, New Orleans and other cities that
23 have found that independent retail businesses rely
24 much more heavily on other local businesses for
25 goods and services than Walmart does.

1
2 So local retailers, I think as you
3 just heard from some of the small businesses
4 testifying, local retailers hire local
5 accountants, they hire local web designers and
6 other professionals. They get their printing done
7 at the local print shop. They source more of the
8 goods that they carry from local suppliers and so
9 on. Walmart, in contrast, has virtually no need
10 for those kinds of local goods and services.

11 So the result is that when you
12 spend money in a local store, it tends to re-
13 circulate and support all of these other
14 businesses and jobs in the community; whereas, if
15 you spend money in Walmart, a very large share of
16 those dollars simply exit the local economy.

17 How big is the difference? My
18 organization did a study in Maine where we looked
19 at eight locally owned businesses and compared
20 them to Walmart. We found that the locally owned
21 businesses on average, 54 cents of every dollar
22 that you spent at those stores was re-spent within
23 the region. At Walmart, we estimated that only 14
24 cents of every dollar spent stayed within the
25 region. We're not the only organization that has

1
2 done these studies. A firm called Civic Economics
3 has done them in a number of cities.

4 So if Walmart expands into New
5 York, I think the point here is that it will not
6 only harm local retailers and their employees but
7 also the owners and employees of service
8 providers, wholesalers, many other kinds of
9 businesses that depend on those local retailers
10 for their revenue.

11 The fourth point, I just wanted to
12 put into context a little bit of the issue of
13 leakage. Walmart has argued that by opening in
14 New York, it'll enable the city to recapture
15 dollars that residents are now spending at Walmart
16 stores in New Jersey and Long Island.

17 Walmart has said that New York
18 residents spend \$165 million a year at Walmart
19 stores outside the city. But we really need to
20 sort of put this in the sort of scope of Walmart's
21 expansion plans. If its expansion goals in New
22 York are of a similar scale to what it's announced
23 in Chicago, then its intention is to build stores
24 that will bring in billions of dollars in revenue.

25 What that means is that as little

1
2 as 5 percent or less of that revenue coming into
3 those stores will be this recaptured leakage. The
4 other 90 plus percent will come at the expense of
5 existing New York businesses.

6 It's also worth noting that that
7 recaptured leakage may very well be offset by lost
8 surplus. That is, as Walmart displaced
9 independent businesses and homogenizes the retail
10 offerings in New York's neighborhoods, the less
11 appealing those neighborhoods will be to
12 nonresidents and the less nonresident spending the
13 city will be able to pull in.

14 The fifth point I wanted to make is
15 about consumer choice and economic resilience.
16 New York's retail sector has long been
17 characterized by an incredible diversity in the
18 range and variety of stores and a substantial
19 degree of local ownership. This vitality has
20 produced a great deal of choice for consumers,
21 both in terms of businesses as well as products
22 that are available.

23 Everywhere that Walmart has
24 expanded it has reduced the number and variety of
25 stores and shopping options, leaving consumers

1
2 with fewer choices. Walmart often likes to talk
3 about consumer choice, but the reality is that
4 where Walmart goes consumers end up with fewer and
5 fewer choices about where to shop.

6 By way of one example, nationally
7 Walmart captures 25 percent of all grocery
8 spending in the U.S. But its market share is
9 closer to 50 percent in a growing number of metro
10 areas. What that effectively means is that in a
11 large section of those metro areas and in many
12 neighborhoods, Walmart is really the only choice
13 for groceries and other basic necessities.

14 This kind of dependency is risky.
15 As New York found in the 1970s, national retailers
16 often turn out to be fair-weather friends.
17 They're here when times are good but quick to pull
18 up stakes when the going gets a little tougher.

19 Cities are the last place that
20 Walmart has chosen to expand. They will be the
21 first place that Walmart abandons. I would argue
22 that New York's long-term stability and resilience
23 would be better served by limiting Walmart's
24 presence and instead cultivating a much more
25 diverse mix of businesses.

1
2 Lastly, Walmart erodes social
3 capital and underpins neighborhood wellbeing.
4 Small businesses are important, not only to the
5 economic vitality of cities, but also to the
6 social health of their neighborhoods. Several
7 published studies have found that neighborhoods
8 that have lots of small locally-owned businesses
9 have lower crime rates, higher levels of wellbeing
10 and more social capital, compared to places--

11 [Pause]

12 STACY MITCHELL: All of these
13 measures of community health tend to decline when
14 Walmart opens in a neighborhood, according to
15 research by Stephan Goetz at Pennsylvania State
16 University.

17 He found after controlling for
18 other factors that affect social capital that
19 communities that gain a Walmart store end up with
20 fewer nonprofits, churches, civic organizations
21 and other social capital generating associations
22 than those places where Walmart doesn't open.

23 I'm quoting from his study: "Both
24 the initial number of Walmart stores and each
25 store added to the community during the decade

1 reduced the overall social capital measure."

2
3 What accounts for this I think
4 really is the role that local businesses play in
5 nurturing community life, both in their own
6 contributions and involvement in neighborhood
7 organizations and the fact that they create a kind
8 of main street environment that fosters social
9 interaction among neighbors and builds social
10 network in a community.

11 Walmart's arrival does irrevocable
12 damage to the social fabric. I think that's a
13 really crucial factor for neighborhoods and
14 community life.

15 I will just close by briefly
16 mentioning that the Institute for Local Self-
17 Reliance, through our New Rules Project, provides
18 policy research and policy models to cities.
19 We've worked with a number of cities, as well as
20 states to draft and enact policies that deal with
21 this particular kind of business model with big
22 box retail. I'd welcome the opportunity to share
23 additional information about those policy options
24 as your investigation of this issue continues.

25 Thank you very much for this

1
2 opportunity to testify today. I would be glad to
3 answer any questions that you might have.

4 CHAIRPERSON REYNA: Thank you so
5 much, Professor. I apologize. I called your
6 professor. Ms. Mitchell, I just wanted to
7 acknowledge the fact that we have several
8 questions from Council Members, those who are
9 present here and some who have stepped out because
10 we are still conducting business.

11 We want to just have some
12 clarification from Marlen. Your family business,
13 in reference to your distribution sales, do you
14 have a current account with Walmart?

15 MARLEN LUGONES BRACHO: No, I do
16 not.

17 CHAIRPERSON REYNA: You operate as
18 a distribution center from New Jersey?

19 MARLEN LUGONES BRACHO: Yes, I do.

20 CHAIRPERSON REYNA: Has Walmart
21 ever attempted to call you to ask you for your
22 prices?

23 MARLEN LUGONES BRACHO: No. This
24 year, we were given the honor and the privilege to
25 manufacture a drink for the New York City

1
2 Department of Education. I represent a beverage
3 named Soyu Natural Teas. It's been formulated by
4 my team and by Third Generation. Many times we
5 have tried to approach Walmart and convey the
6 message of health and wellness that New York City
7 is striving for, for 2010 and the years to come,
8 to help fight the battles of obesity.

9 It has been an honor to provide
10 that drink to all New York City school systems.

11 CHAIRPERSON REYNA: Thank you.

12 MARLEN LUGONES BRACHO: I think it
13 would have been an honor for Walmart to call us as
14 well, but that has not happened.

15 CHAIRPERSON REYNA: Thank you. Did
16 you see a decrease in sales from your distribution
17 accounts since Walmart has come into the eastern
18 portion of our nation?

19 MARLEN LUGONES BRACHO: I live one
20 mile away from the North Bergen Walmart. I am
21 very friendly with my neighbor Fine Fare. It was
22 a very big disappointment to have to see him go.
23 So yes, he has closed down and that was a very big
24 impact.

25 CHAIRPERSON REYNA: In your

1
2 experience, as far as your particular accounts
3 such as Fine Fare, have you seen others shut down,
4 causing your sales to decrease?

5 MARLEN LUGONES BRACHO: Absolutely.

6 CHAIRPERSON REYNA: So your net
7 loss has equated to what?

8 MARLEN LUGONES BRACHO: Probably, I
9 would say negatively, probably about a million
10 dollars in sales.

11 CHAIRPERSON REYNA: A million
12 dollars in sales loss?

13 MARLEN LUGONES BRACHO: Yeah. And
14 we had a potential for creating about four to five
15 more sales positions, which at this time I would
16 have to put on hold.

17 CHAIRPERSON REYNA: Thank you very
18 much. I'd like to call upon Council Member
19 Koslowitz.

20 CHAIRPERSON KOSLOWITZ: Thank you,
21 Madame Chair. This is for Ms. Mitchell. In a
22 recent New York One interview, Steve Restivo, a
23 spokesman for Walmart, said that Walmart paid
24 wages as good as or higher than unionized
25 groceries in New York. Do you know how much the

1
2 lowest paid workers make in Walmart in Chicago and
3 Los Angeles?

4 STACY MITCHELL: I don't. There
5 are a number of economists who have done studies
6 that have looked at Walmart's expansion that I
7 would be happy to forward on to you. I don't have
8 it in front of me. They have found that overall
9 retail wages in counties where Walmart opened
10 stores actually decline after Walmart opens. So
11 there appears to be a negative effect on wages
12 based on the independent economic data.

13 The other reliable source, Walmart,
14 of course, keeps its wage data to itself. So it's
15 hard to independently verify what it says or what
16 those wage levels may be. One other reliable
17 source is the large gender discrimination suit
18 that's now underway, or being certified as a class
19 action lawsuit. In the discovery process there,
20 Walmart was required to actually document its
21 actual wage rates. That would be a good source of
22 data to look at the range.

23 CHAIRPERSON KOSLOWITZ: Thank you
24 very much. I would like to ask the panel, how
25 many customers does your store attract in a week?

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2 NELSON EUSEBIO: In a given week,
3 we can attract anywhere between 4,000 to 5,000
4 customers.

5 CHAIRPERSON REYNA: Per day?

6 NELSON EUSEBIO: I'm sorry?

7 CHAIRPERSON KOSLOWITZ: On a week.

8 NELSON EUSEBIO: In a week, yes.

9 CHAIRPERSON KOSLOWITZ: A week.

10 NELSON EUSEBIO: Correct, between
11 4,000 and 5,000 customers a week.

12 MARLEN LUGONES BRACHO: I don't
13 have a store, but I sell over a million cases of
14 soda a year.

15 MARK TANIS: I would say
16 approximately 4,000 to 5,000 as well at Shopper's
17 World.

18 CHAIRPERSON KOSLOWITZ: Do most of
19 your customers walk to your store?

20 NELSON EUSEBIO: In my case, most
21 walk. I have a unique situation; I'm right across
22 the street from a train line, the A train. Some
23 people get off the train when they come in from
24 Manhattan. They do their groceries and then we
25 deliver it to their home. They get back on the

1
2 bus and when they get home the groceries are
3 there. So some people walk and some people take
4 mass transit.

5 CHAIRPERSON KOSLOWITZ: Driving in
6 a car?

7 NELSON EUSEBIO: We have some
8 people that drive, sure, absolutely.

9 MARK TANIS: I would agree with him
10 as well. I have a lot of foot traffic because I
11 have a lot of complex around Pitkin Avenue. We do
12 have people that use mass transit as well. I
13 would tend to agree with him.

14 CHAIRPERSON KOSLOWITZ: Thank you.

15 MARK TANIS: You're welcome.

16 CHAIRPERSON REYNA: Council Member
17 James?

18 COUNCIL MEMBER JAMES: Thank you.
19 To Ms. Mitchell, I want to read a statement to you
20 and I would like to know whether or not it is a
21 true statement.

22 Walmart's powerful position in the
23 market allows it to bend everyone else to its
24 will, to micromanage its suppliers to the point of
25 remaking how their suppliers do business and shift

1
2 many of the cost of doing business onto its
3 suppliers. Would you agree with that statement?

4 STACY MITCHELL: Yes. That's been
5 the well documented situation with many, many
6 manufacturers with that kind of pressure. I mean,
7 Walmart is many times the size of the nation's
8 biggest manufacturers and suppliers and consumer
9 products companies. It accounts for a sizable
10 share of their sales. So its ability to dictate
11 terms is pretty significant.

12 One of the other consequences of
13 that is that as those suppliers struggle to try to
14 meet Walmart's terms, it often means, in some
15 cases, that they have to force higher costs onto
16 small businesses, and so it can be a sort of
17 viscous cycle.

18 COUNCIL MEMBER JAMES: But isn't it
19 an issue of economies of scale and aren't
20 economies of scale a good thing?

21 STACY MITCHELL: Well there is
22 certainly a certain amount of efficiency that
23 Walmart achieves through its distribution system.
24 Its ability to move goods around the planet and
25 across the country is highly refined and there's

1 an economy of scale that's associated with that.
2 But Walmart also owes a lot of its market
3 dominance to its ability to exercise its market
4 power. And the fact that companies who might be
5 doing 25-50 percent of their business through
6 Walmart stores in order to continue to be in
7 business really have to try to meet its terms.
8 That's an enormous advantage that other retailers
9 don't have.

11 COUNCIL MEMBER JAMES: Do they
12 outsource most of their services and supplies? Do
13 they outsource?

14 STACY MITCHELL: I don't quite
15 understand the question. Most of what they--

16 COUNCIL MEMBER JAMES:
17 [interposing] Go ahead and finish.

18 STACY MITCHELL: Most of what they
19 sell is imported primarily from China.

20 COUNCIL MEMBER JAMES: Do they
21 primarily rely upon foreign suppliers outside of
22 the United States?

23 STACY MITCHELL: Yes.

24 COUNCIL MEMBER JAMES: How many
25 cases of gender discrimination have been filed

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against Walmart, if you know?

STACY MITCHELL: They've primarily been consolidated into what is in the process of being certified as a class action lawsuit. So I don't know how many originally they were, but if it's certified as a class action, my understanding is that it would represent hundreds of thousands of female employees.

COUNCIL MEMBER JAMES: So hundreds of thousands of female employees have been certified as a class and have filed an action against Walmart based on discrimination, gender discrimination, yes?

STACY MITCHELL: The courts are still reviewing whether it can be a class, but yes.

COUNCIL MEMBER JAMES: The basis is that they are being paid less and have not been given certain opportunities as their male counterparts. Is that the substance of the case?

STACY MITCHELL: Yes, the substance of the case is both that in doing the same job that male and female employees were paid different rates on average and also that while female

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2 employees make up a large majority of the staff of
3 the stores, the lower level employees, they've
4 traditionally made up a very small percentage of
5 store management and upper level management at
6 Walmart. So there appears to be a pattern of not
7 promoting female employees. That's at least what
8 I understand is the basis of the lawsuit.

9 COUNCIL MEMBER JAMES: Is it also
10 true that a disproportionate number of employees
11 rely upon the safety net system in the country?
12 For instance, Medicaid, food stamps and public
13 assistance, is that true?

14 STACY MITCHELL: Yes. About two
15 dozen states have disclosed the list of the top
16 companies in terms of numbers of employees that
17 rely on state public assistance programs, Medicaid
18 being a big one, or Medicare, but also food
19 stamps, housing assistance and so on.

20 Walmart has been the top employer
21 on the vast majority of those lists with large
22 numbers of employees who are relying on that
23 assistance.

24 COUNCIL MEMBER JAMES: And last
25 question, is it true that from 1989 to about 2004,

1
2 Walmart engaged in a practice of locking its
3 employees in the store, particularly in high crime
4 communities? Is that a true statement?

5 STACY MITCHELL: There is truth to
6 that. How extensive the practice was during those
7 years, I don't know. But it was certainly the
8 case that at least in some stores the employees at
9 night were locked in. In addition to the gender
10 discrimination suit that you mentioned there have
11 been dozens of lawsuits brought by employees over
12 Wage and Hour violations.

13 Things along the lines of not
14 getting paid breaks but having to work through
15 your breaks, having to punch out before you were
16 actually done working and then work off the clock
17 for a period of time. Employees have been
18 successful in a number of states with those
19 lawsuits and a number of them are still
20 proceeding.

21 COUNCIL MEMBER JAMES: My last
22 question to the panel, have any of you engaged in
23 these practices, yes or no?

24 NELSON EUSEBIO: What type of
25 practice is that?

2 COUNCIL MEMBER JAMES: Locking your
3 employees in the basement, having your employees
4 be subject to the safety net welfare, public
5 assistance and food stamps, and have any of you
6 been filed with gender discrimination actions?

7 NELSON EUSEBIO: Absolutely not.

8 COUNCIL MEMBER JAMES: Next?

9 MARLEN LUGONES BRACHO: Absolutely
10 not.

11 COUNCIL MEMBER JAMES: Next?

12 MARK TANIS: Absolutely not.

13 COUNCIL MEMBER JAMES: That's it.

14 CHAIRPERSON REYNA: Thank you so
15 much, Council Member James. Council Member Weprin
16 is next and then to follow, Jackson.

17 COUNCIL MEMBER WEPRIN: Thank you,
18 Madame Chair. I've got a friend who lives in a
19 suburb outside of Washington, D.C. It's a very
20 nice neighborhood. He's a very successful doctor.
21 The one thing that upsets me about where he lives
22 and many of the towns throughout this country is
23 they seem almost like they were made in a game
24 board where little shops all look the same and all
25 are alike.

1
2 I grew up in New York City and one
3 of the things I've always loved about New York
4 City is the diversity of the city, the vibe, the
5 texture and the flavor of those diverse
6 neighborhoods and diverse stores.

7 Ms. Mitchell, your testimony was
8 very depressing to me. Don't take that as an
9 insult. I want to ask, the transformation of the
10 retail sector that you talk about, it's safe to
11 say that you think that Walmart will contribute to
12 what I'll describe as the blanding of New York
13 City kind of, where you'll take away so many of
14 those small family-run and ethic shops and stores?

15 STACY MITCHELL: That has certainly
16 been the pattern all across the country. Cities
17 like New York have been this bastion of small
18 business opportunity and entrepreneurial
19 opportunity. It's the way that generations of
20 native, as well as immigrant Americans, have
21 pulled themselves into the middle class. It's so
22 much a part of the street life and the feel of our
23 cities. Now that we have Walmart approaching
24 urban neighborhoods, the potential really is there
25 to change that irrevocably.

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2 COUNCIL MEMBER WEPRIN: Thank you,
3 Ms. Mitchell. It's funny because it is exactly
4 the testimony we heard today that concerns me.
5 There is no other place like New York and I really
6 don't want New York to be like other places. This
7 whole thing kind of reminds me of a "Twilight
8 Zone" episode that I remember. A very famous one
9 where aliens come from outer space and they've
10 very kind and they're very helpful to the human
11 race, and they have a book with them that has
12 writing that they had to decipher.

13 When they deciphered it they found
14 out it says to serve man. And everyone said oh
15 they are here to help. They bring everyone back
16 to their planet to take care of them and it isn't
17 until the very end of the show where we find out
18 that to serve man is a cookbook.

19 This reminds me of that, I hate to
20 say, a little bit, because we're kind of
21 cannibalizing our stores and our businesses and
22 the things that make New York unique. That's what
23 scares me most of all about this hearing today and
24 about Walmart is that the long-term effect could
25 devastate New York and everything New York stands

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for.

But thank you for being here and I appreciate your testimony today.

CHAIRPERSON REYNA: Thank you so much, Council Member. I wanted to just take an opportunity to ask Ms. Mitchell, the minority and women business enterprises of the work that you've completed, could you give me a breakdown of percentages of minority businesses that have gone out of business due to a Walmart in proximity? And a percentage for women-owned businesses that have closed down within your study, with the exception of Chicago, who already has testified and given us those percentages?

STACY MITCHELL: I don't have figures for that at a national scale. My assumption would be that it would be in the same proportion as independent businesses generally, perhaps even at higher rates.

CHAIRPERSON REYNA: Ms. Mitchell, if you were to do some research in just getting us those percentages, they would be of most interest to our committees. We had startling figures where 55 percent of minority-owned businesses went out

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2 of business in close proximity to the Walmart in
3 Chicago, as well as 47 percent of women businesses
4 closing down. Of the 51 percent businesses of
5 Chicago residents of what would be considered a
6 small business closing down.

7 So we want to get an understanding
8 as to the proximity of a Walmart and what it does
9 and the breakdown of women-owned, minority-owned
10 and local residents owning and going out of
11 business.

12 STACY MITCHELL: I will pull that
13 up for you.

14 CHAIRPERSON REYNA: I'd like to
15 call upon Council Member Jackson.

16 COUNCIL MEMBER JACKSON: Thank you,
17 Co-chairs. I appreciate the opportunity to weigh
18 in on this important subject. As some of my
19 colleagues mentioned earlier, it is in our opinion
20 unfortunate that Walmart has refused to come to
21 this hearing to give testimony about the
22 possibility of them entering the New York City
23 market.

24 Let me turn to the panelists and
25 let me first thank you as small businesses and

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2 managers of small businesses for coming in and
3 giving testimony. It is very important for me at
4 least as a member of the City Council, as the Co-
5 chair of the New York City Council's Black, Latino
6 and Asian Caucus, to see actual owners of small
7 businesses here in the hearing this afternoon and
8 you expressing the impact of your businesses on
9 our communities.

10 My question to you is this: can you
11 please tell me, each one of you representing your
12 respective business, the employees that you
13 employ, how many of them come from your
14 neighboring metropolitan area, your neighborhoods,
15 as far as that you employ, if you had to give a
16 percentage?

17 NELSON EUSEBIO: In my case, I
18 would say 100 percent without a doubt.

19 COUNCIL MEMBER JACKSON: Just
20 identify yourself so that the record will show who
21 is responding.

22 NELSON EUSEBIO: Nelson Eusebio
23 from Compare Supermarkets in Ozone Park Queens.
24 We employ 100 percent locally, without a doubt.
25 I'm the only person who comes from a little

1 further away.

2
3 COUNCIL MEMBER JACKSON: Next
4 please? Just identify yourself before you respond.

5 MARLEN LUGONES BRACHO: Marlen
6 Lugones Bracho, Top Pop Soda. Yes, we employ 100
7 percent of our people locally.

8 COUNCIL MEMBER JACKSON: Okay.
9 Next please?

10 MARK TANIS: My name is Mark Tanis.
11 I am the General Manager of Shopper's World. I
12 would say about 95 percent from the local area.

13 COUNCIL MEMBER JACKSON: Then my
14 second and third question you can respond in one
15 response. I was curious to know how many of your
16 employees in your businesses or minority or women
17 employees, if you can give a percentage? The
18 reason why I ask that is because, obviously, as
19 has been stated by some of my fellow colleagues
20 and the records have indicated that there have
21 been discrimination lawsuits filed on behalf of
22 women against Walmart. So I was wondering what
23 percentages of your businesses are women employed
24 and then what percentage of minorities are
25 employed in your business. So if you don't mind

2 identifying yourself before you respond.

3 MARK TANIS: My name is Mark Tanis,
4 General Manager of Shopper's World. I would say
5 approximately of my workforce is about 70 percent
6 which is females and also with ethnic background,
7 African American, Latinas and Latinos.

8 COUNCIL MEMBER JACKSON: Next
9 please?

10 MARLEN LUGONES BRACHO: Marlen
11 Lugones Bracho, again from Top Pop Soda. For
12 minority employees, I would say that I have 80
13 percent of minority, black and Latino. And for
14 women, it's 70 percent.

15 COUNCIL MEMBER JACKSON: Next
16 please?

17 NELSON EUSEBIO: Nelson Eusebio,
18 Compare Supermarkets. I'm the owner of that
19 store. If you would walk into that store right
20 now, and ask who is in charge in this store, you
21 will be received by an African American named
22 Jesse who is in charge of the store while I'm not
23 there. If you want to get paid, Jesse will refer
24 you to our female bookkeeper who does the paying
25 when I'm not in the store. Our employees are 100

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percent minority.

COUNCIL MEMBER JACKSON: And

women?

NELSON EUSEBIO: Women make up 30

percent of our workforce.

COUNCIL MEMBER JACKSON: The

panelist that is via teleconference, do you have any comments on the questions that I raised, if you can respond to any of them?

STACY MITCHELL: Yes. One of the

things that I think is worth knowing about Walmart's employment record is about half of the people that are employed by Walmart quit or are fired within less than a year of taking the job.

What you see with small businesses and I think you just heard is these long-term relationships and employment with people in the community. That's not something that you see in the context of Walmart.

COUNCIL MEMBER JACKSON: Thank you.

I guess my final question I would want to know, and you basically brought this about in your response. I'm curious to know what the average length of employment for employees employed in

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your small businesses.

First, do you consider your business a small business? If you do, what is the average length of time of your average employee? If you can respond to that, just identify yourself if you don't mind.

MARK TANIS: General Manager of Shopper's World. My name is Mark Tanis. I would say approximately a year because we have a lot of part timers that do go to school. So they do go on to other aspects in their lives.

COUNCIL MEMBER JACKSON: Next please.

MARLEN LUGONES BRACHO: My personal business which is the Top Pop Soda has been opened since 2006. We have the exact same employees that we started the business with.

COUNCIL MEMBER JACKSON: Next please?

NELSON EUSEBIO: My name is Nelson Eusebio, again Compare Supermarkets. This store in particular has only been open a year. In a year's time I have the same employees that I opened with. But in the past, in other stores

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2 that we have owned, our employees, our managers,
3 our meat managers, our produce managers, our front
4 end managers are usually with us for as long as
5 ten years. The only turnover that we have are the
6 cashiers who are sometimes part time, they're
7 coming to work after school. They move on because
8 they got in with their career. But most of our
9 stock clerks and managers are with us for years.

10 COUNCIL MEMBER JACKSON: Well thank
11 you very much, panelists. I appreciate the
12 opportunity. Thank you, Co-chairs.

13 CHAIRPERSON REYNA: Thank you,
14 Council Member Jackson. I'd like to recognize
15 Council Member Chin, Council Member Sanders and
16 Council Member Gentile who have joined us. I'd
17 like to call upon Council Member Greenfield,
18 followed by Council Member Barron and then Council
19 Member Ferreras and then Council Member Mark-
20 Viverito.

21 COUNCIL MEMBER GREENFIELD: Thank
22 you, Madame Chair. I want to thank the panel for
23 coming out here today and sharing your important
24 testimony with us. Walmart sent a letter to the
25 Council explaining why they don't want to attend.

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2 So they brought up a few issues. I don't want
3 this to turn into a Walmart hate fest so I figure
4 we'll give them a shot and try to see if there's
5 any legitimacy to any of their questions.

6 One of the things they point out is
7 that their average hourly wage for regular full
8 time associates is \$12.21 per hour. I don't want
9 to put you folks on the spot, but if you're
10 willing, are you willing to sort of give us your
11 average hourly wage at your respective
12 establishments, specifically to the two folks who
13 run retail stores.

14 MARK TANIS: Mark Tanis, General
15 Manager of Shopper's World. I would say,
16 depending on if it's a part timer or full timer
17 that's coming in, it could range from \$10, \$11,
18 \$12, depending on the criteria that they have and
19 past experience. We do have people that have a
20 long longititude in our business and they are well
21 over that dollar amount.

22 COUNCIL MEMBER GREENFIELD: That's
23 fair. What about you, Nelson?

24 NELSON EUSEBIO: We range on a
25 minimum of \$8 an hour to all the way to \$15 an

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hour.

COUNCIL MEMBER GREENFIELD: So that's probably similar averages. Nelson, what about Target? There are a lot of Targets in New York City. There is a great debate going back and forth about whether they're comparable to Walmart or they're not comparable. Do you have objections to a Target with a supermarket that comes into your neighborhood?

NELSON EUSEBIO: As a businessman I have an objection to it, yes, but as a citizen of the community, no, because Target plays by the rules. They play by the rules. They buy from the local distributors and support the community more than Walmart does.

COUNCIL MEMBER GREENFIELD: What about you, Nelson?

NELSON EUSEBIO: I'm Nelson.

COUNCIL MEMBER GREENFIELD: I'm sorry. Mark, what about you Mark? I apologize. Would you object to a Target coming into your neighborhood or down the block from your establishment?

MARK TANIS: I don't know much

1
2 about Target. But it's fair to say that I
3 wouldn't mind for them coming into the community
4 because I think they are less of a threat to the
5 neighborhood, like Walmart.

6 COUNCIL MEMBER GREENFIELD: What
7 about Top Pop Soda?

8 MARLEN LUGONES BRACHO:
9 Unfortunately, I haven't seen my brand in Target
10 yet. It would be a great thing, but like I said,
11 I don't know their tactics on selling or buying
12 their merchandise and whether they bring in
13 suppliers from the outside markets, which is very
14 normal.

15 COUNCIL MEMBER GREENFIELD: Got it.

16 MARK TANIS: Excuse me, if you
17 don't mind.

18 COUNCIL MEMBER GREENFIELD: Yes,
19 please. Thank you.

20 MARK TANIS: The executive director
21 from the Pitkin Avenue BID just brought to my
22 attention, and I should have said in the
23 beginning, that we do have a Target that is in
24 Gateway Mall, not too far from our area. It's
25 about three and half or four miles away. So,

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2 again, I think it's fair to say it's okay to have
3 a Target.

4 COUNCIL MEMBER GREENFIELD: Got it.
5 The final question for Top Pop Soda: so you've
6 reached out to Walmart on several occasions
7 because one of the things that Walmart says is
8 they say that they spend \$5.7 billion for
9 merchandise and service with 835 New York City
10 based suppliers. So you've reached out and you've
11 been rejected? I mean what was sort of the
12 process in terms of when you reached out to
13 Walmart?

14 MARLEN LUGONES BRACHO: It's not so
15 much a rejection. I think that the vendor portal
16 on the Walmart.com is very, very, very lengthy
17 process. We've gone through it. It's just
18 basically waiting for a callback.

19 COUNCIL MEMBER GREENFIELD: So if
20 they called you back at this point, would you turn
21 them down?

22 MARLEN LUGONES BRACHO: I agree
23 with what Ms. Mitchell said before. I almost am
24 fearful to take on a customer like Walmart. Their
25 demands are very stringent on a company like

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myself. I know that I have limits and I have capabilities of what I can and cannot do. I don't take on things that I normally cannot achieve.

COUNCIL MEMBER GREENFIELD: So at this point you probably would turn them away.

MARLEN LUGONES BRACHO: Walmart in the United States, yes. In my regional area where I can handle one and perhaps be given a fair opportunity and a fair term to deal with them, maybe it would be something that I would approach.

COUNCIL MEMBER GREENFIELD: I want to thank you all, really insightful information today. Thanks for coming out. Thank you.

MARLEN LUGONES BRACHO: Thank you.

COUNCIL MEMBER BARRON: Thank you very much. First of all, I don't want anybody to leave here thinking that Walmart pays their workers when they start off at \$12 an hour. That's just simply not true. We've literally spoken to workers themselves and we had workers that said--

CHAIRPERSON REYNA: [interposing]
Excuse me.

COUNCIL MEMBER BARRON: Workers

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2 that said themselves that they started off making
3 \$8.53. Some started off with making \$9 and
4 change. One worker told us it took them five
5 years to get to \$10 and change.

6 So when they come with this we pay
7 workers \$12 an hour, that's not a start off pay
8 for all of their workers. It is much less. I
9 want to ask Ms. Mitchell if she has any
10 information on that.

11 STACY MITCHELL: Yes. I think
12 that's an important point. My understanding about
13 how Walmart reports wage information is that they
14 report wages for full time employees who have been
15 employed for at least a year. So part timers,
16 which make up a substantial part of their
17 workforce aren't necessarily counted in those wage
18 rates.

19 Also, as I mentioned, about half of
20 those who take jobs at Walmart don't make it to
21 that year mark. So again, their wage rates would
22 not be counted in that average.

23 COUNCIL MEMBER BARRON: So roughly,
24 what percentage is part time?

25 STACY MITCHELL: I would have to

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2 look that up. I don't have that in front of me
3 right now.

4 COUNCIL MEMBER BARRON: They say
5 that a large percentage of it is part time, so
6 they don't have to pay health benefits, they don't
7 have to pay pension and they can pay very low
8 wages. To the panel, I just want to let you all
9 know that that \$12 they've been floating out there
10 is just not accurate.

11 In the retail area, I'm
12 particularly concerned by Ms. Bracho. They're
13 threatening to lose 3,000 jobs at the Hunts Point
14 Market if Walmart comes in because they'll deal
15 with China rather than Hunts Point. What kind of
16 loss would that be for you? I think in the
17 distributor's end of this, that's where a lot of
18 great job losses can occur. To the both of you
19 gentlemen, I appreciate the work you're doing in
20 my neighborhood and for hiring local people and
21 providing quality goods and services at reasonable
22 prices. Keep up the good work.

23 NELSON EUSEBIO: Thank you, sir.

24 MARK TANIS: Thank you.

25 CHAIRPERSON REYNA: Council Member

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Ferrereras.

COUNCIL MEMBER BARRON: No, I asked her a question.

MARLEN LUGONES BRACHO: I think he asked me a question first. Hunts Point is very dear and near to my heart. My family had a business for 33 years in the Bronx, Borinquen Beer Wholesalers. We distributed beer and soda and beverages and groceries to put like Eusebio and the Compare Supermarkets for many years.

When a decline of that nature happens to that neighborhood, it is hurtful and it is very difficult to recapture that market. The loss in grocery, the loss in beverages, the loss in jobs is very, very, very hard to ever recapture. So my support is always there as a distributor.

At one point I had 75 employees in truck deliveries, in manpower to get deliveries out to people who work every single day, seven days out of the week with 12 hours and 13 hours of supermarkets open. So it's definitely something that I would not want to see happen. I know and I'm very involved in what happens in Hunts Point.

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Like I said, my efforts are always there.

CHAIRPERSON REYNA: Thank you, Ms. Bracho. Council Member Ferreras?

COUNCIL MEMBER FERRERAS: Good afternoon. I, too, want to thank the business owners but I think that's the point, they're business owners and sitting here is keeping them away from their businesses. So I'm going to ask two very short questions. This one is to you, Mr. Eusebio. Having been born as an urban person, I grew up in Queens in Corona in particular; can you speak to the transition between a small bodega to a supermarket? How often have you seen that amongst your colleagues?

NELSON EUSEBIO: The supermarket industry has become the American dream for a lot of Hispanic Americans. They have come to this country and opened up corner bodegas, 20, 30 years ago. Their parents worked in those bodegas for 50, 60 hours a week, saved enough money to sell the bodega and buy a supermarket. The reason they had the opportunity to buy a supermarket is because in the 1980s, late '70s, a lot of the chains left the city. These stores were left

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vacated.

The wholesalers that were in the city didn't want to close their stores. So they approached these small bodegas. Are you willing to take the next step; are you willing to become a supermarket owner? We're willing to take that step with you. Yes, our parents, our brothers, our cousins, our friends took the next step whereas today we have over 500-600 independently owned, Hispanic owned supermarkets in the City of New York living out the American dream which they have worked for. They haven't got a tax benefit. They haven't got a break on utilities. There is no incentive. They have earned it the old fashioned way.

COUNCIL MEMBER FERRERAS: Thank you. My other part of the question is what is the promotion rate within your stores? So if someone starts off as a stock boy, what is the trajectory, or someone at the deli counter, what is the trajectory within your stores?

NELSON EUSEBIO: Most managers start off as stock clerks. They come in and they learn the trade and they work in the line. They

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2 move into another line. They learn all the
3 groceries. They might move over to the frozen
4 food or dairy department and learn that. They'll
5 go and learn some about the meat department.
6 That's how you get a manager. He grows within
7 your store.

8 Once you have a manager and he's
9 been a manager for a long time and he's a good
10 manager, chances are he's going to become an owner
11 somewhere down the line.

12 COUNCIL MEMBER FERRERAS: Thank
13 you. That's exactly what I thought and what I
14 wanted to hear and get into our testimony today.
15 It's not just about who comes, it's that you are a
16 neighbor and you are part of a community. You are
17 part of the fabric. So I thank you very much for
18 our testimony today.

19 NELSON EUSEBIO: Thank you.

20 CHAIRPERSON REYNA: Thank you,
21 Council Member Ferreras. Council Member Mark-
22 Viverito and this is the last question.

23 COUNCIL MEMBER MARK-VIVERITO:
24 Thank you, Madame Chair. My question is for Ms.
25 Mitchell so I want to make sure I get her before

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2 the feed is gone. One of the things that we
3 really wanted to do at this hearing, at least for
4 me, is to really kind of demystify a lot of the
5 information that's being thrown out there. I know
6 that Walmart with their wonderful publicity
7 campaign and lie-spewing campaign machine is out
8 there saying that they're providing these
9 wonderful jobs.

10 One of the things that are really
11 at the basis is about the low prices myth. I
12 think that you really hit it in your testimony and
13 I know that I've heard it and that's my question.
14 Once they cannibalize and monopolize a market,
15 then obviously the prices at that point go up and
16 they're not as low as they might have originally
17 been.

18 Are there any comprehensive studies
19 that really kind of hone in on that in different
20 markets and looking at how that has played out in
21 different markets? I think that that's really
22 important. Also, if you could, just talk about
23 costs on average to the public treasuries when
24 Walmart comes to town. You kind of alluded to it
25 a little bit about 12 different states talking

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2 about how Walmart is on the top of the list when
3 it comes to employees seeking public benefits.
4 I'm trying to figure out if there are
5 comprehensive studies that really hone in on these
6 two aspects.

7 The last one is about the union
8 busting tactics. I know that I read an article
9 specifically where a department that workers did
10 unionize in a particular department in a Walmart
11 and what they did was they eliminated that
12 department throughout all the Walmarts as a way of
13 rooting out unions. So, on those three areas,
14 those kinds of strategies and tactics, the costs
15 on average to the public treasuries, if you could,
16 speak to that.

17 STACY MITCHELL: Yes, just briefly
18 because, unfortunately, there's someone using this
19 video feed here shortly, so I will be cut off. On
20 the price issue, there is not as much
21 comprehensive data as I would like. However, we
22 do see this. One example is the toy industry.
23 Walmart priced its toy departments at what
24 appeared to be below cost several years ago during
25 the holiday season. They gained market share and

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2 became the number one toy seller in the country in
3 that period. There was an article in Bloomberg a
4 few months ago about how this Christmas season
5 they raised their toy prices across the board.
6 That's the pattern that appears to be what they've
7 used. We've seen that with these antitrust cases
8 that I mentioned.

9 One of the other areas of research,
10 and again there's not as much data as I would
11 like, has to do with the lack of being able to
12 compare like products. A lot of manufacturers
13 make a particular line for Walmart that meets
14 their price point. It may look like the same
15 vacuum cleaner or the same blender or whatever it
16 may be, as you would see at an independent store,
17 but it's not. It's actually maybe made with
18 plastic parts or some other cost cutting corners
19 to get that price down. The result is that it
20 won't last as long as the products. So it's not
21 really comparable. The consumer thinks it's the
22 same thing but it's not.

23 So there's a lot going--

24 [Pause]

25 CHAIRPERSON REYNA: I'm sorry. We

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2 will definitely follow up with her answers. I
3 would like to thank this panel. I am going to
4 move on to the next panel. We will hear from Tony
5 Herbert, Eduardo Giraldo and Charles Fisher. I
6 would like to remind, once again, we had an
7 outburst. I would appreciate that it does not
8 happen again. We want to treat this hearing with
9 the respect it's due, as we have shown to the
10 public.

11 EDUARDO EUSEBIO: I'd like just to
12 say thank you to this committee for giving small
13 business an opportunity to express itself. Many
14 times when these decisions are made, small
15 business never has an opportunity. We don't know
16 what's going and we're just victims of policies.
17 Thank you for listening to us.

18 [Pause]

19 CHAIRPERSON REYNA: Good afternoon.
20 You can begin, and please identify yourself.

21 CHARLES FISHER: Good afternoon,
22 City Council. My name is Charles Fisher, founding
23 chairman of the Hip-Hop Summit Youth Council.

24 TONY HERBERT: Community Advocate
25 Tony Herbert, representing the Walmart to New York

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2 City Campaign and grassroots. Suffice to what
3 Charles Barron might have said earlier, I'm here
4 representing the people of the community.

5 CHAIRPERSON REYNA: Mr. Herbert?

6 All comments referring to a Council Member are not
7 necessary. If you can please maintain to your
8 testimony, I would appreciate that very much. If
9 you could, state your position, as to your
10 testimony, and speaking to this panel. Thank you.

11 EDUARDO GIRALDO: Good afternoon.

12 My name is Eduardo Giraldo. I am the past
13 president of the Queens Hispanic Chamber of
14 Commerce. Right now I'm the Vice President of
15 Corporate and Government Affairs.

16 RANDY FISHER: Randy Fisher. I'm
17 the Executive Director of the Hip-Hop Summit Youth
18 Council.

19 TONY HERBERT: We're looking for
20 your protocol on how you wanted to set this off.
21 I guess maybe I'll start it off. With regards to
22 first and foremost, I want to thank you for this
23 opportunity. Having had the opportunity of
24 working for the City Council under the tutelage of
25 Priscilla Wooten, Council Member Wooten, who

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honorably retired from this body.

I've got to say that I'm really, really perturbed. I'm perturbed because every day that I walk in our community and I deal with the essence of young black males and Hispanics and young ladies, 15, 16, 14 years old who are shot and killed. At the end game, when they talk about the persons that committed that crime, that person is saying, Mr. Herbert, you know I really didn't want to get involved in this kind of activity but there are no jobs for me. So I've got to feed my family or sacrifice or survive. Then when you talk about the formerly incarcerated who get out of jail, looking for an opportunity, it doesn't exist.

What we have done, in essence, is worked with this grassroots organization, the Walmart 2 NYC Campaign, simply to say to Walmart if you're coming into Brooklyn, we want to work with you if you're going to do right by our people. As far as we're concerned with the conversation and the dialogue that we've had, we're confident and feel comfortable with the thought process that that is what's going to take

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place.

Now, everybody is waving this boogieman around about how this corporation is going to come in and then we talk about credibility with regards to things that might have been of the past or stated, quite frankly, of a corporation that might have had practices who I don't even know about and a lot of my people in the community don't even know about. But yet, we throw this big quagmire out there that they're the boogieman and they're going to come and shut us down.

I think that's, first and foremost, a misrepresentation and a total disrespect to the likes of those that want to put food on the table of their family members. Then you have representation of individuals from particular Council districts who speak about folks who have been advocating in the community for more than 20 years and then to turn around and say that they work for the individuals. They're trying to say, hey look, I want to get jobs in my community but you're going to tell me I'm being paid by somebody.

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2 Let me tell you something, if I was
3 being paid by them, my phone bill would be paid
4 right now. So let's just be really clear about
5 that because quite frankly when I stand in East
6 New York, when I stand in Brownsville and you
7 stand with me, there is no issue with regards to
8 who's paying me when we're standing there talking
9 to a family that just got a loved one killed.

10 So let's not get it twisted in any
11 shape, form or fashion. This is about jobs. This
12 is about the survival of the people in our
13 community. We're got to stop this political
14 brouhaha. Your 15 minutes of fame is up. It's
15 time for us to do business and get people to work
16 in New York.

17 CHARLES FISHER: First of all, I
18 want to thank the City Council for allowing me the
19 opportunity to be here. I'm just going to comment
20 on a few notes and then I have a statement that
21 you asked me to come here.

22 The professor, like one City
23 Council member said, I'm going to go to Walmart
24 and get him a light. I couldn't see the guy. If
25 I didn't know better, I would think he was in the

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2 witness protection program. If you're going to
3 put somebody up there to give up all this
4 testimony and he's the authority, please, can we
5 see the guy? Can we know who he is? What is his
6 track record? What are his credentials? Because
7 you guys are relying on that, and I respect you
8 guys a whole lot. So I want to know who the
9 professor is.

10 Second of all, this is like a
11 court. If we're going to hold court, you guys are
12 good enough, crafty enough and smart enough, let's
13 get the defendant in the house. There is no
14 defendant here. What are we doing? No, they
15 didn't want to come, I understand all that. But
16 what I'm saying is that you guys are crafty enough
17 to get them here. Work it out, whatever you're
18 going to do. Don't make this look like a kangaroo
19 court because you're wasting the people's time.
20 They're not responding and you guys are here. So
21 I'm just saying respectfully, do that.

22 Now the Councilman here, Halloran,
23 he did his homework. I want to see you guys do
24 your homework. This is what I'm saying. You guys
25 are so intelligent and we hired you. I went to

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2 Bentonville and spent three days there, myself and
3 my son. Paid his way and they paid our way
4 because we split it. I met with Bill Simon, the
5 president. I met with ever CEO and executive at
6 Walmart. Why? Because I like to keep it real
7 with my community, I like to know what I'm talking
8 about. I'm not going to get up here and
9 grandstand and I haven't heard from the other
10 side.

11 So you guys, if you haven't been to
12 Bentonville to meet the real people, I advise you
13 to do a fact-finding mission. Go to Bentonville;
14 meet the other side so that when you come here
15 before the people, you have all the facts. You
16 guys are brilliant, you're intelligent, I know
17 what you want to do and I respect you for that.

18 All I'm saying is to hear both
19 sides and don't make this look like the Spanish
20 Inquisition. Please. That's all I'm saying.

21 CHAIRPERSON REYNA: Thank you.

22 CHARLES FISHER: Councilman Barron,
23 I love you. I respect you a lot.

24 CHAIRPERSON REYNA: Thank you, sir.

25 CHARLES FISHER: I'm glad that you

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2 finally got City Council on your side for a
3 purpose.

4 CHAIRPERSON REYNA: Sir?

5 CHARLES FISHER: Yes.

6 CHAIRPERSON REYNA: Thank you.

7 Next. Yes, thank you.

8 CHARLES FISHER: Oh, but they
9 didn't have a time limit for the last group.

10 CHAIRPERSON REYNA: I'm trying to
11 allow for every person on your panel to say their
12 testimony. Thank you.

13 EDUARDO GIRALDO: Well, I would
14 like to say that who are the killers of small
15 business owners in New York City? We have a whole
16 bunch of companies that kill the small businesses.
17 I've got Duane Reed, Costco, Target, CVS, RiteAid,
18 Walgreens, T.J. Maxx, and Staples. These stores,
19 they kill the small business. Staples finished
20 all of our local people who sell things for school
21 and businesses, and CVS, all the local pharmacies.

22 Now we have in New York, we're
23 suffering, the small business owners, we are
24 suffering. We have laws like Local 129. You have
25 a law in the City Council that's called the Small

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2 Business Survival Act, laws that protect small
3 businesses, laws that we need for small
4 businesses. But Walmart and all these big stores,
5 they're in a different league. If Walmart wants
6 to come to New York and compete, let it compete
7 with the Costco, let it compete with the Target,
8 who is the cheapest. But I know one thing, the
9 small businesses of New York, they know how to
10 sell and they will compete with them because we in
11 New York we are survivors.

12 We have this city with our Consumer
13 Affairs, the DOT, the Buildings Department, the
14 Fire Department, Sanitation; they're giving fines
15 to small businesses like no tomorrow. They're
16 making that a business. So what we need here
17 really is to listen to small business and save
18 them.

19 The Small Business Act, who is
20 driving the small business out of New York? The
21 higher rents. What is the City Council doing
22 about the higher rents? They're not doing
23 anything about it. You have a law in your hands
24 and you don't want to take it to the next step.
25 Local 129, Comptroller Liu came out with a report

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2 that less than 2 percent of small businesses is
3 getting businesses. We need to increase that.

4 So Walmart maybe is not fair to us
5 in a lot of senses, but if it's going to compete
6 with the Target, with the Costco, let it be. This
7 is America. It is a free enterprise. We're in
8 New York City, the capital of the world. We have
9 to get better. We've got to embrace technology.

10 CHAIRPERSON REYNA: Thank you.

11 EDUARDO GIRALDO: Thank you.

12 RANDY FISHER: Basically, the
13 Walmart 2 NYC Campaign has been running a
14 grassroots campaign for the last six, seven
15 months. They are going around to doors, knocking
16 on people's doors, asking them what they want,
17 asking them what they believe in. I believe we've
18 got how many petitions here. We've got about
19 30,000 signed signatures of people that want
20 Walmart in the urban community, in the hood.

21 I mean, the community wants
22 Walmart. This is like we've got to really get
23 some community members up here to speak and say
24 what they really feel. I'm not knocking the
25 process of the system but for it to take about

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2 three hours just for people to come up and then,
3 you know, the community speaks and then the time
4 limits starts. There seems to be something a
5 little bit misconstrued about that whole process.

6 I mean, we're not here to bicker or
7 fight. We met with Walmart on numerous occasions.
8 The campaign speaks for itself. Crain's Magazine,
9 all of the people that have reported on the
10 campaign, they know what it's about. We're just
11 looking for a solution. If we have to come
12 together to find a solution, let's do it, but
13 let's not just keep attacking each other.

14 Of course we have the statement
15 here that we wanted to present. I don't even
16 think you all are going to give us enough time to
17 present the statement. This is really seeming
18 like I don't know what's going on. I'd like to
19 thank Ms. Santiago for inviting me here but she
20 really didn't let me know what I was getting into.

21 So this is a word from the hood,
22 from the people for real, and let's really just
23 consider this as we move forward, because people
24 on the outside looking in are looking at how we
25 conduct ourselves.

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CHAIRPERSON REYNA: Thank you, sir.

Do you have a written--

RANDY FISHER: [interposing] Oh yeah, oh yeah, we're not being paid by Walmart, by the way. Let that be on record.

CHAIRPERSON REYNA: Do you have written testimony?

RANDY FISHER: Yes, we do.

CHAIRPERSON REYNA: Did you share it with the sergeant-at-arms?

[Pause]

CHAIRPERSON REYNA: Anybody else? I was hoping that was the case.

CHARLES FISHER: Thank you, Council lady. Good afternoon. My name is Charles Fisher and I'm the Founder and Chairman of the Hip-Hop Summit Youth Council.

I'm here today because I love New York City and I'm concerned about our children, the economy, our schools, day care centers, the formerly incarcerated, and also gun and gang violence prevention. I'm tired of all the controversy about Walmart. I respect small businesses, City Council Members, unions and

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2 Walmart. It is possible that each of you is right
3 because there is more than one way to skin a cat.

4 Unlike the unrest in Egypt, we do
5 live in a democratic society where the Needs of
6 many outweigh those of a few. As a small business
7 owner I know that can't compete with Walmart, but
8 that does not mean that they would not be a good
9 fit for the majority of New Yorkers.

10 If we are concerned about the
11 people then we must let them have the final vote
12 in this matter. Put it on the ballot if you must,
13 but 51 members should take a look at history and
14 be careful about how they represent the true will
15 of the people.

16 We live in a democratic society
17 where everyone is treated equal. February is
18 Black History Month, a time in which we highlight
19 the history of African-Americans, as well as
20 reflect upon the injustices and unfair policies
21 that divided this nation for centuries.

22 What I would suggest to City
23 Council, the unions and small businesses that
24 don't want a Walmart in New York City is to be
25 fair across the board and have one policy. If

1
2 Walmart can't come into our City, then we should
3 ask Target, Sears, K-mart, Costco and all the
4 other big box stores with or without a union to
5 also go. We can't be prejudice toward any one
6 group because that would be un-American.

7 If we get rid of all the big box
8 stores, that would be a greater victory for small
9 businesses. I support the small business owner.
10 But if we are going to be fair, all big box stores
11 have to go, and no new stores can come into New
12 York City.

13 In addition, the ones that are here
14 now have to give more back to our communities
15 because of budget cuts and our economy. We have a
16 lot of problems that need to be solved in this
17 country and I would rather see my City Council men
18 and women focused on the impact the budget cuts
19 will have on our youth, public safety, education
20 and the economy in disadvantaged communities than
21 spending time deciding on where we should shop in
22 a free and democratic society.

23 After extensive research on
24 Walmart, we launched the Walmart 2 NYC Campaign.
25 The purpose of the campaign is to produce a

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2 petition with a minimum of 100,000 New York City
3 residents. The potential benefits of bringing
4 Walmart Stores to New York City are the following:
5 job opportunities; minority contracts; affordable
6 goods and services; support for youth, seniors and
7 social programs that help reduce crime and provide
8 education; scholarships and grants for students;
9 support for re-entry initiatives for those under
10 criminal justice supervision; an increase in sales
11 and payroll tax revenue which can improve city
12 services; and finally a support for a citywide
13 movement to make this a better city.

14 In conclusion: unemployment,
15 layoffs, day care center and school closings are a
16 priority right now. Crime is up in our city with
17 61 more murders in 2010 versus 2009. In New York
18 City more than 55,000 men and women are released
19 from our city's jails each year and another 15,000
20 return to the city from state prison. What are we
21 doing to provide jobs, opportunities and services
22 to this population to ensure public safety and a
23 reduction of recidivism?

24 Let's stop the fighting and let
25 Walmart in or kick everyone out. Racism,

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2 classicism, sexism and prejudice come in all
3 forms, but have no place in the greatest city on
4 earth. To paraphrase Dr. King, "we must judge
5 individuals by the content of their character and
6 not the color of their skin". This is not Nazi
7 Germany and to discriminate against Walmart or any
8 other legitimate business has no place in the U.S.

9 No matter what we do, let's be fair
10 to everyone because that is what the greatest
11 country on this planet is all about, equality and
12 justice for all. Thank you, City Council.

13 CHAIRPERSON REYNA: Thank you, Mr.
14 Fisher. Is there anyone else on your panel that
15 has a statement?

16 CHARLES FISHER: We're good. Thank
17 you.

18 CHAIRPERSON REYNA: Thank you. I
19 have a list of Council Members. Council Member
20 Koslowitz, followed by Council Member Williams.

21 CHAIRPERSON KOSLOWITZ: Thank you.
22 First of all, I want to say to you that we asked
23 Walmart not once, not twice, not three times, to
24 come to this hearing. My feeling is if they have
25 nothing to hide, why weren't they here? Why

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2 couldn't they speak on the record? You're here.
3 You're talking pro-Walmart. Why couldn't Walmart
4 come here and talk about themselves?

5 Walmart is going after the poor
6 neighborhoods now to put Walmarts in their
7 neighborhood. Well, the first Walmart that they
8 wanted to put in New York City was in the 1990s
9 when I served with Council Member Priscilla
10 Wooten, who was a dear friend of mine.

11 They wanted to come into Rego Park
12 which certainly is not a food desert. Now, they
13 couldn't get in at that time. Everybody was
14 against them. Now they changed their strategy and
15 now want to come into the poorer neighborhoods,
16 the food deserts.

17 I don't understand this. I don't
18 understand it at all. They're not upfront. If
19 they had something to say this is an open meeting.
20 You are talking. You are pro-Walmart. Why could
21 they not be here and speak for themselves?

22 CHARLES FISHER: So there's a
23 problem there. So why don't you let the community
24 decide that problem? Why don't you allow the
25 community to set up the forum? Because,

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2 obviously, there are some differences between the
3 City Council members and Walmart, you guys are not
4 getting along. So you guys need a mediator. So
5 allow the community to mediate, all right, a
6 mutual meeting so that we can get to the bottom of
7 the issues.

8 I'm only pro-Walmart because I was
9 there personally and saw firsthand. I understand
10 your argument and it doesn't look good. I'm here,
11 but I want to mediate, all right, a settlement of
12 the difference of opinion so that we can get
13 Walmart in here, but under terms that are fair to
14 everybody.

15 CHAIRPERSON KOSLOWITZ: One more
16 thing to say. I think if you ask Council Member
17 Halloran if he wanted a Walmart in his district, I
18 think he would have a different opinion.

19 CHARLES FISHER: Okay, but he did
20 his homework.

21 EDUARDO GIRALDO: Just to add on
22 what you're saying. Where we had they Walmart,
23 they wanted to have the Walmart in Rego Park, now
24 we've got Target, we've got Costco and we've got
25 Kohl's and we've got all these retailers. What's

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2 happening to Queens Boulevard? A lot of the
3 stores they're closing there. Not because of
4 Walmart, it's because of big stores. Big stores
5 are a big problem for the small businesses.

6 CHAIRPERSON KOSLOWITZ: It's not
7 because of the big stores; it's because of the big
8 rents. That's the reason. Yes, there are stores
9 closing on Queens Boulevard. I don't want to see
10 any more stores close on Queens Boulevard, Austin
11 Street or any other neighborhood throughout our
12 city.

13 EDUARDO GIRALDO: Those stores
14 opened up last year. Costco opened right there
15 last year. So, all these local resident, they're
16 going to Costco, they're going to Target, they're
17 going to Kohl's, and I don't blame them.

18 We had a problem with the Queens
19 Mall. They're saying that they pay low wages and
20 a lot of people protest it, but what happened to
21 Queens Mall? They bundle up, they do all these
22 discounts for small businesses. What happened,
23 consumers want to save money, we're in hard
24 economic times and they go there. So they have
25 the consumer win. If they need to buy at better

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2 prices at the big box, let the big boxes compete.
3 If they had them all in here, let them move out,
4 but let's benefit the people of New York.

5 The small businesses, we're
6 suffering because we're paying the higher rents
7 because technology is changing and because people,
8 the way to do business is going to change from
9 this time on.

10 CHAIRPERSON REYNA: Council Member
11 Williams?

12 COUNCIL MEMBER WILLIAMS: Thank you
13 very much. First, even though I disagree with
14 your side, I just want to applaud the work you're
15 doing, particularly with young black men. I'm a
16 black man. At least for another two years, I
17 think I consider myself young. So I understand
18 the problems that are going on.

19 I do differ slightly. One, I want
20 to clarify my statement earlier. I hope people
21 understood my garbage statement. I was saying
22 that the products may not be garbage, but if you
23 are hungry, it doesn't mean that you have to
24 accept garbage nor should you. I think especially
25 that's true if you have billions and billions of

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2 dollars and can offer some nice bread with some
3 jam and things of that nature.

4 If you need a job, it doesn't mean
5 that you should accept any job. I have a problem
6 with that. The queen said let them eat cake.
7 When the slaves were freed, Thaddeus Stevens
8 offered one acre and a mule. I don't know because
9 someone offers something that it's the best for
10 our community. We've been struggling for a very
11 long time and we do need these things. But I
12 think we need to work together to demand that they
13 offer us what we deserve, not what we think we'll
14 take because we need these things. That's the
15 issue that I have.

16 As well as the comparison with the
17 box stores you spoke about, we cannot begin to
18 compare Target and all of those stores with
19 Walmart. If you combine all of their profits,
20 they will not equal Walmart.

21 As I said before, if I came to the
22 neighborhood and said I'm going to build
23 something, you might be a little concerned. If
24 Donald Trump said he was going to come and build
25 something, you should be super duper concerned

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2 because the resources that we both can bring and
3 the damage that we do to every building--

4 CHAIRPERSON REYNA: [interposing]
5 Your question, Council Member.

6 COUNCIL MEMBER WILLIAMS: --is much
7 different. I don't have a question. Thank you
8 very much.

9 CHAIRPERSON REYNA: Thank you.
10 Council Member Sanders, followed by Council Member
11 Barron and then Greenfield.

12 COUNCIL MEMBER SANDERS: Thank you,
13 Madame Chair. Good to see you all. I look
14 forward to seeing you back on the ground when
15 we're back there.

16 I just want to point out, my
17 brother you had spoke of Local Law 129. I know a
18 little bit about it. I am the author. The
19 purpose of the Local Law, of course, was minority
20 and women-owned procurement. The city's budget,
21 of course, that we spend on business is \$16
22 billion. Out of that \$16 billion, the communities
23 of color and women, which make up 80 percent of
24 this city, is getting 2.4 percent. You'd do
25 better in apartheid South Africa.

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2 I did just want to point that out
3 and say that there are difficulties. Whatever
4 people promise, there are difficulties in getting
5 them to deliver on their promises, as shown by New
6 York City. It's rough. I'll see you all back on
7 the ground and we'll talk some more there.

8 EDUARDO GIRALDO: How the boxes are
9 these guys, for instance the pharmacy stores, the
10 chains, the CVS, the RiteAids, they're mega
11 monster stores and their in the neighborhoods,
12 right in the middle, killing all the small
13 pharmacies, and all the small retailers because
14 they have the power of bundling up. So it's not
15 just by one big, big store, but it's also
16 different sizes that are right in our
17 neighborhoods.

18 CHAIRPERSON REYNA: Thank you.
19 Council Member Sanders.

20 COUNCIL MEMBER BARRON: He's
21 finished.

22 CHAIRPERSON REYNA: Oh, I
23 apologize.

24 COUNCIL MEMBER SANDERS: Well, if
25 you're giving me another chance. No, Madame

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Chair, I will respect you all. Go ahead.

CHAIRPERSON REYNA: Thank you.

Council Member Barron?

COUNCIL MEMBER BARRON: Thank you very much. I want to direct my remarks just to the Fisher Brothers. The reason being because I think you're sincere. I think you're honest and I think you want the same thing I want. I don't think you would ever sell out our community. So I want to just direct my comments just to the two of you.

CHARLES FISHER: Thank you, Councilman.

COUNCIL MEMBER BARRON: I love and respect you two and I know the work that you do. But just as you said, you went all the way to Arkansas, wherever they traveled and had the stakeholders meeting. We got a list of all the people who were there. You went through that extent to find out what Walmart was about. Do the same for me.

I'm only asking you the same respect. The respect that you gave to Walmart to find out all of that information and don't find

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2 out what's happening in East New York or what's
3 happening in that spot about the project. When I
4 finish here, I'd like to set up a meeting with the
5 both of you. Others I think have other agendas.
6 The reason why I want to focus on the two of you
7 because I know you're real people.

8 If we sat down, I will guarantee
9 you that after seeing the project that we have
10 coming into that same spot where it has nothing to
11 do--Walmart cannot decide whether they're going to
12 be in that spot or not. It's going to be Related,
13 the developers. I'm telling you, we're going to
14 secure 8,700 jobs and you can even be a part of
15 that. Walmart is not going to come near that.
16 There are other people that won't even talk to us
17 about it because if they heard about it, they may
18 not be for Walmart.

19 So you heard enough about Walmart
20 and the reasons why we don't like Walmart. But I
21 have even a better deal, the reason why if we sit
22 down and talk about development, because of the
23 way you came off and I can see, you know how we do
24 in the hood, we can feel each other. You can see
25 it in the eyes. Anybody can write and say

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2 anything. But I think that you're real people, so
3 I just want to say that and only that.

4 Give me a chance to show you how
5 wrong you are about Walmart and how right we are
6 about this project, for that area in East New York
7 in particular. I would be looking forward to that
8 kind of meeting.

9 CHARLES FISHER: I would just like
10 to ask you one thing because like I said, I'm glad
11 to see City Council finally supporting you. Not
12 matter what the end of the day is, you've had so
13 many issues that was on the right and you're out
14 there for the people. People love you.

15 COUNCIL MEMBER BARRON: Right.

16 CHARLES FISHER: I'm upset that
17 we're on the same side right now, because you're
18 the guy that I would go get if I had to fight with
19 the bear.

20 COUNCIL MEMBER BARRON: Right.

21 CHARLES FISHER: Okay, but like my
22 base is in Queens. Born in Brooklyn, I'm in
23 Brooklyn. But if you don't want Walmart in
24 Brooklyn, we'll take them in Queens.

25 COUNCIL MEMBER BARRON: Well, we

1
2 don't want them in the city period, but I want to
3 have a chance to sit down and talk to you about
4 that.

5 I want to say this about the City
6 Council. You're right, I'm out there by myself a
7 lot, but it's the same City Council that made me
8 the number one City Council Member in building
9 affordable housing in my district, through this
10 City Council. It is through this City Council
11 also that I am the number one in renovating parks
12 in my district and also getting scholarships to
13 CUNY students and a black male initiative, \$2.5
14 million every year. So there's a lot that did
15 happen. That's why I engaged in electoral
16 politics.

17 I want to talk to you about issues
18 even beyond that. We are a community in crisis,
19 serious crisis. And even beyond this issue here
20 because I respect that you come out here and
21 taking a stance, whether we agree or not, you're
22 fighting for our people and I respect that.

23 CHAIRPERSON REYNA: Thank you,
24 Council Member Barron.

25 CHARLES FISHER: Thank you, Council

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Member. Thank you.

CHAIRPERSON REYNA: Council Member
Greenfield?

COUNCIL MEMBER GREENFIELD: Thank
you, Madame Chair. I want to address a few things
that you said and I also want to ask you some
questions. The first thing I would say is that
the Council is here. The fact that you're
testifying means that we are open to hear both
sides. I for one, and I can assure you that all
of my colleagues here, in fact the purpose of this
hearing is really to get to the bottom of all
this.

I think it's not helpful to come in
and to compare what we're doing to Nazi Germany or
to the Spanish Inquisition. I can assure you, as
someone who represents a community that has the
largest amount of Holocaust survivors and the
largest amount of relatives from the Spanish
Inquisition, it's not comparable. So I don't
think that's fair. Let's try to have an honest,
intellectual conversation.

So, to that end, I'm just trying to
understand, and let me start with you. Sir, I

1
2 didn't catch your name. I don't know if you
3 worked for Priscilla Wooten. What was your name,
4 sir?

5 EDUARDO GIRALDO: Eduardo Giraldo.

6 COUNCIL MEMBER GREENFIELD:

7 Eduardo. Here's what I'm trying to understand.
8 You're coming in here and you're saying that small
9 businesses are shutting down all over the place
10 but you support Walmart?

11 EDUARDO GIRALDO: We're not
12 supporting Walmart. This is free enterprise and I
13 think people have--let the people decide want, not
14 us. But what we support is changes for the small
15 businesses, like I say, the Local 129 that is not
16 happening. The Small Business Survival Act is not
17 happening. The problems that we have with street
18 vendors are--it's not happening. The law
19 enforcement the city is doing all--

20 COUNCIL MEMBER GREENFIELD:

21 [interposing] I'm just trying, because this
22 hearing is on Walmart today. So are you
23 supporting Walmart or are you not support Walmart,
24 Eduardo?

25 EDUARDO GIRALDO: We're supporting

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free enterprise.

COUNCIL MEMBER GREENFIELD: So you support Walmart?

EDUARDO GIRALDO: Yeah, if that's--

COUNCIL MEMBER GREENFIELD:
[interposing] Even though, so you're concerned about small businesses closing but you're still supporting Walmart, right, because you were complaining. And by the way, I share your concern. When I grew up, I grew up in Midwood, and right down the block from me was a local pharmacy, until one of the big pharmacies came and the guy was out of business in three months.

So I share those concerns. I'm just trying to understand what your position is. On the one hand you say you're concerned about small businesses but on the other hand you support Walmart. I mean, which one is it?

EDUARDO GIRALDO: Well, Walmart is not competition for small businesses. Walmart is competition for the big businesses that we have, the big boxes. The small business, they're being affected by a lot of factors. We cannot compete with Walmart. When you see a business like

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2 Walmart and you see a small business, we're not
3 competing. They will kill us. But we've got to
4 think in the respect of the other business that we
5 have that nobody talks about it, the Targets, the
6 Costco--

7 COUNCIL MEMBER GREENFIELD:

8 [interposing] Eduardo, I'm being honest, I still
9 don't understand your position, but I want to move
10 on because there are a lot of people here. I want
11 to turn to Charles Fisher, just a quick question
12 for you as well, a similar question.

13 As a small business owner, I know
14 that I can't compete with Walmart, that's what you
15 said. So you're supporting Walmart or you're not
16 supporting Walmart? Are you not concerned as a
17 small business? We had some testimony here that a
18 lot of minority-owned businesses go out of
19 business. Are you concerned or are you not
20 concerned? I just want some clarity.

21 CHARLES FISHER: I support Walmart
22 100 percent, because the needs of the many
23 outweigh those of the few. You know, it's not
24 about me, it's about the people. Low goods on
25 services, all right, can't be beat. A lot of

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people can't afford--

COUNCIL MEMBER GREENFIELD:

[interposing] So you're not worried about going out of business yourself?

CHARLES FISHER: No, because I'm creative. I'm not going to let Walmart like take me out of business. It doesn't go down like that.

COUNCIL MEMBER GREENFIELD: Final question. You said you went to Bentonville, Arkansas?

CHARLES FISHER: Definitely.

COUNCIL MEMBER GREENFIELD: Who paid for that trip?

CHARLES FISHER: They paid for it.

COUNCIL MEMBER GREENFIELD: Walmart paid for the trip.

CHARLES FISHER: For me, but for my son, he paid himself.

COUNCIL MEMBER GREENFIELD: Okay.

CHARLES FISHER: Because we wanted to make sure that when you asked that question we'd be able to say that it was a 50/50 deal.

COUNCIL MEMBER GREENFIELD: Split the costs.

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2 CHARLES FISHER: Yes, we had to
3 split it to be fair.

4 COUNCIL MEMBER GREENFIELD: All
5 right. How was Arkansas?

6 CHARLES FISHER: It's beautiful.
7 We met Bill Simon, the president. We met every
8 executive at Walmart. We drilled them day and
9 night. Why? Because when we come back to the
10 hood, if we ain't keeping it real, we might wind
11 up in a body bag.

12 COUNCIL MEMBER GREENFIELD: Did you
13 notice when you got off the plane in Arkansas, did
14 it look a little different than New York City?

15 CHARLES FISHER: Oh, it looked
16 definitely different, definitely.

17 COUNCIL MEMBER GREENFIELD: Thank
18 you, very much.

19 RANDY FISHER: When we were there,
20 they had a lot of senior vice presidents that
21 happened to be minority women. They had a whole
22 section called Walmart Moms dedicated to Latino
23 mothers and people of Latino descent. So they are
24 very diverse and they have a lot more women and
25 minorities in power than you think. That's why

1
2 the EAC and the stakeholder summit was very
3 important. We do represent the hood.

4 COUNCIL MEMBER GREENFIELD: Have
5 they given you specific assurances about what they
6 would do if they were to come into your
7 neighborhood?

8 CHARLES FISHER: Specific.

9 COUNCIL MEMBER GREENFIELD: What
10 did they say?

11 CHARLES FISHER: Definitely
12 recidivism. Employees would be able to move on to
13 higher education that Walmart would pay for it.
14 That's important. You might have this low level
15 entry job but if they're going to pay for you to
16 go to college, come on, man.

17 COUNCIL MEMBER GREENFIELD: Do you
18 have this in writing, Mr. Fisher?

19 CHARLES FISHER: I'll get it in
20 writing if you want it.

21 COUNCIL MEMBER GREENFIELD: No, for
22 your own purposes, I just want to suggest that you
23 might want to get it in writing.

24 CHARLES FISHER: You know what, I'm
25 working on that. But if Walmart comes into my

1
2 community and they lied to me, they won't be here
3 very long. Believe that. Believe that. All
4 right? They'll be running out of New York City.
5 All right? I'm talking about some cats that did
6 25 years. You promise them a job and don't give
7 it to them? Oh you believe that.

8 CHAIRPERSON REYNA: Thank you, Mr.
9 Fisher. Thank you, Mr. Greenfield. I'd like to
10 thank this panel. If you have no other comments,
11 I just wanted to thank you for your due diligence
12 in attending this particular hearing, coming
13 before us and mobilizing, as Council Member Barron
14 has said, taking a stand. I know that others in
15 the executive world who support Walmart wouldn't
16 even want to testify here, feeling that they could
17 not state their positions. So I do appreciate
18 your attendance.

19 TONY HERBERT: A final comment,
20 Council Member, and respecting you highly for the
21 work that you do in the Bushwick area, coupled
22 with a number of people like Tish James and a
23 couple of others, Member Koslowitz, yes, I recall
24 working here with Council Member Wooten.

25 Let me just say this. You know I

1
2 have no disrespect for any Council Member up here,
3 nor do I anticipate having that disrespect. But I
4 want to say that we as a community are suffering,
5 and it was stated by this Council Member. Yes,
6 we're suffering. No matter where the voice comes,
7 it makes no difference as long as somebody has the
8 effect to make it happen and get the word out and
9 get the message out that we need help in our
10 communities.

11 So Charles, I'll work with you any
12 day, anywhere. You know what I'm saying? I don't
13 need a dime from anybody to do it because I don't
14 ask nobody for anything. But I'll say this to you
15 directly: we need jobs in our community. We need
16 people that are going to be real. I'm going to
17 say this, quite frankly, for those that can't sell
18 it, then they need to get out of the way. The
19 bottom line is we need jobs now for our community
20 and we need people to survive. That's what this
21 is all about and there is no other agenda.

22 CHAIRPERSON REYNA: Thank you.

23 CHARLES FISHER: Thank you.

24 CHAIRPERSON REYNA: I'd like to
25 call the next panel. Assemblywoman Inez Barron is

1 here to testify. We have no other elected
2 officials present. So I'd like to ask the
3 Assemblywoman to come and join us. To follow will
4 be a panel consisting of Andy Sullivan, Robert
5 Spencer, and Pam Atla [phonetic]. That will be
6 the next panel following Assemblywoman Inez
7 Barron. Thank you.

8 [Pause]

9 HON. INEZ BARRON: Good afternoon.
10 It's a pleasure and an honor to be here to be able
11 to get on the record my position regarding
12 Walmart. I want to thank the chair and all the
13 members and all the City Council Members who are
14 here to engage the public on such an important
15 topic.

16 Walmart touts itself as having low
17 prices. But I ask the question, low prices at
18 what cost? When we look at the economic cost, it
19 would be increased costs to state and local
20 governments who would have to under gird the needs
21 of those families that work at Walmart because
22 they're working part time and getting low wages.

23 When we look at the cost that we
24 would bear because of a company that has a history
25

1
2 of gender inequity, it would be a message to our
3 women that they are not equal to the men.

4 When we look at the cost of what it
5 is to our social environments, it would be a
6 destruction of local community and local
7 businesses.

8 When we look at the cost to the
9 environment, it would be a significant increase in
10 the number of toxins that are released and
11 particulate matter that is released by the truck
12 traffic and car traffic that would be increased
13 for traffic going to Walmart.

14 So I say that the cost for low
15 prices is much too high for our people. As we
16 look at the job losses, the information that we
17 have received says at best it's a wash. There is
18 no increased number in jobs. At worst, for every
19 two jobs, we lose three.

20 When we look at the poverty wages
21 that are paid to the workers, the city and the
22 state have to absorb those costs because we have
23 what's called the working poor. People who are
24 working but don't have an income to sustain
25 themselves because they're not making a living

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wage.

When we look at the cost to the community businesses, it's a loss in those small businesses because Walmart does not use local suppliers and distributors.

When we look at the environment costs, there's an increase in the greenhouse gas emissions, which talks about an increase in the conditions of climate that we know are a factor from disturbing the environment and putting those pollutants into the air. We've been charged with protecting our environment and trying to improve our environment.

It would also be a great cost of congestion. The traffic has been estimated to be an increase of 30,000 cars going to Walmart. That's per week. The local streets are already suffering. If you come in my community, we have valleys that you're going over because of the heavy traffic on avenues such as Atlantic Avenue, Pennsylvania Avenue, Linden Boulevard. We would be talking about increased traffic because the trucks cannot take the Belt Parkway. So they're going to be coming on the local streets.

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2 We are not able to just get our
3 streets repaved. The under girding, the
4 underground East New York community has lots of
5 water, river valleys underneath there, little
6 streams rather. They require that the streets be
7 retrenched and the city is very slow in
8 retrenching streets. So you'd be talking about
9 infrastructure damage because of the heavy
10 traffic.

11 As well as: projections of
12 increased accidents because of the heavy traffic.
13 We're talking about a community that is already a
14 large saturated community because we have Starrett
15 Spring Creek Community right there, the largest
16 federally funding housing development in the
17 nation. So we'd be talking about an increase in
18 the number of accidents.

19 As well as the destruction of the
20 quality of life, and someone pointed out to me
21 that although Walmart talks about low prices,
22 there's a great inconvenience for the senior
23 citizen who can go around the corner and get her
24 quart of milk who now will not have that access to
25 that store because that store has been closed. So

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2 it destroys the local community. There's a loss
3 of community consciousness and a loss of
4 convenience.

5 The local distributors, of which
6 there's one major local distributor in the
7 community that already supplies much of the local
8 supermarkets that would probably be forced out.

9 In terms of gender discrimination,
10 Walmart has an abominable labor record. Hundreds
11 of thousands of allegations for instances that
12 reflect a policy and practice that discriminate
13 against women in their pay and promotion are
14 presently being litigated.

15 We as a city and as a state are
16 talking making sure that we have programs that
17 advance our desire to see an increase in women and
18 minority-owned businesses.

19 It's unfortunate, as has been said
20 oftentimes here today, that Walmart chose not to
21 participate but that they are seeking to use their
22 limitless financial resources to blitz the TV, the
23 radio and direct mailing to sway public opinion in
24 their favor.

25 I'm especially concerned about

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2 Walmart because just as they're circumventing the
3 City Council, they seem to be circumventing local
4 and state governments by trying to get sites that
5 have as-of-right. There is much talk that Walmart
6 would like to come into the East New York gateway
7 community. That's an as-of-right site. That may
8 be why they're looking to target that.

9 But gateway community, as has been
10 planned, as the Councilman has referred to, is a
11 plan that we were developing with Related. In
12 discussions with Related, we made it very clear
13 that yes, Gateway One already exists and has
14 several large stores. We are already saturated.

15 We're not looking to have another
16 large store come in and Related was very clear
17 about that in discussions that we had with them,
18 and agreed that that would not be the case but
19 that they would partner with small businesses.

20 It would be a town plaza. There is
21 a school that's going to be built. There are open
22 areas that are going to be included in the Gateway
23 residential area.

24 The plan that Related is talking
25 about does include, as the Councilman has said,

1
2 Councilman Barron, 7,000 jobs. So the jobs are
3 already a part of the plan without Walmart being
4 that anchor tenant.

5 So I'm appealing to you to continue
6 to do the diligent work that you're doing. I'm
7 also sending a message to Related that I hope that
8 as they expand their other interests around the
9 state and the city that they can count on me to be
10 able to say that they are a partner that sticks to
11 their word. Thank you.

12 CHAIRPERSON REYNA: Thank you so
13 much, Assemblywoman Barron. I do have to thank
14 you for your eloquence. Your remarks were very
15 detailed in understanding the positions that have
16 led you to today, having represented this site
17 that is much in discussion as to a possibility.
18 In having conducted your due diligence during what
19 was an environmental impact study. The fact that
20 Related, in your discussions with them, had never
21 taken into consideration an increase in pedestrian
22 flow, truck traffic additions or any other
23 variable that would have skewed the impact study
24 given the opportunity to expand an additional big
25 box store such as Walmart.

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2 I'd like to call upon Council
3 Member Koslowitz, and to follow, Council Member
4 Weprin and Council Member Greenfield.

5 CHAIRPERSON KOSLOWITZ: I'm just
6 going to say ditto what my colleague said. Thank
7 you so much for your testimony because you brought
8 up some really good new issues. Thank you.

9 HON. INEZ BARRON: Thank you.

10 COUNCIL MEMBER WEPRIN: Assembly
11 Member Barron, it's very good to see you.

12 HON. INEZ BARRON: Yes.

13 COUNCIL MEMBER WEPRIN: I could
14 only imagine one other Council Member who is more
15 fond of you than I am. It is good to see you.

16 HON. INEZ BARRON: You as well.

17 COUNCIL MEMBER WEPRIN: I was
18 curious, have you gotten a lot of calls in your
19 district office about the Walmart and what have
20 those calls been? What side that they taken and
21 in what number?

22 HON. INEZ BARRON: The interaction
23 that I've had with my community has been more
24 direct and face to face than through the internet
25 or through coming into the office. What has

1
2 happened is that Walmart has dangled jobs that
3 were jobs before people. It has unduly and
4 inaccurately presented the Walmart structure to
5 the community.

6 So when you just say jobs and when
7 you don't refer to the type of jobs or the lack of
8 benefits or the inability to be able to sustain
9 your family but still have to rely on city and
10 state aid, people don't understand the impact.

11 But as I talk to people
12 individually and tell them we already have a plan
13 which will bring jobs and that plan does not
14 include Walmart, then they understand and are not
15 in favor of Walmart when they understand the
16 totality of what the Gateway Estates program is
17 about.

18 COUNCIL MEMBER WEPRIN: I'm just
19 curious though, so what you're saying is you've
20 been getting some calls but you think they have
21 been generated by the advertising campaign more
22 than anything else. Is that what you're saying?

23 HON. INEZ BARRON: Perhaps.
24 Perhaps.

25 COUNCIL MEMBER WEPRIN: But you

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2 have been getting a number of calls of people
3 mostly--

4 HON. INEZ BARRON: [interposing]
5 Not a number, very few. Very few, but it's mostly
6 been in community contacts, community meetings,
7 face to face interaction that people have brought
8 the topic up and when I've had an opportunity to
9 present the information to them.

10 COUNCIL MEMBER WEPRIN: But only a
11 few who actually called or wrote to the office.

12 HON. INEZ BARRON: Correct,
13 correct.

14 COUNCIL MEMBER WEPRIN: Thank you.
15 It was good to see you again.

16 HON. INEZ BARRON: You too.

17 CHAIRPERSON REYNA: Council Member
18 Greenfield?

19 COUNCIL MEMBER GREENFIELD: Thank
20 you, Madame Chair. I have just a couple of quick
21 questions for you. Walmart, in a letter they
22 wrote to the Council, said one of the reasons
23 they're not testifying today is because we're not
24 doing an inquiry into other big boxes. I imagine
25 that you're probably something of an expert in big

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boxes, considering--

HON. INEZ BARRON: [interposing]

You can imagine that and you imagine incorrectly.

COUNCIL MEMBER GREENFIELD: No, no, I'll tell you why.

HON. INEZ BARRON: Okay.

COUNCIL MEMBER GREENFIELD: I'll tell you why. I'm pretty sure you have a Target at one of the Gateway malls.

HON. INEZ BARRON: Correct.

COUNCIL MEMBER GREENFIELD: So would you mind telling us the difference between the Target and the proposed Walmart from your perspective?

HON. INEZ BARRON: Money. Walmart is the largest retailer in the world. Money: that's the difference.

COUNCIL MEMBER GREENFIELD: So you think the Walmart effect would be worse than the Target effect.

HON. INEZ BARRON: I think it would be compounding a situation that already does not already support workers to be able to get a living wage. So why would we want to compound the

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problem.

COUNCIL MEMBER GREENFIELD: Got it.
The jobs that you're speaking of, and that's very
significant, some 7,000 jobs, and I congratulate--

HON. INEZ BARRON: [interposing]
Party construction and then partly would be for
the retail employment.

COUNCIL MEMBER GREENFIELD: Yes. I
congratulate both of you and the Council Member
who happens to share your last name.

HON. INEZ BARRON: Yes.

COUNCIL MEMBER GREENFIELD: Any
relation to the handsome fellow, by the way?

HON. INEZ BARRON: That's my love
of my life, that's my husband.

COUNCIL MEMBER GREENFIELD: Oh,
there you go. Wow. Charles, afterwards you'll
explain to us how you pulled this one off. But
getting back to the jobs, I do congratulate you.
I think it's a significant achievement obviously
that you have this major project coming into the
neighborhood that's going to bring--

HON. INEZ BARRON: [interposing]
Yes, Gateway II.

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COUNCIL MEMBER GREENFIELD: --
literally thousands of jobs. Are those jobs going to be higher paying than Walmart, or do you think they're going to be comparable? What's sort of your estimate on that?

HON. INEZ BARRON: I think that they will be perhaps comparable but with different and better and improved benefits than what Walmart gives.

COUNCIL MEMBER GREENFIELD: Okay.
So then they would be better jobs, right, I mean--

HON. INEZ BARRON: [interposing]
Yes, overall, in the totality, yes.

COUNCIL MEMBER GREENFIELD: Overall they'd be better. Okay, well, once again, I thank you for taking the time to come out here.

HON. INEZ BARRON: Thank you.

COUNCIL MEMBER GREENFIELD: One final question, it happens to be that Walmart is coming to your neighborhood, right? I mean or at least it's rumored.

HON. INEZ BARRON: No, it's not.

COUNCIL MEMBER GREENFIELD: It's rumored, I'm sorry.

2 HON. INEZ BARRON: It's not.

3 COUNCIL MEMBER GREENFIELD: Fair
4 enough, fair enough, fair enough.

5 HON. INEZ BARRON: You named
6 Council Member Barron and Assemblywoman Barron
7 and--

8 COUNCIL MEMBER GREENFIELD:
9 [interposing] It's rumored.

10 HON. INEZ BARRON: --thousands of
11 people--

12 COUNCIL MEMBER GREENFIELD:
13 [interposing] I take that back.

14 HON. INEZ BARRON: --in other areas
15 all around this city that do not--

16 COUNCIL MEMBER GREENFIELD: They
17 want to come to your neighborhood.

18 HON. INEZ BARRON: That's what I've
19 heard.

20 COUNCIL MEMBER GREENFIELD: Do you
21 object to them just coming to your neighborhood or
22 do you object to them to coming--

23 HON. INEZ BARRON: [interposing] I
24 object to them coming to this city.

25 COUNCIL MEMBER GREENFIELD: Okay.

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2 HON. INEZ BARRON: I object to them
3 coming to New York City and I have said that
4 previously in other press conferences and other
5 settings. I don't think that it brings any
6 benefit to New York City because wherever they go,
7 those same situations that I described in my
8 testimony would exist. So it's not just as it's
9 applicable to the East New York area but to any
10 area throughout the city.

11 COUNCIL MEMBER GREENFIELD: Thank
12 you, Assembly Member.

13 HON. INEZ BARRON: Thank you.

14 COUNCIL MEMBER GREENFIELD: Thanks
15 for coming. Thanks for your patience today.

16 HON. INEZ BARRON: Thank you. It
17 was important for me to stay and give this
18 testimony. Thank you.

19 CHAIRPERSON REYNA: Thank you.
20 Council Member James?

21 COUNCIL MEMBER JAMES:
22 Assemblywoman Barron, I just want to applaud you
23 for your grace under fire, for your eloquence and
24 for your testimony here today--

25 HON. INEZ BARRON: [interposing]

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Thank you.

COUNCIL MEMBER JAMES: --despite the fact that you are married to a certain person.

HON. INEZ BARRON: No, that's because of it. We bounce it off each other, you know.

COUNCIL MEMBER JAMES: You know that I have been there before.

HON. INEZ BARRON: Yes.

COUNCIL MEMBER JAMES: You know that oftentimes they engage in baits and switches and all of the promises that have been made they have not realized and they have not actualized for communities that oftentimes are living in challenging times. During these austere times, I know that they are pulling out all of the tricks. I just want to say to you that you should stand strong, stand true to your principles. You can sleep at night, as I did.

HON. INEZ BARRON: Yes.

COUNCIL MEMBER JAMES: May God continue to bless you and thank you.

HON. INEZ BARRON: Thank you, I appreciate it.

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2 CHAIRPERSON REYNA: And finally,
3 Council Member Barron, for full disclosure.

4 COUNCIL MEMBER BARRON: Thank you.

5 CHAIRPERSON REYNA: Please state
6 who you are.

7 COUNCIL MEMBER BARRON: I must say,
8 with all of the objectivity that I can command
9 that this was the most brilliant testimony of the
10 day.

11 HON. INEZ BARRON: Thank you, sir.

12 COUNCIL MEMBER BARRON: It was
13 profound, intellectual, well researched, it was
14 passionate.

15 FEMALE VOICE: [off mic]

16 HON. INEZ BARRON: Never.

17 COUNCIL MEMBER BARRON: It was
18 passionate. I just wanted to say, Sweetheart, I'm
19 so proud of you.

20 HON. INEZ BARRON: Thank you, sir.
21 I'm proud of you as well.

22 COUNCIL MEMBER BARRON: We thank
23 you for your patience and we thank you for your
24 testimony.

25 HON. INEZ BARRON: Thank you.

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2 COUNCIL MEMBER BARRON: Thank you
3 very much.

4 CHAIRPERSON REYNA: Order.

5 HON. INEZ BARRON: Thank you, thank
6 you, thank you.

7 CHAIRPERSON REYNA: Thank you very
8 much. That was a wonderful Valentine's gift.

9 HON. INEZ BARRON: Thank you.

10 CHAIRPERSON REYNA: I just want to
11 thank, once again, Assemblywoman Barron.

12 HON. INEZ BARRON: Thank you.

13 CHAIRPERSON REYNA: I'd like to
14 call the next panel. Pam Atla [phonetic], Andy
15 Sullivan and Robert Spencer.

16 [Pause]

17 CHAIRPERSON REYNA: Is Robert
18 Spencer joining us?

19 ANDY SULLIVAN: Negative. I think
20 Pamela and Robert left.

21 CHAIRPERSON REYNA: Pat Atla.

22 ANDY SULLIVAN: That was Geller.

23 CHAIRPERSON REYNA: I'm sorry.

24 ANDY SULLIVAN: No, I believe they
25 both left.

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2 CHAIRPERSON REYNA: Thank you very
3 much. You can go ahead, sir.

4 ANDY SULLIVAN: Okay, first.

5 CHAIRPERSON REYNA: Identify
6 yourself.

7 ANDY SULLIVAN: I'm Andy Sullivan.
8 I'm founder of the 9/11 Hard Hat. I'm also a New
9 York City union construction worker. I've been
10 doing it for over 30 years. I've owned several
11 businesses. I have an invention out that's being
12 sold internationally. First of all, I apologize
13 for my outburst earlier, but I am very--

14 CHAIRPERSON REYNA: [interposing]
15 Apology accepted. Thank you.

16 ANDY SULLIVAN: Thanks. This is a
17 very emotional subject for me. I work for the
18 largest construction company in New York City and
19 the most reputable one.

20 When you get phone calls from grown
21 men who are crying because they're losing their
22 homes or maybe they can't send their kids to
23 college or maybe they're getting thrown out of
24 their apartment or their families are simply
25 coming apart because of economic strife, I've got

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2 to tell you it is devastating to me and my psyche.
3 These proud men now all of the sudden begging, and
4 a lot of them are sick too from the whole 9/11
5 aftermath. But that's not what I'm here to talk
6 about.

7 Walmart has just made an agreement
8 with the unions, with the building trades. Now, I
9 don't know if I could really tell you how
10 important it is to have union construction workers
11 employed, because the union construction worker on
12 his own can stimulate an entire economy. Union
13 construction workers make very good money. They
14 work very hard, but they like to spend.

15 We love our big ticket items. We
16 love the cars, the houses; we're always doing work
17 on the houses, always doing side work, the
18 vacations, and the restaurants. We on our own can
19 stimulate an entire economy. All you have to do
20 is look at areas like downtown Manhattan and
21 Queens.

22 You were talking about Queens
23 Boulevard. It's like a ghost town by me. There
24 are empty apartments. There are empty commercial
25 buildings. It's sad. Walmart's not here yet and

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2 you're talking about them like they're the
3 boogieman. The pain is here, it is now. It's not
4 being caused by Walmart. Walmart's not here.
5 What is causing it? Unfortunately, we all know
6 what's causing it. It's our insane taxes, the
7 highest in the country. It's the insane over
8 regulation. I've owned several businesses and I
9 did very well because I knew when to get out. I
10 owned them in the 80s and the 90s when it was
11 still good to own a small business.

12 Ladies and gentlemen, you talk
13 about the mom and pop stores with such great
14 reverence. Where were you 15, 20 years ago when
15 they were pushing these burdensome taxes and
16 regulations on us?

17 CHAIRPERSON REYNA: I was...

18 ANDY SULLIVAN: Pardon?

19 CHAIRPERSON REYNA: We were just
20 reminiscing. We were children.

21 ANDY SULLIVAN: Okay, so your
22 predecessors. That's when we needed you, not now.
23 We've got to wake up to a new reality. The mom
24 and pop stores are dying and gradually becoming
25 extinct. Guess what, no one likes to hear it,

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2 there's nothing anybody can do about it. That's
3 just the way it is. I used to know my pharmacist.
4 Now I don't, because every time I go there it's a
5 different person. I used to go to a nice little
6 coffee shop. Now everything is Starbucks or
7 Dunkin Donuts.

8 When I used to go to a hardware
9 store, I knew the guy who could disappear into the
10 back and find the perfect screw and the perfect
11 bolt for me like magic. Now I go to Home Depot or
12 Lowe's and you've got this--I can't see one end of
13 the store because of the curvature of the earth,
14 it's so big. That is just the reality we live in.

15 Rather than fight it, we should be
16 accepting it and embracing it, because if we
17 don't, if you try and stop growth and progress, it
18 will steamroll right over you. Did you ever think
19 maybe that's why we're in the shape we're in
20 today? I mean look at us. The budget, look at
21 what Mr. Cuomo has got to deal with. I would not
22 want to have to go near any of that. It's going
23 to be painful and a lot of people are going to get
24 hurt.

25 So when you take a positive force

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2 like a Walmart and introduce it into an area,
3 everybody is saying the sky is falling. I don't
4 agree. You're talking about one of the greatest
5 capitalistic economic drivers our nation ever had.
6 My God, we should be welcoming them.

7 So please, I ask you, consider
8 this. I'm not talking out--yes, I am talking out
9 of anger. I'm also talking out of sadness and
10 sorrow. I've been with this city and I've seen it
11 go through horrors and I lived it. Every day,
12 9/11 is still there. You have no idea how
13 frustrating it is for me to look at that place and
14 know it's still not built up, yet everywhere
15 around it is. Why is that?

16 CHAIRPERSON REYNA: Mr. Sullivan,
17 we just have a few questions.

18 ANDY SULLIVAN: Sure.

19 CHAIRPERSON REYNA: I don't know if
20 you're going to be wrapping up your testimony.

21 ANDY SULLIVAN: Yes, that was it.

22 CHAIRPERSON REYNA: Okay. I wanted
23 to just ask if in your statement you referred to a
24 new economy and you had made reference to your new
25 business that you've invented, a new--

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2 ANDY SULLIVAN: [interposing] No,
3 no, I invented a tool.

4 CHAIRPERSON REYNA: Okay. Is that
5 going to be manufactured here in New York City?

6 ANDY SULLIVAN: It is manufactured
7 here.

8 CHAIRPERSON REYNA: It is being
9 manufactured here?

10 ANDY SULLIVAN: Oh, in the city?

11 CHAIRPERSON REYNA: Uh-huh.

12 ANDY SULLIVAN: No, it's being out
13 of state.

14 CHAIRPERSON REYNA: Where?

15 ANDY SULLIVAN: Georgia.

16 CHAIRPERSON REYNA: Why not in our
17 industrial parks here in the City of New York
18 where there is manufacturing spaces?

19 ANDY SULLIVAN: I sold my licensing
20 rights.

21 CHAIRPERSON REYNA: I see.

22 ANDY SULLIVAN: So they get to make
23 it wherever they want.

24 CHAIRPERSON REYNA: I see. So
25 there was no opportunity for a New York City

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company to purchase that license right?

ANDY SULLIVAN: Well, there were no takers.

CHAIRPERSON REYNA: I see. What kind of tool was it?

ANDY SULLIVAN: I'm a taper by trade. Are you familiar with that, drywall taping?

CHAIRPERSON REYNA: Uh-huh, very much.

ANDY SULLIVAN: Okay. So I invented a wipe down tool to go behind this other tool called the bazooka.

CHAIRPERSON REYNA: Okay.

ANDY SULLIVAN: This is very pertinent to what you asked. That machine has been outlawed in New York. Do you realize out of 49 states you're allowed to use these taping machines? New York was the last bastion not to allow these taping tools.

CHAIRPERSON REYNA: For what reason?

ANDY SULLIVAN: Because they were too good. They were too fast. Their original

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complaint was--

CHAIRPERSON REYNA: [interposing]

No accidents?

ANDY SULLIVAN: No. Their original complaint was they go too fast, it looks too good, men will be put out of work. I disagreed. I said, no, this will invigorate the business. This will make us competitive with the nonunion. You know what, five years later, that's exactly what happened.

CHAIRPERSON REYNA: So it was your brothers and sisters in the union that opposed this new tool?

ANDY SULLIVAN: Everybody opposed it. I was the lone wolf out there screaming by myself, like I am now.

CHAIRPERSON REYNA: I see. Council Member Koslowitz?

CHAIRPERSON KOSLOWITZ: Thank you. I just want to say in my other life I worked for electrical contractors for many, many years and they were the largest contractors in the city of New York. They had places in Dallas, Texas and a few other places.

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2 You're not just necessary talking
3 about a Walmart, you're talking about
4 construction. It would be any kind of
5 construction. Walmart, once it's built, it's
6 over.

7 ANDY SULLIVAN: Right. Then you
8 move on to the next project.

9 CHAIRPERSON KOSLOWITZ: What next
10 project? It doesn't necessarily--

11 ANDY SULLIVAN: [interposing]
12 Right. Well, I don't know, I don't have a crystal
13 ball. That's the way construction goes. We live
14 in cycles.

15 CHAIRPERSON KOSLOWITZ: I
16 understand that. I know that. Really what hurt
17 construction was the nonunion people coming in to
18 New York and underbidding the unionized shops and
19 that's why the company I worked for went out of
20 business. Unfortunately, that is happening
21 throughout New York City.

22 What I'm saying to you, it's not
23 necessarily a Walmart because it's construction,
24 because Council Member Barron just mentioned a
25 project that would be a great construction

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2 project. Is there a difference? Do you have a
3 difference if it's--

4 ANDY SULLIVAN: [interposing] Why
5 can't there be both? Why do you take the American
6 ingenuity and American spirit and stifle it? That
7 sounds so anti-American.

8 CHAIRPERSON KOSLOWITZ: But
9 personally, I don't see building a Walmart would
10 necessarily change the construction industry as
11 you are saying it, even if they built five
12 Walmarts.

13 ANDY SULLIVAN: Well then you and I
14 disagree.

15 CHAIRPERSON KOSLOWITZ: Thank you.

16 CHAIRPERSON REYNA: Council Member
17 James, followed by Council Member Greenfield.

18 COUNCIL MEMBER JAMES: So I don't
19 know whether or not Walmart in my mind represents
20 ingenuity, innovation and is part of the American
21 dream. I also recognize that Walmart entered into
22 an agreement with the construction unions
23 yesterday, and I applaud them. If in fact you are
24 a supporter of the union movement which is
25 responsible for the middle class, and I value the

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2 work of the unions in the City of New York, why
3 are you not urging Walmart to allow their workers
4 to organize?

5 ANDY SULLIVAN: That's not my job.
6 I'm not an organizer. I'm a union worker. As you
7 can see, I have no union representation here. I'm
8 a rank and file member. I am from the field. I'm
9 just a construction mutt.

10 COUNCIL MEMBER JAMES: Right. All
11 that I am saying is just as you are a member of a
12 local union and you were allowed to organize and
13 you reap the benefits of it and you have been
14 somewhat successful, why not for the employees who
15 work for Walmart who unfortunately are locked out
16 of the same sunshine that you now enjoy.

17 ANDY SULLIVAN: I don't believe it
18 is being locked out. I mean if you want to talk
19 about corruption--

20 COUNCIL MEMBER JAMES:
21 [interposing] It's not corruption, sir. It's the
22 ability to unionize and organize and fight for
23 union wages.

24 ANDY SULLIVAN: Okay. So there's
25 no corruption in unions.

2 COUNCIL MEMBER JAMES: Do you have
3 any information or any evidence that you'd like to
4 put forward?

5 ANDY SULLIVAN: Yeah, I got about
6 100 Daily News issues.

7 COUNCIL MEMBER JAMES: You know,
8 I've been in the Daily News a number of times and
9 they've got it wrong.

10 ANDY SULLIVAN: Well, if they got
11 it wrong, you better go get Michael Ford who is
12 doing 11 years.

13 COUNCIL MEMBER JAMES: I understand
14 that. But the issue today is you benefit from the
15 union and why shouldn't other individuals be
16 allowed to benefit?

17 ANDY SULLIVAN: I benefit from my
18 hard work.

19 COUNCIL MEMBER JAMES: All right.
20 Let me ask you this other question.

21 ANDY SULLIVAN: The union lives off
22 of my sweat and blood.

23 COUNCIL MEMBER JAMES: So let me
24 ask you this other question. The construction
25 union entered into an agreement with Walmart. Do

1
2 you know whether or not they specifically are
3 going to allow members of the union who live in
4 East New York and/or in Brownsville to have first
5 priority in working on that job?

6 ANDY SULLIVAN: All of these jobs
7 today now, they're like PLA agreements. Now, I'm
8 not talking as an expert, I'm talking just because
9 I run these jobs.

10 COUNCIL MEMBER JAMES: Right.

11 ANDY SULLIVAN: I don't have the
12 behind the door knowledge. But what I know you do
13 have to have criteria for a certain percentage of
14 community people, minority people and females.

15 COUNCIL MEMBER JAMES: Do you know
16 whether or not Walmart entered into a PLA in East
17 New York?

18 ANDY SULLIVAN: We're not at that
19 stage yet.

20 COUNCIL MEMBER JAMES: You're not
21 at that stage?

22 ANDY SULLIVAN: No, no.

23 COUNCIL MEMBER JAMES: So you
24 entered into an agreement yesterday and there's no
25 commitment to hire locally?

2 ANDY SULLIVAN: Of course there is.

3 COUNCIL MEMBER JAMES: You're sure
4 of that?

5 ANDY SULLIVAN: Oh absolutely.

6 COUNCIL MEMBER JAMES: You're
7 absolutely sure of that?

8 ANDY SULLIVAN: I mean, I haven't
9 seen the documents and I didn't sign it, but I
10 guarantee you, the way we're doing construction
11 today, it will be.

12 COUNCIL MEMBER JAMES: Okay. Never
13 mind, thank you.

14 ANDY SULLIVAN: All right.

15 CHAIRPERSON REYNA: Thank you,
16 Council Member James. Council Member Greenfield?

17 COUNCIL MEMBER GREENFIELD: Thank
18 you, Madame Chair. Andy, I want to thank you for
19 coming out here today. I also want to thank you
20 for your patience.

21 ANDY SULLIVAN: I wasn't that
22 patient, sorry.

23 COUNCIL MEMBER GREENFIELD: These
24 things take time. We are trying to do a thorough
25 investigation into the matter. I think that's why

1
2 we have people here from both sides and I
3 appreciate you coming out.

4 I think you make very important
5 points. Obviously, there's a lot of frustration.
6 I think we're all frustrated. I'm as frustrated
7 as you are that my corner hardware store has gone
8 out of business and that my local pharmacist had
9 to move out of town. And perhaps that's one of
10 the reasons that led to this hearing today, which
11 is that we are coming to the realization that many
12 big boxes are harmful to our communities and we're
13 trying to study the issue a little more.

14 So I don't take the cynical view.
15 I see this as an important role of the City
16 Council. I can't tell you what happened with our
17 predecessors but I can tell that this Council I
18 think has a significant interest in that
19 conversation. I think that's why we're here,
20 hopefully in good faith to evaluate that.

21 But I think you bring a very
22 important point and I'd like to explore this, that
23 there is very significant unemployment in the
24 city, but for sure higher than average are in the
25 construction trades. Do you know the current

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unemployment rate in the construction trades?

ANDY SULLIVAN: Repeat that what you just said?

COUNCIL MEMBER GREENFIELD: Do you know the unemployment rate within the construction trades?

ANDY SULLIVAN: Yeah, it's almost 30 percent, union construction.

COUNCIL MEMBER GREENFIELD: Thirty percent?

ANDY SULLIVAN: Thirty percent.

COUNCIL MEMBER GREENFIELD: That's around three times higher than the--

ANDY SULLIVAN: [interposing] Yeah, than the national average.

COUNCIL MEMBER GREENFIELD: --than the overall unemployment today in New York City. Do you have any idea how many jobs these projects would create? Do you have any knowledge or are you familiar with that at all or not really?

ANDY SULLIVAN: I haven't seen the scope. I would definitely need to see the scope. But when I think Walmart, I do think of the super structure and that usually means, you know, you're

1
2 talking everything from the guy who is the
3 security to pushing the broom to the architects
4 and the developers.

5 COUNCIL MEMBER GREENFIELD: What's
6 a guesstimate? You know, they're talking about
7 100,000 square feet space. What's a guesstimate
8 on how many jobs you think would be created as a
9 result?

10 ANDY SULLIVAN: Oh instantly you'd
11 ramp up a couple of thousand right away.

12 COUNCIL MEMBER GREENFIELD: A few
13 thousand jobs.

14 ANDY SULLIVAN: Yeah, right away.
15 But then it would grow. As the job would advance,
16 you'd need more bodies, you'd need to advance more
17 and the stages get more complicated.

18 COUNCIL MEMBER GREENFIELD: How
19 long would these jobs last for? How long do these
20 projects generally last?

21 ANDY SULLIVAN: Today's schedule,
22 they go quick. You'd be very surprised. We did
23 Seven World Trade in less than two years. That
24 was from the ground up. Finished, to the key in
25 the door.

1
2 COUNCIL MEMBER GREENFIELD: So even
3 though it's short term, obviously it's vital to
4 your industry, you would say because of the
5 current unemployment rate.

6 ANDY SULLIVAN: Without a doubt,
7 without a doubt. And also surrounding businesses,
8 we kill them when we go to lunch. You know, we
9 occupy the little deli guy or the coffee shop
10 that's left. They really get a shot in the arm
11 from us, the community in general where the
12 construction takes place.

13 COUNCIL MEMBER GREENFIELD: Well
14 listen, Andy, thank you for coming here. I think
15 you add an important perspective. There's no
16 question that unemployment is a significant issue.
17 Obviously among construction trades it's an issue
18 as well. There's no question that I give Walmart
19 a lot of credit for making a deal with the unions
20 that were they to come into New York City to use
21 union construction. That's something that's
22 important, obviously. So thanks for coming out.

23 ANDY SULLIVAN: Thank you.

24 CHAIRPERSON REYNA: Thank you, Mr.
25 Sullivan.

1
2 ANDY SULLIVAN: Thanks. I'd be
3 remiss if I didn't bring up this one issue because
4 it's something very near and dear to my heart. I
5 appreciate all the work and all the time that's
6 being taken and the really over examination of the
7 issue. I wish we would have applied a fraction of
8 that when we were talking about putting up a
9 mosque down at Ground Zero. Thank you.

10 CHAIRPERSON REYNA: Thank you, Mr.
11 Sullivan.

12 CHAIRPERSON REYNA: Mr. David
13 Schwartz-Gotham, New York Neighborhood Alliance.
14 Alfred Placeres, New York State Federation of
15 Hispanic Chamber of Commerce; Brad Gerstman from
16 New York Neighborhood Alliance; Zulema Wiscovitch
17 from the National Supermarket Association; Tony
18 Juliano from Greenwich Village-Chelsea Chamber of
19 Commerce. Juliano. I apologize; I made you
20 Latino. Tony Juliano. Thank you.

21 So we have David, Brad, Zulema and
22 Tony. Is Alfred Paceres here? Alfred? Thank you
23 very much. We will call the next panel after this
24 panel. Carlos Bustamante from Make the Road New
25 York, John Petro from Drum Major Institute,

1
2 Maritza Silva-Farrell from New York Jobs with
3 Justice. Please begin. If you have any
4 statements that you'd like to provide Council
5 Members, please give it to the sergeant-at-arms so
6 that we may follow your statement. Thank you.

7 DAVID SCHWARTZ: Good afternoon,
8 Council Members, I'm David Schwartz. I'm an
9 advocate, a spokesman and an attorney for the New
10 York Neighborhood Alliance. I also represent
11 Gristedes Supermarkets. The owner of Gristedes,
12 John Catsimatidis, was here. He wanted to
13 testify, but he had to leave by 4:00, so I'm going
14 to make a couple of points for him as well.

15 I'm not going to repeat a lot.
16 Obviously, my talking points had a lot of what you
17 already have. I'm not going to repeat it. I'm
18 just going to add to it a little bit.

19 I just wanted to talk about a poll
20 that Walmart touted where they stated that, I
21 think it was 70 percent of small businesses
22 supported Walmart coming into the area. Now, Brad
23 Gerstman and I represent thousands of small
24 businesses. When we saw this poll, we started
25 scratching our heads. How could that be? How

1
2 could small businesses support Walmart coming into
3 the territory? It made no logical sense
4 whatsoever.

5 So we decided to do our own poll.
6 The poll was drastically different. It was the
7 opposite of the Walmart poll. Only 32 percent of
8 the small businesses supported Walmart coming into
9 the community. I'm sure that those 32 percent
10 didn't understand the ramifications and the
11 devastating effect that Walmart has had on our
12 communities. I'm confident that that number would
13 have been much less.

14 Now how could that be? Because you
15 know what, I think Councilman Barron used the word
16 bamboozled before. That whole poll that Walmart
17 did was a bamboozling. They made it seem like
18 they questioned the toy stores and the hardware
19 stores and the drug stores that we talked about
20 before that the expert in the first panel was
21 talking about, how the devastating effect on those
22 businesses.

23 They made it seem like they
24 questioned those businesses in the polls. No.
25 They called the dentist up on the 30th Floor of

1
2 the Empire State Building. They called the
3 accountant up on the 40th Floor of the Chrysler
4 Building. Those were the small businesses that
5 they were polling in their poll.

6 Another fiction, another
7 bamboozling. So you should know that this poll
8 that Walmart took has no value whatsoever and it
9 shouldn't be taken for anything. We're all New
10 Yorkers. What I ask you to do is you've heard a
11 lot of interesting testimony. You've heard a lot
12 from Walmart. You know what I ask you, use your
13 common sense. Use your common sense as--

14 CHAIRPERSON REYNA: [interposing]
15 If you can wrap up.

16 DAVID SCHWARTZ: --as
17 representatives of your neighborhoods and think
18 about how your neighborhoods exist. Think about
19 whether or not Walmart fits in with our
20 communities. We're not Bentonville, Arkansas and
21 we don't want to be Bentonville, Arkansas. This
22 is the greatest city in the world. By bringing in
23 this monster, this poison, it's a joke to think
24 that they're going to make up for the jobs we lost
25 on Wall Street and manufacturing.

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CHAIRPERSON REYNA: Thank you.

DAVID SCHWARTZ: Thank you.

CHAIRPERSON REYNA: Thank you.

ZULEMA WISCOVITCH: Good afternoon,
Chair Reyna, Chair Koslowitz and other members of
the City Council. My name is Zulema Wiscovitch.
I'm the Executive Director of the National
Supermarket Association. This is our testimony.

The NSA was founded in 1989 by a
small group of Hispanic families who collateralized
all their worldly possessions to obtain loans to
establish independent supermarkets that would
service the needs of the ever growing minority
communities.

Although they all faced difficult
times with cultural sensitivities and
entrepreneurial expertise, they managed to survive
and grow. From their humble beginnings in the
many areas abandoned by the big chains, the
independent supermarket owners have generated
thousands of jobs in New York City.

That growth allowed the members to
open an office in Queens where the staff services
the members who have close to 400 supermarkets

1
2 throughout the Boroughs of Queens, Brooklyn, Bronx
3 and Manhattan. With the fundraising efforts of
4 our members and our sponsors, we have generated
5 over a million dollars in scholarships to needy
6 Hispanic students. Our members give back to the
7 communities they serve.

8 For those who are not familiar with
9 our member stores, they consist of Associated,
10 Aim, Bravo, Compare, Fine Fare, Foodtown, Key
11 Food, NSA Market, Pioneer and others. In the last
12 20 years, none of our stores have received any
13 taxpayer support when our members have difficult
14 financial times. Unlike banks, investment bankers
15 and automobile companies, when they incur
16 financial problems, taxpayers have to bail them
17 out with billions of dollars.

18 Like these big companies, Walmart,
19 which is a global conglomerate, is targeting not
20 only our member stores which are mostly family-
21 owned, but all the mom and pop stores like
22 pharmacies, hardware stores, clothing stores,
23 bodegas, and small retailers that surround their
24 target locations.

25 These local retailers can't compete

1
2 with the deep discounts and predatory pricing
3 practices exercised by Walmart to pull consumers
4 into their stores and destroy neighborhood stores,
5 local suppliers and vendors. Unlike Walmart, our
6 businesses keep the dollars earned circulating in
7 the local economy.

8 In the Borough of Brooklyn, we have
9 approximately 56 supermarkets with 6 specifically
10 close to the area where Walmart wants to open.
11 The giant's claim of creating 200 jobs is
12 nonsense. If four of our stores close because
13 they can't compete with Walmart, the city will
14 lose 200 jobs and more.

15 Place yourself in the position of
16 one of these stores. What do you do when you
17 start losing business? You have to cut jobs.

18 CHAIRPERSON REYNA: If you can wrap
19 up.

20 ZULEMA WISCOVITCH: Sure. Well, I
21 just want to say in this scenario, our
22 supermarkets will be hurt. I want to say how can
23 Walmart call mom and pop stores, family business
24 stores, special interests? So thank you very much
25 for listening to our concerns.

2 CHAIRPERSON REYNA: Thank you.

3 BRAD GERSTMAN: Hello, my name is
4 Brad Gerstman. I'm an attorney. I represent the
5 New York Neighborhood Alliance, as well as
6 Gristedes Supermarkets.

7 I just wanted to make a couple of
8 points, again for John Catsimatidis, who had to
9 leave early, because this is what he would have
10 wanted to testify before the Council.

11 His point of interest here is his
12 2,000 employees that work at Gristedes
13 Supermarkets are at risk if a Walmart should come
14 in. These are his neighborhood retail supermarket
15 stores that supply workers with union wages,
16 health care, good jobs and stability in their
17 life.

18 Additionally, he's also felt that
19 he was standing up and wants to continue to stand
20 up for neighborhoods, all the different
21 neighborhoods in New York City where he himself
22 has resided. He feels, and as do we and a number
23 of other people, that the neighborhoods themselves
24 and the way of life of people, New York City, as
25 we all know it is a place where you can live,

1 shop, dine, very locally, in most cases without an
2 automobile.
3

4 If a Walmart were to come into town
5 and destroy those business, yeah we've spoken
6 about what kind of devastation to small business
7 this would be, but equally as important is what
8 kind of devastation to the way of life and the
9 quality of life that we currently live and enjoy
10 now.

11 Additionally, when you talk about
12 Walmart, the founder, Sam Walton, who is a legend
13 in retailing, you know he was all about made in
14 America. He was all about Middle America.
15 However, the Walmart of our times has left the
16 reservation and has been a very different company
17 than Sam Walton would have ordinarily intended.
18 He wanted to make it in America. He wanted people
19 to benefit in America. But the reality of Walmart
20 is everything is made overseas. There are no more
21 meaningful jobs that are created here in the
22 states other than retail jobs. So we've traded
23 high good paying manufacturing jobs for low paying
24 retail jobs.

25 That being said thank you very

1
2 much.

3
4 CHAIRPERSON REYNA: Thank you.

5 TONY JULIANO: Hello, my name is
6 Tony Juliano. I'm the President of the Greenwich
7 Village-Chelsea Chamber of Commerce.

8 Our Chamber represents businesses
9 in an area of Manhattan that runs down from Canal
10 Street up to 34th Street and from the Hudson River
11 over to 3rd Avenue. Let me say that in a
12 different way. My chamber represents businesses
13 in Soho, and in Noho, and in the West Village, and
14 in the East Village, and in the Flatiron, and
15 Chelsea, and Union Square.

16 When I say the names that way, when
17 I say our area that way, different images are
18 conjured up. They're not that far in distance
19 these different neighborhoods, but they are very
20 different one from another. Someone choosing to
21 live in Chelsea, for example, would feel very out
22 of place living in the East Village. Each
23 neighborhood is unique in its own way and each has
24 its own special character. I'm sure that's true
25 for many neighborhoods throughout New York City.

1
2 It's one of the things that's so
3 inviting about New York. People have come here
4 over the years to start their families and their
5 businesses. Many have been here for generations.
6 The shops and the stores that have grown up here
7 give each of these neighborhoods much of its
8 special character, its flavor.

9 When a small business leaves a
10 neighborhood, part of that neighborhood's
11 character is forever changed. We look to the City
12 Council to help protect the small businesses and
13 the special nature and texture of the
14 neighborhoods in which they reside.

15 This brings me to Walmart. This
16 issue is actually, in my view, bigger than Walmart
17 because it's really about all of these big,
18 powerful mega-retailers of which Walmart is, of
19 course, the biggest and the most powerful. They
20 work so well in the vast recesses of the suburban
21 highway system, and we congratulate and admire
22 them for that. But they wreak havoc in a closely
23 knit, diverse neighborhood in a city like ours.

24 We've all read the studies, and
25 you've heard about them over and over today, but

1
2 they tell us what we already know because we have
3 common sense. If a Walmart store opens in close
4 proximity to established businesses in one of our
5 well-known neighborhoods, many of those small
6 businesses that compete with Walmart will go
7 under. And for awhile we'd be left with a giant
8 Walmart--

9 CHAIRPERSON REYNA: Could you
10 please wrap up?

11 TONY JULIANO: I will.

12 CHAIRPERSON REYNA: Thank you.

13 TONY JULIANO: Just a few more
14 seconds--a giant Walmart mega-store and lots of
15 empty storefronts surrounding it.

16 Eventually some business will re-
17 emerge and find ways to compete around the edges,
18 but at what cost? At what cost to the families
19 who owned the businesses, to the neighborhood's
20 unique character, to the area's tourism prospects,
21 and ultimately to the quality of life of the
22 remaining residents?

23 I'll just say this, I know I would
24 be very surprised if Walmart chooses to locate in
25 one of our neighborhoods that I represent. But

1
2 our neighborhoods are such historic and unique and
3 rich character, as are many of the other
4 neighborhoods around the city. I could not just
5 sit back and take the risk and watch these
6 proceedings from the sidelines. So after careful
7 consideration and a thorough look at the
8 neighborhoods served by our chamber of commerce,
9 we could find no suitable location for a Walmart
10 mega-store to set up shop and we would oppose them
11 here should they choose to do so. Thank you.

12 CHAIRPERSON REYNA: Thank you so
13 much. I have a Council Member who wants to ask a
14 question. Due to time, I just want to make sure
15 that we call upon the rest of the panels. So I
16 will limit that question opportunity to Council
17 Member Greenfield.

18 COUNCIL MEMBER GREENFIELD: Just
19 one question I guess to all of you, and I'll start
20 with you Tony. You mentioned other big boxes. So
21 you're opposed to the Targets that sell groceries
22 as well, correct?

23 TONY JULIANO: Yes.

24 COUNCIL MEMBER GREENFIELD: Just
25 keep it simple.

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TONY JULIANO: Yes.

COUNCIL MEMBER GREENFIELD: What about you? Are you opposed to the Targets that sell groceries?

ZULEMA WISCOVITCH: No, we're not.

COUNCIL MEMBER GREENFIELD: Gristedes, are the folks at Gristedes opposed?

DAVID SCHWARTZ: We don't have a position on that based on the wages. I mean Target's wages are much higher and they compete normally.

COUNCIL MEMBER GREENFIELD: What's the starting wage at a Gristedes?

DAVID SCHWARTZ: I don't have that answer, but a lot more there. These are all union jobs, so I'm assuming probably double, at least 33 percent more than Walmart.

COUNCIL MEMBER GREENFIELD: \$12 an hour, is that what you said?

CHAIRPERSON REYNA: The mike please.

BRAD GERSTMAN: It's about \$12 an hour.

CHAIRPERSON REYNA: Identify

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yourself please.

BRAD GERSTMAN: Brad Gerstman,
about \$12 an hour.

COUNCIL MEMBER GREENFIELD: \$12 an
hour. All right, thank you folks, thanks for
coming out.

CHAIRPERSON REYNA: Thank you very
much. I'd like to call up Mr. Kim who was about
to leave, the Korean American Small Business.
He's here. Also, we have Maritza Silva-Farrell
and John Petro and Carlos Bustamante.

[Pause]

CHAIRPERSON REYNA: Mr. Kim? Turn
on your mike.

SUNG SOO KIM: Hello?

CHAIRPERSON REYNA: Yes.

SUNG SOO KIM: Thank you very much,
Chairwoman Reyna and Committee on Small
Businesses. My name is Sung Soo Kim. I am the
President of Korean American Small Business
Service Center of New York.

I basically represent here at this
hearing the 1,200 Korean American green grocers in
the city. I just want to bring up to surprise you

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2 with one serious piece of research I've done,
3 which is completely against denying all the ads
4 Walmart recently placed at the Daily News and also
5 New York Post, you know the surveys.

6 The thing is that the prices, you
7 know Walmart's price, you know they beat any other
8 prices. It's not true. People, including all
9 elected officers, everybody in New York City
10 states believe at least until lately, they say the
11 Walmart price is cheaper. No, it's not true.

12 I'm demonstrating with this chart.
13 I went to the Walmart by myself, did the research
14 for the produce section which shows out of the 19
15 produce items of the Walmart over Valley Stream
16 last weekend, 11 items, normal Korean green
17 grocery stores the price is cheaper than those of
18 a Walmart. Why Walmart has only three items.

19 So the myth they created, the myth
20 who mystify everybody in New York should be aware
21 that this is not true. They should be
22 demystified. This is the statistics.

23 Chairwoman Reyna doesn't listen to
24 me so I don't know whether I can continue or not.
25 All right.

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2 CHAIRPERSON REYNA: Mr. Kim, we
3 were just discussing your chart.

4 SUNG SOO KIM: Okay.

5 CHAIRPERSON REYNA: Please limit
6 your comments.

7 SUNG SOO KIM: Yes. Time is
8 running. There are other committees that--New
9 York City is not tied up with what we call the
10 ideal over the food deserts. I call Mayor
11 Bloomberg's idea of the food deserts. Now, who
12 created the deserts? Big box created a long time,
13 historically. Now they left. We Korean American
14 green grocers are there to open the business in
15 this area and now they with predatory pricing
16 they'll eventually kill us and then this creates
17 another food desert. This is nonsense. So we
18 should be very careful what the Walmart and to
19 who.

20 CHAIRPERSON REYNA: Thank you, Mr.
21 Kim.

22 SUNG SOO KIM: To bait New Yorkers.
23 Just one more thing. Please, let's believe that
24 there is not one New York. We have 400 New Yorks
25 in New York City. It means we should really

1
2 carefully maintain the complexity and the beauty
3 and the purity of the New York City by surviving
4 neighborhood friendly mom and pop stores in the
5 city. Okay, thank you.

6 CHAIRPERSON REYNA: Thank you.

7 MARITZA SILVA-FARRELL: Good
8 afternoon. Thanks for allowing me to speak. My
9 name is Maritza Silva-Farrell. I am from New York
10 Jobs with Justice.

11 I appreciate it because it's really
12 important for us to be able to talk about the
13 implications of Walmart on opening stores in New
14 York City.

15 We are a coalition of worker and
16 community organizations building power to secure
17 good jobs and strong communities for all New
18 Yorkers. We've been doing this for about two
19 decades and that's most of the work that we've
20 been doing.

21 I'm going to cut my testimony a
22 little bit shorter. You will be able to read it.
23 But we have every reason to believe that if
24 Walmart comes to town, New York's communities will
25 suffer. As we have seen throughout the country,

1
2 Walmart comes promising economic revitalization
3 but winds up leaving a trail of economic
4 devastation in its wake.

5 While our economy is in desperate
6 need of jobs, it is clear that Walmart is not a
7 solution. Not only does Walmart fail to provide
8 the decent jobs needed to lift families out of
9 poverty, it actually kills jobs and reduces the
10 job quality of other area and businesses.

11 We need to protect our local small
12 businesses and the men and women they employ. We
13 simply cannot afford to allow Walmart to expand
14 its global empire in New York City.

15 Walmart's plans to open stores
16 throughout the five boroughs would fly in the face
17 of everything we have learned about successful and
18 accountable economic development. In New York
19 State, Walmart has already crippled the state and
20 local budgets by sucking up over \$52 million in
21 subsidies over the last two decades. Between 2002
22 and 2005, Walmart received almost \$65,000 from
23 industrial development agencies for every low wage
24 job it created in New York State but paid each
25 cashier less than \$12,000 a year.

1
2 As the world's richest company and
3 retail industry leader, Walmart could be leading
4 the way in creating decent workplaces and
5 supporting local communities, but it's been far
6 from a model employer.

7 I'd like to talk a little bit about
8 what's been happening over the last few years,
9 just to cut it short. We've been working with
10 advocates and with capacitance on the campaign for
11 Fresh along with building blocks in a big
12 coalition. What we've been addressing is the
13 issue of food deserts and that has been discussed
14 here today.

15 We understand that with this pilot
16 program we have been successful in the Bronx
17 specifically and it's important to promote
18 programs like this, so instead of supporting
19 companies like Walmart.

20 For a more sustainable food system,
21 we should expand programs like Fresh and encourage
22 more responsible employers to address food deserts
23 while creating good local jobs in the process.

24 Thank you.

25 CHAIRPERSON REYNA: Thank you.

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2 JOHN PETRO: Thank you to the
3 Committee Chair and the Council Members. A lot of
4 what I originally intended to say has been said
5 already. I just want to say generally that
6 Walmart does not constitute good economic
7 development. We find that it actually displaces
8 development rather than creating it.

9 You know that jobs are pretty much
10 a wash. Walmart tends to drive down wages.
11 They've been associated with increased poverty in
12 the counties that they are introduced to.

13 Walmart talks about its average
14 wage of \$12.21 an hour. Average wages aren't a
15 very good way of getting a sense of what people
16 are actually paid. What Walmart advertises is
17 still \$1,600 less than the average retail wage in
18 Kings County, in Brooklyn. I just wanted to point
19 that out.

20 Walmart has also talked about the
21 amount of money that New York City households
22 spend outside of the city at other Walmarts. That
23 amount is less than one half of one percent of the
24 taxable retail income in the city. You can get
25 that information from the New York State

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Department of Taxation.

I also want to point out that Walmart has not been very genuine with its community partners and its partners in other city councils. You're probably aware of what happened in Chicago where some alderman thought that they had a deal with Walmart about a different wage level. That actually didn't come to happen. It was actually the reason that some of the aldermen gave for their support for the store. After it was approved, Walmart said that there was no such deal. I just want to make sure that community members know that. Unless they get it in writing, it may not happen.

Lastly, I just want to mention the growth of low wage jobs in New York City. About one in three full time New Yorkers are now making \$29,000 or less. This trend is only going to continue. Allowing Walmart into the city will only exacerbate that trend. More low paying jobs will be created. More working New Yorkers will be in poverty while still working 40 hours a week and will not be able to support their families. Thank you.

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2 CHAIRPERSON REYNA: I want to thank
3 the full panel. We're just trying to figure out,
4 you had mentioned or made reference to jobs and
5 deals that have been made. Do you know of a deal
6 struck in Chicago and how many construction jobs
7 were produced?

8 JOHN PETRO: No, that wasn't really
9 around the construction jobs. I'm only relying
10 off of reports in the newspapers, the local
11 newspapers. This had to do with new retail jobs
12 that were going to be created. They had an
13 agreement where--

14 CHAIRPERSON REYNA: [interposing]
15 In Chicago.

16 JOHN PETRO: In Chicago. There was
17 a supposed agreement where workers being hired
18 were going to get paid a different wage than the
19 minimum wage and that after one year they were
20 going to be promoted to another certain wage.
21 Like I said, some aldermen said that that was the
22 reason that they gave their vote for support.

23 Then, pretty much as soon as the
24 deal went through, Walmart issued a statement
25 saying that there is no such deal. This is what

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was reported. I mean I have no direct knowledge.

CHAIRPERSON REYNA: The community partner never produced an agreement, a written agreement?

JOHN PETRO: They had an email of some sort.

CHAIRPERSON REYNA: Besides that email there was no written signed agreement.

JOHN PETRO: As far as I know.

CHAIRPERSON REYNA: As far as Jobs with Justice, I just wanted to ask, Ms. Silva-Farrell, the point you raised concerning \$65,000 from the IDA, industrial development agencies, for every low wage job it created in New York State being received by Walmart, was that per job?

MARITZA SILVA-FARRELL: Yes. It was done from good jobs first. So we got that out from the research.

CHAIRPERSON REYNA: Do you know if that IDA benefit has expired or does it continue?

MARITZA SILVA-FARRELL: I am not sure if that has expired. We can get that back to you. We are actually working very hard right now in an IDA campaign, so we can get back to you on

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that.

CHAIRPERSON REYNA: Concerning this particular IDA tax benefit, what type of benefit is it? Is it a tax abatement, tax incentive?

MARITZA SILVA-FARRELL: Those types of things, tax incentives, abatements. Usually it goes to allow them to build and all those things.

CHAIRPERSON REYNA: I'm familiar with the Industrial Development Agency and what they may approve but there are certain categories and I'm trying to understand what the benefit received was in the formation of per job created, receiving a benefit of \$65,000 per low wage job.

MARITZA SILVA-FARRELL: Again, I can get back to you as well on the specifics on that. We do have through research what specifically happened with Walmart.

CHAIRPERSON REYNA: This particular Walmart facility opened where receiving IDA benefits?

MARITZA SILVA-FARRELL: There are studies throughout New York State. We have Walmarts in different places in New York State.

CHAIRPERSON REYNA: So Walmart the

1
2 company in New York State currently is receiving
3 IDA benefits throughout every location?

4 MARITZA SILVA-FARRELL: There are
5 specific. I believe the same thing, I can pass
6 the report to you and you will be able to read it.

7 CHAIRPERSON REYNA: Thank you very
8 much. It's enlightening information. I do
9 appreciate your participation and your patience
10 for waiting. Mr. Kim, thank you very much.

11 [Pause]

12 CHAIRPERSON REYNA: I want to call
13 up Steven Barrison from the Small Business
14 Congress of New York City; Maisha Morales Small
15 Business FUREE; Frank Garcia from New York State
16 Hispanic Chamber of Commerce.

17 I'd like to thank my Co-chair,
18 Karen Koslowitz, Chair of Economic Development for
19 being here. There is a schedule we have to
20 maintain for evening hours, and so we bid her good
21 wishes. Thank you so much, Karen for joining us
22 and for being a co-chair.

23 I'd like to call up Tom Angotti
24 from Hunter College; Ken Baer from the Sierra
25 Club. Ken Baer is here from the Sierra Club?

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2 Yes. Tom Angotti from Hunter College, here?
3 Maisha Morales? Thank you. Steven Barrison?
4 Here. Frank Garcia? Fantastic. Brian Ketcham
5 from Walmart Free New York City, consultant? Are
6 you pro or against? You're against. Can you have
7 a seat. I apologize. Jerry, can you just pull up
8 that chair for the gentleman? Thank you.

9 You may begin. If you can start
10 with the Sierra Club then, the farthest. If you
11 have testimonies you would like to share. Thank
12 you. Just pull up your chair. Turn on your mike.

13 KEN BAER: Good afternoon.

14 CHAIRPERSON REYNA: Thank you.

15 KEN BAER: I hope it's still
16 afternoon. I want to thank you, Council Member
17 Reyna and Council Member Vann for sticking it out.
18 It's long after noon and we appreciate those
19 Council Members and Council staff members that
20 continue in their attendance here.

21 My name is Ken Baer and I live at
22 91 6th Avenue in Brooklyn. I serve as chair of
23 the New York City Group of the Sierra Club.

24 The Sierra Club thanks the City
25 Council for this opportunity to testify on the

1
2 proposed Walmart project in East New York. The
3 Sierra Club opposes the Walmart store proposed for
4 Schenck and Fountain Avenues near Shore Parkway,
5 based on many environmental factors. The most
6 obvious of our concerns is the amount of
7 additional vehicular traffic that this store would
8 create.

9 It is estimated that Walmart alone
10 would generate on average an additional 70,000 car
11 trips per week. This would dramatically increase
12 the amount of greenhouse gases produced, the
13 vehicular congestion, noise and the number of
14 traffic accidents in the area.

15 Most importantly, the additional
16 air pollution would adversely affect residents
17 that have pulmonary problems, especially those
18 with asthma.

19 The proposed Walmart is a 20-minute
20 bus ride from two subway lines, leaving people no
21 other convenient alternative other than to drive.
22 With 2,000 new parking spaces being proposed, this
23 project cries out: drive to me, drive to me.

24 What also concerns the Sierra Club
25 is that mom and pop stores that rely on pedestrian

1
2 traffic lose out to a big box stores that relies
3 on vehicular traffic. At a time when this city is
4 rightfully focused on improving the health of its
5 residents and decreasing greenhouse gas
6 production, every one should be encouraged to walk
7 more and not use motor vehicles.

8 This Walmart would run counter to
9 these goals. Thank you.

10 CHAIRPERSON REYNA: Thank you so
11 much.

12 STEVEN BARRISON: I guess I'll go
13 next. Good evening, or almost good evening, as he
14 said. My name is Steve Barrison. I got up at
15 4:30 in the morning to be here today and I'm glad
16 that some of you are still left. I'm speaking on
17 behalf of the Small Business Congress. I'm their
18 Executive Vice President and spokesperson.

19 We have approximately 200,000 mom
20 and pop stores left in New York from our high of
21 367,000 when I started on February 3rd, 1983.
22 We're now down to 200,000 and probably a little
23 less, and we employ almost a million New Yorkers.

24 So if you give me a minute or two,
25 I'll give you my testimony, which you have before

1
2 you but I want to read it into whatever record you
3 keep. I can answer a couple of the questions that
4 came up today, which apparently nobody can answer.
5 I can spit the facts out form all parts of me.
6 It's amazing how you get to know this after a long
7 time.

8 Sadly, savvy New Yorkers know how
9 to get cheap and discounted underwear without the
10 Wal-Monster. The last thing we need in New York
11 City is to try to emulate the Windy City, St.
12 Louis or the Baltimore, the inner city profile.
13 New York should be proud as the only major city in
14 America with the guts and moral character to see
15 through the Wal-mart flag wrapped mirage of being
16 American.

17 We in New York City must stand for
18 better than the dangling carrot of jobs, like the
19 Assemblywoman Barron spoke about, no matter what
20 they are, or what the impact, or what the cost to
21 our great city, just because of the idea of jobs.
22 As far as Wal-mart is concerned, there are no net
23 jobs and the actual real cost to the economy of
24 our city is too "Damn High" to quote McMillan.

25 Wal-Mart would be the most anti-

1
2 American large corporation, it's probably the most
3 anti-American corporation in United States
4 history. You have to check the facts. From the
5 poor worker policies, to the lousy environmental
6 records, to destroying American manufacturing
7 industry by having their products made in Asia,
8 and being the largest single drain on the
9 country's health care system.

10 The business model of the Wal-
11 monster is good for only one thing: greed and
12 Walmart. There is no long term benefit to quality
13 of life, economic growth, the city's budget, the
14 infrastructure, or anything other than the
15 economic drain on our city. The bottom line is
16 they want to keep the poor poor. I with the
17 people from the hood would understand that.

18 Special interests fighting Walmart?
19 That is a joke. The only ones fighting are us,
20 New Yorkers, neighborhoods, communities, small
21 businesses on local main streets, business owners,
22 people like me who are here, my family is here
23 over 100 years, born and bred right here in New
24 York City.

25 Special interests? The only

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2 special interest, as I said is Walmart. Big Wally
3 fighting for one thing: money. Not jobs or to
4 make our city better, not to make workers better,
5 or to help with medical and health care costs, or
6 congestion, or pollution or neighborhoods or
7 bringing manufacturing jobs back to the U.S. No.

8 CHAIRPERSON REYNA: If you can
9 start wrapping up.

10 STEVE BARRISON: Because it took
11 their--well. Because it took their decades' long
12 track record. They don't and they won't. Our tax
13 dollars will have to pay for food stamps,
14 subsidized housing, and medical benefits that the
15 Big Wally's workers can't afford for their
16 families. The Big Wally employees on TV that buy
17 homes are out in the Midwest where homes are
18 \$50,000. They're over ten times that here in New
19 York.

20 No single company, other than the
21 big box stores, which have followed their bad
22 example of doing business, has crushed communities
23 more and destroyed small businesses more than
24 Walmart across America.

25 Look, I've read all the studies.

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2 It's unconscionable. It's clear. You can read
3 what I wrote in there. The bottom line is
4 Walmart's a bully. Nobody has talked about that.
5 They're the biggest bully that there is. When
6 people say they're about how Americans make it go
7 and a great American success story, I'm an
8 attorney also, they have completely ignored the
9 Robertson-Patman Act, monopoly laws.

10 They have done predatory stuff.
11 They have taken all these companies, and I hope
12 that woman who had a soda business that was here,
13 I hope she never sells to Walmart. Because once
14 they get you in, they've got you, and that's what
15 they did to Levis and Master Lock and pickles and
16 hundreds of other companies. You get caught and
17 you're destroyed forever.

18 New York City is bigger than that.

19 CHAIRPERSON REYNA: Thank you.

20 STEVEN BARRISON: And we're better
21 than that and we should do better.

22 CHAIRPERSON REYNA: Thank you. I
23 appreciate it.

24 STEVEN BARRISON: I can also answer
25 your question on the retail versus big box and the

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others, if you want. I have a one-line thing.

CHAIRPERSON REYNA: Let's lend Ms. Morales and then afterwards.

STEVEN BARRISON: All right, because it's important that you get your questions answered here today.

CHAIRPERSON REYNA: Thank you. You can do that after the panel.

STEVEN BARRISON: Okay, thank you.

CHAIRPERSON REYNA: So that way at least everyone gets an opportunity. Thank you.

STEVEN BARRISON: I'm trying. I know too much information.

CHAIRPERSON REYNA: Ms. Morales.

MAISHA MORALES: Good evening. My name is Maisha Morales. I'm a resident of Fort Greene Brooklyn, also formerly a small business owner of downtown Brooklyn, Albee Square Mall.

While I personally haven't been directly affected by Walmart, but my business was affected by other big box companies and developers who come into our communities, specifically poor communities and displace small business owners.

I'm also one of a very few small

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2 business owners. When I say I'm a small business
3 owner, I'm a real mom and pop. I don't own a
4 manufacturing company. It's a religious supply
5 store. I am for the living wage. I am in support
6 of the living wage bill also.

7 I guess, in 2004, the City Council
8 voted on the 2004 rezoning which is what affected
9 downtown Brooklyn and displaced so many small
10 businesses, homeowners and low income people. I
11 wish they were all here but if you can relay the
12 message. Please, don't commit the same mistake.
13 Please fight for the people.

14 One thing I did as a small business
15 owner was that I hired locally. Not only did I
16 hire locally but I hired that woman from Fort
17 Green houses, public housing, who didn't know how
18 to read and write. I hired the young man who just
19 came out of prison. I didn't do background
20 checks. I helped them to become more productive
21 citizens in New York.

22 Out of those employees, the woman
23 learned how to read and write. Not only did she
24 learn how to read and write, she owns her own
25 small business now. Three of my employees now

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2 work for the state. Two for the city and two more
3 opened up their own small business. This is
4 something that Walmart will not do for the people.

5 So with my experience, what I've
6 gone through as a small business owner, I've now
7 lost everything. This will also increase the
8 rents in the community when you bring in these big
9 developments like that.

10 So right now I've lost everything.
11 I am now on food stamps, Medicaid and about to
12 face eviction and become homeless any week now.
13 So I just came just to share my story and ask you
14 guys to please support the little people and
15 prevent Walmart from coming in.

16 CHAIRPERSON REYNA: Thank you, Ms.
17 Morales.

18 FRANK GARCIA: My name is Frank
19 Garcia. I am chairman of New York Statewide
20 Coalition of Hispanic Chambers. I'm the former
21 president and founder of the Bronx Hispanic
22 Chamber. I own Millennium Recycled Toner.

23 Because of time, we've decided, all
24 25 chambers decided at this moment--

25 CHAIRPERSON REYNA: [interposing]

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2 Mr. Garcia, please continue. We're reviewing your
3 testimony as we speak.

4 FRANK GARCIA: I'm sorry. Okay.

5 CHAIRPERSON REYNA: Don't stop.

6 FRANK GARCIA: Because of time, I'm
7 not going to go into all the testimony that we
8 have here. Our 25 chambers right now at this
9 moment decided, they voted temporarily to be
10 neutral on this until we sit down and find out
11 exactly what's going on.

12 We called Walmart. Walmart never
13 returned our phone call. I've been to Arkansas.
14 I've helped minority businesses get contracts.
15 Who is selling to Walmart? I could tell you about
16 the process. As a small business they're going to
17 compete against me. I recycle toner. They sell
18 toner. I don't support them personally but I have
19 to respect the decision of my board members to ask
20 me at this time to give us time.

21 Murphy from the Bodega Association
22 is not here. Murphy is scared that his businesses
23 are going to go out of business. I haven't heard-
24 -what we as an attorney, and we have an attorney
25 here. Our concern is that you can't stop Walmart.

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2 Our president of the U.S. Hispanic Chamber told us
3 that. They're coming in. You know, it's the
4 American way.

5 My concern is we need to get money
6 to be able to educate the supermarkets and the
7 bodegas and the small restaurants to be able to
8 compete against Walmart and be able to business.

9 What happened in the Bronx, in the
10 Bronx terminal market, I fought against that. You
11 know what, we lost. The Bronx Terminal Market,
12 all the others in there, you know they came in and
13 we lost it.

14 To end my testimony, I just want to
15 be real clear, there has been viscous, viscous
16 letters out there from advocates like Alfred
17 Placeres and Richard Revsci [phonetic] saying that
18 I took money from Walmart because I helped one of
19 my members get a contract from Walmart.

20 I'm going to be real clear. I have
21 not taken anything. I've been to Walmart. I've
22 met with the president with all the state chambers
23 nationally. I was there when Chicago negotiated
24 with them. In my opinion, they've hurt the
25 businesses in Chicago.

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2 But again, my proposal is how we
3 are going to prepare the businesses to compete
4 against Walmart. Madame Chair, thank you.

5 CHAIRPERSON REYNA: Thank you, Mr.
6 Garcia. Mr. Garcia, just for clarification, is
7 your testimony in favor or in opposition?

8 FRANK GARCIA: Personally I'm
9 against Walmart. The 25 chamber presidents have
10 not been able to, because of the snow, all get
11 together.

12 CHAIRPERSON REYNA: Right.

13 FRANK GARCIA: We tabled it for
14 vote. Right now it's neutral but we are
15 supporting the NSA who buys from our membership.

16 CHAIRPERSON REYNA: Correct. Thank
17 you.

18 FRANK GARCIA: And the Bodega
19 Association.

20 CHAIRPERSON REYNA: I appreciate
21 your clarification.

22 FRANK GARCIA: Okay. Personally,
23 they affect my toner business so I'm against them.

24 CHAIRPERSON REYNA: I heard you
25 loud and clear, Mr. Garcia. Mr. Garcia, sit.

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2 FRANK GARCIA: Oh, he asked me to
3 move.

4 CHAIRPERSON REYNA: Okay.

5 BRIAN KETCHAM: Good evening. Is
6 this on? My name is Brian Ketcham. I've got to
7 put my regular glasses on.

8 You've just been given a report
9 that backs up what I'm about to tell you. The
10 report is an analysis of the traffic impacts of
11 adding a 180,000 square foot Wal-Mart supercenter
12 to the Gateway Estates project in East New York.
13 The report investigates Walmart's impact along
14 Shore Parkway and at a number of key
15 intersections. It evaluates the parking needs of
16 Walmart. And it estimates the increased costs of
17 congestion, increased costs from additional
18 traffic accidents and increased environmental
19 damages.

20 Gateway II is a huge project. More
21 than 700,000 square feet of new retail space plus
22 2,400 residential units generating more than 3,400
23 auto trips during weekdays on PM peak hours and
24 more than 4,400 trips on Saturday peak hours.
25 About a third of this traffic would use the Shore

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2 Parkway, which is already jammed with traffic.
3 Adding a Walmart supercenter would add
4 significantly to these impacts.

5 What we have found in our study,
6 which you have a copy of now, that a Walmart
7 supercenter will add 1,000 to 1,300 more autos to
8 the area during peak traffic hours; 37 percent of
9 this traffic will attempt to use the Shore
10 Parkway, again which is already jammed.

11 Walmart alone would increase
12 traffic reported in the Gateway EIS by 45 percent
13 in the weekday AM peak hour, by 39 percent for the
14 PM peak hour and by 24 percent for the Saturday PM
15 peak hour, again compared to what was reported by
16 the Related Companies FEIS for all project
17 activities.

18 Gateway II will more than double
19 the retail space at this site and will
20 consequently increase traffic along the Shore
21 Parkway by more than 1,300 auto trips during the
22 evening peak hour without a Walmart. The impact
23 of Gateway will be to slow traffic from 46 miles
24 per hour without this project to 35 miles an hour.

25 The addition of Walmart on top of

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2 Gateway II will slow travel speeds even more, from
3 35 miles and hour to 25 miles an hour, a huge
4 impact on congestion not anticipated in the FEIS,
5 significantly increasing the travel time for the
6 160,000 daily commuters already using Shore
7 Parkway.

8 Intersections surrounding the
9 Gateway site are already gridlocked. Gateway II
10 will make these conditions far worse. Many
11 intersections cannot be mitigated with just
12 Gateway II traffic. None of these intersections
13 can be mitigated with Walmart. The report
14 provides plenty of detail.

15 When completed, Gateway II would
16 generate 23 million auto trips each year. The
17 addition of a Walmart will add another 4 million
18 auto trips, generating 16 million more miles of
19 travel, resulting in 130 more traffic accidents
20 and adding 10,000 tons per year of greenhouse gas
21 emissions added to the 60,000 tons that will
22 contributed by Gateway II, further undermining
23 Mayor Bloomberg's goal of reducing greenhouse gas
24 emissions by 30 percent over the next two decades.

25 It is clear that, based on this

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2 analysis, adding a Walmart to the Gateway project
3 in East New York will result in huge community and
4 regional impacts that have not been accounted for.

5 These unreported impacts demand
6 that a full EIS be undertaken for any proposed
7 Walmart. Once these impacts are fully disclosed
8 and it is understood that these impacts cannot be
9 mitigated I cannot see how a Walmart can be
10 incorporated into the East New York Gateway
11 project site. The downside is just too great.

12 CHAIRPERSON REYNA: Thank you very
13 much. I'd like to thank every member of this
14 panel. Before you leave, I just wanted to
15 understand, Mr. Ketcham, the Walmart supercenter
16 at the Gateway Estates Project in East New York
17 that you have made an analysis for, at 180,000
18 square feet. Did you look to see any traffic
19 impact concerning Walmart, not as a supercenter
20 but any of their other models?

21 BRIAN KETCHAM: At another
22 location?

23 CHAIRPERSON REYNA: No.

24 BRIAN KETCHAM: You mean a
25 downsized Walmart?

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CHAIRPERSON REYNA: Correct.

BRIAN KETCHAM: Well, the impact that you have in that report is proportional to the size of the Walmart. So if you cut it in half to 90,000 square feet, it would be 500 to 650 trips added to the site. But let me just say, as an addition, there is no Walmart no size, 100,000 square feet is going to cause enough trips to cause significant deterioration in the surrounding roadway system. They're all gridlocked. They're gridlocked now. They'll be gridlocked far worse when Gateway II is finished. Any addition from any size Walmart will be a problem.

CHAIRPERSON REYNA: On top of what was already allowed as far as the environmental impact study is concerned.

BRIAN KETCHAM: Yes. That's what I did. The analysis is for the substitution of a 180,000 square foot Walmart and I removed 180,000 square feet of destination retail. I corrected for that. So this is a net impact over and above what is reported in the FEIS.

CHAIRPERSON REYNA: Thank you very much. You wanted to mention or answer a question

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from before?

STEVE BARRISON: There were several questions raised that weren't answered. So I can give you one-liners on each one and rattle them off. That's what we attorneys do sometimes.

CHAIRPERSON REYNA: Go ahead, Mr. Barrison.

STEVEN BARRISON: Okay. First, it was brought up about the other big box stores and how do you compare salaries and all that. So I have this top 13 list. I'm not going to read them. They're the facts about Walmart you may not know. But number nine is would New Yorkers want Big Wally if they knew it compared to other large retailers that the Walmart workers earned 31 percent less than the average retail chain worker and they also need 39 percent more in public assistance. That's studies that have been done numerously. You have to check not just Chicago. There were studies done in major cities all over America. There's a lot of information out there. So, of course, we the taxpayers pay for it.

The other question that was raised was about professional services. Walmart, as far

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2 as services like repairs and professional
3 services, suppliers and all that, it doesn't come
4 from the local community. Other businesses spend
5 over 82 percent on the services right in the
6 community but not Walmart.

7 The last thing was only touched
8 upon in a little article in the New York Post a
9 few days ago bragging that Walmart suddenly found
10 40 Big Apple nonprofits to give \$9 million to. If
11 you exclude that little buying into New York, if
12 you look at their track record, the local
13 nonprofits from community-based organizations such
14 as civic, religious, environmental, Boy Scouts,
15 Girl Scouts, churches, synagogues, museums and the
16 like, that most of that money comes in from the
17 local small businesses. But the record from Big
18 Wally is that it doesn't. So that would be a
19 tremendous drop-off. They only give about 15
20 percent whereas the local businesses pretty much
21 support all of those kinds of things in the
22 neighborhood.

23 So when people from the hood today
24 were talking, and I'm a guy from South Brooklyn,
25 third generation about the hood, and not getting

1
2 fair for fair, the fact is that it's not just
3 about well did we lose one job for one or 1.4 or
4 2.4. You know what, it really varies. The bottom
5 line is even if it's just one for one; it's still
6 a huge loss because when you factor in all these
7 other costs, we the taxpayer have to make up that
8 difference. So it's a tremendous loss. It's
9 really not one for one and it's unfair.

10 To go out to Arkansas to go meet
11 the people is like you and I going down to the
12 Carolinas to meet the tobacco manufacturers who
13 are going to tell us, don't worry, tobacco is okay
14 and we have millions of people that want to buy
15 cigarettes. I mean it's crazy.

16 CHAIRPERSON REYNA: Mr. Barrison,
17 as far as the Industrial Development Agency for
18 New York State and the tax benefits that the
19 previous panel to this panel had stated, New York
20 Jobs for Justice had testified. How many of your
21 members of the Small Business Congress of New York
22 City have applied and received such packages for
23 per position created as far as a small business is
24 concerned?

25 STEVEN BARRISON: There may be some

1
2 out there, but I don't know. In my 28 years of a
3 mom and pop that's asked for advice on how to get
4 subsidy for their little store, most of them can't
5 even take off time to come to a hearing, let alone
6 fill out forms.

7 CHAIRPERSON REYNA: Well that's
8 what you're there for, right?

9 STEVEN BARRISON: Well, I try.
10 But, you know, Walmart has gotten billions of
11 dollars in subsidies. Billions.

12 CHAIRPERSON REYNA: I'm just asking
13 a very specific question as far as your membership
14 is concerned and your coalition or association,
15 how many of your small business members have
16 applied and received or have applied and been
17 denied IDA funds?

18 STEVEN BARRISON: I honestly don't
19 know of any that have applied. There may be some
20 out there. Maybe they did it on their own.

21 CHAIRPERSON REYNA: But you
22 yourself have not assisted any member to receive
23 IDA benefits.

24 STEVEN BARRISON: No.

25 CHAIRPERSON REYNA: Mr. Garcia, the

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same?

FRANK GARCIA: In New York, no, they don't even return our phone calls.

CHAIRPERSON REYNA: Your membership?

FRANK GARCIA: Our membership, no. In Chicago they have.

CHAIRPERSON REYNA: I'm referring to New York State.

FRANK GARCIA: In New York membership, no. They're not even returning our phone calls. That's what I'm trying to say. None. None of our members have received any.

CHAIRPERSON REYNA: Mr. Garcia, I'm referring to the Industrial Development Agency.

FRANK GARCIA: Yes, our members haven't received--

CHAIRPERSON REYNA: [interposing] Tax benefits.

FRANK GARCIA: We have not received any.

CHAIRPERSON REYNA: In New York State.

FRANK GARCIA: We have not had

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them.

CHAIRPERSON REYNA: You have not assisted anyone in receiving any benefits from the IDA?

FRANK GARCIA: No.

CHAIRPERSON REYNA: Okay.

FRANK GARCIA: I myself as a manufacturer and I don't receive it. I'm in the Empowerment Zone and the Hub Zone in the South Bronx.

CHAIRPERSON REYNA: Do you know of the IDA benefit?

FRANK GARCIA: Yes, I did and they've never reached out to us.

CHAIRPERSON REYNA: But have you applied?

FRANK GARCIA: I have applied.

CHAIRPERSON REYNA: And you've been rejected?

FRANK GARCIA: Not rejected. I never got a response.

STEVEN BARRISON: The only last thing I would add, if it helps you and Council because I don't know where you're all going to go

1
2 with this at the end of the day is that there are
3 studies that have been done in St. Louis, in New
4 Hampshire, California has one not too long ago.
5 In fact, Consumer Reports had a November cover
6 story about comparing Walmart to the other Costco
7 and J.C. Penney and Sears and all that.

8 All of them will back up that you
9 don't do any better at Walmart and in many cases
10 you do worse. The service at the other places is
11 often much better, besides the wages and benefits
12 and everything we've already heard about today.
13 So the Council can inform themselves and look into
14 this. It's all available. There is tons of stuff
15 out there.

16 FRANK GARCIA: Madame Chair, I want
17 to--

18 CHAIRPERSON REYNA: [interposing]
19 That's what all of this is.

20 STEVEN BARRISON: Well, there's a
21 lot more. There's thousands of stuff written.

22 CHAIRPERSON REYNA: Thank you, Mr.
23 Barrison.

24 FRANK GARCIA: Madame Chair, I
25 wanted to correct something that was talked to

1
2 here. Top Soda is not certified as a minority
3 company. I've helped a lot of minority, like you
4 know from your district, Julio, who applied to do
5 construction with Walmart and they haven't even
6 called him back. He's a minority business in your
7 district. So he's certified. We got all the
8 certifications. Seabo [phonetic] Meat was able to
9 get a contract with them. That was like pulling
10 teeth with them. I had to go and yell and scream
11 at the shareholders meeting because they didn't
12 want to return the phone calls to Hines Junior
13 [phonetic] or to the owner of Sylvia's Restaurant
14 who has canned goods. We were able to get them in
15 and they're doing very well.

16 One thing I want to say for the
17 record, they do have one of the best supplier
18 diversity programs than any other company, just
19 for the record. I could get you the numbers that
20 show that they do more than Target, BJs, and any
21 others.

22 The supermarkets buy more from
23 Hispanics and minority businesses, but we don't
24 have research on that yet.

25 CHAIRPERSON REYNA: Thank you. I

1
2 appreciate the participation of every member of
3 this panel. Thank you for your patience and for
4 making sure that you were able to testify in these
5 late evening hours. Thank you.

6 STEVEN BARRISON: Next time you'll
7 have like a buffet or something.

8 CHAIRPERSON REYNA: We're fiscally
9 conservative. Elizabeth Bird from Good Jobs New
10 York will be part of the next panel. Elizabeth is
11 here? Richard Lipski from Neighborhood Retail
12 Alliance, is Mr. Lipski here? Is Stephen Parker
13 from New York City Americans for Democratic Action
14 here? Ken Diamondstone? James Ellis from the
15 Brooklyn Chamber, is James Ellis here?

16 [Pause]

17 CHAIRPERSON REYNA: Luis Ducasse
18 from the Bodega Association of the USA? Christine
19 Williams from Opposition to Walmart Freedom Party?
20 Ms. Williams? Eddie Benato [phonetic]? Veronica
21 Williams from Local 1500? Veronica Williams?
22 Alexis Santana? Ms. Santana? Robert Conlon
23 Moore? Jennifer Stenavage from Stop N Shop?
24 Reverend Tihaka [phonetic]? Tihaka Robinson?
25 Omar Jordan? Mr. Jordan? Mike Pricoli?

1
2 Fantastic, Mr. Pricoli please join this panel.
3 Ronald Dillon? Mr. Dillon, thank you. This is
4 the last panel of the evening. Thank you very
5 much.

6 [Pause]

7 CHAIRPERSON REYNA: I do want to
8 thank Council Member Vann, my Co-chair of
9 Community Development for staying here this whole
10 evening, this whole afternoon. We look forward to
11 our continued discussions around this matter. We
12 hope to see this matter resolved.

13 I do want to thank every member of
14 this panel who has waited long hours in order to
15 testify. I want to finally thank our staff, the
16 Council staff and our personal staff, our district
17 offices who have made this hearing possible.
18 Thank you.

19 You may begin, if you'd like to
20 start from the end?

21 MICHAEL PRICOLI: Thank you,
22 Council Members, for hearing me. My name is Mike
23 Pricoli. For the last 25 years I've been a city
24 worker, I've been unionized. Before that I was a
25 civilian in the FBI. I was unionized. Before

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2 that, I worked in the private sector. I was not
3 unionized. Before that I was in the military. Of
4 course there is no union in there.

5 The reason why I'm here and I took
6 a vacation day to be here, because I thought it
7 was very important. I have been in Arkansas, when
8 I went to the welfare conference because for the
9 last 25 years I've been a supervisor and a worker
10 in public assistance. The Health and Human
11 Services in Arkansas was part of a state panel.
12 They bragged on how Walmart would have them come
13 into their facility and they would make sure
14 anybody that was eligible, because a lot of them
15 do not get \$12 an hour, got benefits, MediCal of
16 the Medicaid from California, the same thing. I
17 can go on and on.

18 Right in New York State, you have
19 the--I think it's 7,500 or 8,500 of the work to
20 hire a welfare recipient per year, the tax credit,
21 up to that. Then the federal government and then
22 also if there are any go-betweens like Goodwill or
23 whatever. So the taxpayer might be paying the
24 whole salary.

25 The reason why I'm here is because

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2 Walmart, when they had a profitable store in
3 Canada and they unionized that store, they closed
4 it. When they had the fresh meat packers in Texas
5 and they unionized, those 11 workers, they got rid
6 of their fresh meat division. They did that in
7 the Midwest and the Central.

8 I would be for Walmart if they
9 would give the chance to people to unionize. If
10 they would take into consideration those small
11 businesses and any businesses that they try to put
12 out of business and then raise their prices later
13 and consult the community, take the community's
14 concerns.

15 Also, one more thing, well that's
16 it. You've got my testimony.

17 CHAIRPERSON REYNA: I do appreciate
18 your taking a vacation day to come here. It is
19 valuable. I don't want you to feel as if it was
20 in vain. If you do, remember what it was, your
21 last point, I will allow for that last point to be
22 shared. Thank you.

23 ELIZABETH BIRD: Thank you for the
24 invitation to speak to you today. My name is
25 Elizabeth Bird. I'm the Research Analyst for Good

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Jobs New York--

CHAIRPERSON REYNA: [interposing]

Ms. Bird, if you can just pull the mike closer.

ELIZABETH BIRD: Can you hear me now?

CHAIRPERSON REYNA: A little bit better.

ELIZABETH BIRD: A little bit better. Can you hear me now?

CHAIRPERSON REYNA: Yes.

ELIZABETH BIRD: My name is Elizabeth Bird. I'm the Research Analyst for Good Jobs New York. Attached you'll find a complete written testimony from Good Jobs New York Project Director Bettina Damiani, who was not able to be here today.

Walmart's motto of save money, live better doesn't always ring true for communities. Walmart has been accused of devaluing property, not providing good paying full time jobs, discriminating against its workers, relying on taxpayer subsidized health insurance programs for its employees and being an unfair actor in negotiations with suppliers.

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2 To be sure, Walmart is not the only
3 bad actor in the world of big box retailers. Many
4 neighborhoods have already experienced the
5 proliferation of these stores and it shows. Mom
6 and pop businesses are drying up. Our
7 neighborhoods are losing their distinctiveness and
8 profits from the big boxes returned to
9 headquarters out of state. But because Walmart is
10 the most profitable company in the world, it
11 garnishes the most attention.

12 At a time when our city and state
13 are in budget crisis, our economic develop
14 officials must be increasingly vigilant about
15 using precious tax dollars to encourage
16 development, especially without a guarantee of
17 good jobs for New Yorkers.

18 We at Good Jobs New York hope that
19 the attached testimony serves as a warning and a
20 lesson on Walmart's history of demanding tax
21 breaks and other incentives for its operations. I
22 would like to highlight some points for you today.

23 Conservative estimates show that
24 Walmart has garnered well over a billion dollars
25 in subsidies nationwide. Public subsidies that

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2 Walmart has received range from infrastructure
3 assistance and tax breaks to government grants.
4 Most of these subsidies can be allocated without a
5 public hearing. Here are a few subsidies we
6 believe Walmart may seek.

7 Free or reduced priced land, or
8 asking the city to pay for roads, water and sewer
9 lines and other infrastructure. Walmart is
10 notorious for avoiding property taxes by
11 aggressively challenging property tax assessments,
12 setting up shop on city-owned land and
13 participating in the industrial commercial
14 abatement program or ICAP, the largest economic
15 develop subsidy in the city, which requires no
16 public hearing before it is administered or Empire
17 Zone benefits. Again: an as-of-right discount on
18 property taxes along with state credits, sales tax
19 exemptions and cheaper utility rates. Finally:
20 tax exempt bond financing through various
21 development agencies like the New York City
22 Industrial Development Agency. Bond financing
23 would require a public hearing.

24 In conclusion, we're pleased the
25 City Council is concerned about Walmart's

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2 potential expansion into New York City and urge
3 you to foresee the many government handouts
4 Walmart will request as part of its standard
5 operating procedure. In a time of budget crisis,
6 New Yorkers should not be expected to foot the
7 bill for developing a Walmart, nor should we be
8 expected to applaud creating poverty wage jobs
9 without adequate health care benefits. We urge
10 you to show equal scrutiny to all big box
11 retailers seeking a foothold in New York. Thank
12 you.

13 CHAIRPERSON REYNA: Thank you very
14 much. You can go ahead.

15 STEPHEN PARKER: Good evening. My
16 name is Stephen Parker. I'm on the board of an
17 organization called Americans for Democratic
18 Action, which is a liberal advocacy organization
19 that was founded in 1947 by Eleanor Roosevelt and
20 other labor leaders. As you can imagine, in 1947,
21 America was a much different place. The workforce
22 was primarily unionized. We had a large and
23 vibrant middle class. We had a very large
24 manufacturing base in New York City and in
25 America.

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2 Other speakers have told you about
3 the negative impact that Walmart has had on small
4 businesses. I want to talk about the negative
5 impact Walmart has had on manufacturing in
6 America. In 1980, there were 24 million
7 manufacturing jobs in America. These were jobs
8 that were considered skilled jobs. They paid a
9 living wage. They came with dignity and respect
10 and fringe benefits. They allowed the workers to
11 have a middle class lifestyle.

12 Then Walmart embarked on this
13 everyday low prices strategy, which meant that
14 they looked all over the world for the lowest
15 price and labor and they found it in China. They
16 opened hundreds, if not thousands of factories in
17 China. Today, virtually everything they sell in
18 their store is made in China. Obviously, the
19 exception would be food.

20 Since Walmart embarked on this
21 "everyday low prices" strategy the manufacturing
22 base in America has diminished. The manufacturing
23 base in New York City is greatly reduced. In
24 fact, in 1980 we had approximately 500,000
25 manufacturing jobs in New York City. Now, we're

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2 down to just a handful. I'm afraid that if
3 Walmart were to be allowed to open their big box
4 stores in New York City, it would create probably
5 more low wage jobs in China and very few year.

6 So basically, in summary, the
7 Walmart everyday low prices strategy probably
8 means everyday low wage jobs in New York City and
9 for that reason we oppose the introduction of
10 Walmart into New York City. Thank you.

11 CHAIRPERSON REYNA: Thank you, Mr.
12 Parker.

13 KEN DIAMONDSTONE: Thank you,
14 Chairperson Reyna and members of the Council for
15 conducting this hearing. I'm here as an
16 individual, private citizen because I consider
17 this to be an important issue.

18 CHAIRPERSON REYNA: Mr.
19 Diamondstone, I apologize for interrupting you and
20 I'll make sure that we stop the clock so that we
21 can give you more time. I just want to correct
22 the notion that I'm chairing this alone. I have
23 Council Member Al Vann here, who is co-chairing
24 this with me, along with Karen Koslowitz who was
25 here all day. I want to make sure. This was a

1
2 three-joint hearing. It's important that we
3 recognize Community Development, Economic
4 Development and Small Business. Thank you.

5 KEN DIAMONDSTONE: No, thank you.
6 I'm here speaking as a private citizen, but I also
7 note that I'm on the board of directors of
8 American for Democratic Action as well in New York
9 City.

10 As we've heard from numerous
11 speakers, Walmart's entry into New York City would
12 begin a race to the bottom for all retailers.
13 Despite Walmart's mantra that it adds jobs and
14 helps the local economy, the reality is the exact
15 opposite, concludes repeated academic, government
16 and media studies.

17 In a University of California at
18 Berkeley study, the conclusion was when Walmart
19 moved into a California community, retail workers'
20 wages across the board fell nearly 31 percent.
21 When Iowa State University studies Walmart's
22 impact on that state's economy over a ten-year
23 period, the results were many more jobs were lost
24 than gained and those were at lower wages. The
25 grim results were that over 1,800 large and mid

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2 sized stores disappeared with the arrival of
3 Walmart in that state.

4 Walmart claims to be a good
5 corporate citizen. That claim proved a myth when
6 Consumer Reports in 2007, studying national chains
7 ranked Walmart at number 45, near last, while
8 Costco was ranked number 7, near the top in
9 category after category after category.

10 That good corporate myth also went
11 flying out the window again in 2004 when Walmart
12 lost the largest gender discrimination class
13 action suit in U.S. history. But now it continues
14 to appeal that loss, now claiming, unbelievably,
15 that each woman should have hired their own lawyer
16 rather than filing a class action suit.

17 Walmart's enormous, like its supply
18 in China, allows it to undercut competitor's
19 prices until it begins squeezing them to cut costs
20 as well. Labor costs and benefits begin to erode
21 by hiring more part timers. What remains of the
22 U.S. supply chain shuts down and are transferred
23 to cheap labor suppliers. When competitors can no
24 longer find anything left to cut to lower their
25 prices, Walmart continues to lower theirs.

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2 Competitors lose customers, jobs are lost and
3 finally in 5, 10 or 15 years--they can wait--
4 Walmart has killed off most of all of their
5 competitors.

6 Well, yes, I do want to mention
7 this. In a November 2005, a New York Times piece,
8 Walmart reportedly had the highest employee
9 turnover rate in the industry. It was nearly 50
10 percent in the first year. That's convenient for
11 Walmart's bottom line because Walmart denies all
12 employees any health care during the first year.

13 In Massachusetts in 2008, Walmart
14 topped the list of companies with more than 50
15 employees whose employees depended on publicly
16 subsidized health care rather than employee's
17 health care. According to a Massachusetts State
18 study in 2009, Walmart cost Massachusetts over \$18
19 million in health care in that year alone.

20 Mayor Bloomberg: I and others
21 oppose your effort soft pedal Walmart because, Mr.
22 Mayor, behind Walmart's enticing PR lurks an
23 entity that ruthlessly crushes workers,
24 neighborhoods, competitors, suppliers and if given
25 a foothold will crush wages and compensation and

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2 competition in the retail and food sector while
3 sucking the blood from New York City's tax base as
4 well.

5 This will truly be a little shop of
6 horrors. That is, until it consumes everything in
7 sight. Feed me, feed me, says Walmart, feed me,
8 please feed me. We ask you to say no.

9 CHAIRPERSON REYNA: Thank you very
10 much.

11 RONALD J. DILLON: Good evening.
12 My name is Ronald J. Dillon. I'm the President of
13 the Concerned Homeowners Association. I'm listed
14 as opposed to this project Walmart. That is
15 because we are opposed to any of these retail
16 establishments being on parkland.

17 We are a homeowners association
18 actually in that community, as opposed to many of
19 the people that I've seen--

20 CHAIRPERSON REYNA: [interposing]
21 Mr. Dilan, can you just identify what community?

22 RONALD J. DILLON: The Old Mill
23 Creek of New Lots, of which this proposed site is
24 a part of. But notice the hypocrisy over the
25 years about this project. The city has given away

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2 the Old Mill Creek's legacy without any oversight.
3 Now, after having done that, because Walmart comes
4 in, everybody is talking that they're the bad
5 guys. You've already given away the store. We
6 fought against giving away the store and nobody
7 would listen to us.

8 We've reviewed the previous
9 environmental impact statements and things that
10 are being said today, when raised with previous
11 environmental impact statements, were said to be
12 of no consequence.

13 With respect to the mall, we have
14 raised many issues with respect to the mall and
15 people talk about how the mall has helped
16 community groups. Not in that community.
17 Everybody is looking for a piece of that pie but
18 that immediate community gets nothing.

19 It's nice that they are looking to
20 get a piece of the pie, what about us who have
21 stayed the course in that community, who have
22 raised issues, especially issues of alienation of
23 parkland and nobody listens to us?

24 So the hypocrisy is that when we
25 raised the issue, it's not an issue. But because

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2 it gets press, the same issue somehow magically
3 becomes an issue.

4 One last thing, I happen to be on
5 Community Board 5. I am not representing them.
6 I've been on there for many years. I've listened
7 to the community allegedly cry for supermarkets
8 and I hear part of the testimony about people how
9 supermarkets are in the surrounding area. Not
10 even close. Brownsville is not close. Ozone Park
11 is not close. Nobody is going in there.

12 To a certain extent I have not
13 heard any of these studies address the specific
14 community of New Lots Brooklyn and what their
15 people are like, what their needs are like. You
16 know, the bodegas talk about we have it doing bus.
17 You know, the Health Department, when they're
18 talking about nutritional values, cite the bodegas
19 as places which do not provide nutritional values.

20 I just would like somebody to go
21 through this and look at the alienation of
22 parkland because it just doesn't affect Walmart.
23 Look at the fact that what's affecting the
24 immediate community not everybody who is looking
25 to get a grab on this. Look for some consistency

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2 about what people have said, this community, the
3 larger community of New Lots needs and now they're
4 saying something different. If Walmart comes in,
5 I'm not for or against Walmart, except for the
6 land use issue, if Walmart comes in, none of these
7 other people who have testified are coming in with
8 good supermarkets with fresh fruits at affordable
9 prices. Thank you.

10 CHAIRPERSON REYNA: Thank you, Mr.
11 Dillon. I wish we had supermarket owners still
12 remaining in the audience to hear your cry for
13 what you have just said. As Chair of the Small
14 Business Committee, I will reach out to some of
15 these associations who have claimed that they are
16 entrepreneurs to take a closer look at the
17 opportunity for communities like yours that are
18 deserts that are calling for the fresh food that
19 they are setting up shop for in other communities.

20 RONALD J. DILLON: Just one thing,
21 I don't know if you're familiar with that area.

22 CHAIRPERSON REYNA: Yes.

23 RONALD J. DILLON: But the fact is
24 except for Starrett City, whose tenants are senior
25 citizens who privately or publicly at some things

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2 come out that they would like a Walmart, given
3 their limited incomes. You know, we're not really
4 talking about this is a local supermarket, but it
5 would allow access at lower prices.

6 The supermarket groups, when they
7 have projects coming into New Lots, they only
8 induce to come in because the owner or the sponsor
9 of the project wants a bigger benefit and somebody
10 says okay, we'll give you a supermarket on the
11 ground floor. They're not coming in just, you
12 know, this is a great place to go into.

13 If you look at the demographics and
14 the income levels and the unemployment level, this
15 is not a place that businesses are looking to
16 expand in.

17 I'd like to say that apart from the
18 general community, who is looking at the people
19 that live right next to there, and I'm not talking
20 about the high rises, I'm talking about the
21 private homeowners whose community has been
22 destroyed.

23 CHAIRPERSON REYNA: I completely,
24 crystal clear hear you.

25 RONALD J. DILLON: Thank you.

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2 CHAIRPERSON REYNA: I have
3 mentioned the same argument for my Bushwick
4 community, which I represent. I want to just
5 thank every member of this panel. You can remain,
6 Mr. Dillon, I don't want to rush you off.

7 I want to just ask, Mr.
8 Diamondstone, you had mention the class action
9 suit, and I'm not too sure if you are familiar
10 with any details, but would you happen to know how
11 does a mobilization of a class action suit against
12 one particular party mobilize 1.6 million women?
13 It's hard enough to galvanize one person.

14 KEN DIAMONDSTONE: They must have
15 been very upset.

16 CHAIRPERSON REYNA: More than just
17 upset.

18 KEN DIAMONDSTONE: Well, they
19 represented 72 percent of the employees of Walmart
20 and only 12 or 15 percent of management. The
21 discrimination there was so blatant and obvious
22 that they were forced to have a class action suit.
23 Walmart has lost that suit repeatedly.

24 But now, seven or eight years
25 later, are trying to get this to the Supreme

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2 Court, the current Supreme Court that has not been
3 overly friendly to anyone but business and would
4 like to question the ability of anyone to bring
5 class action suits. Walmart is now claiming that
6 each one of those, whatever number that was, I
7 don't know that it was a million, but it was a
8 huge number of women.

9 CHAIRPERSON REYNA: 1.6.

10 KEN DIAMONDSTONE: That each one of
11 them instead of filing a class action suit should
12 have each of them--

13 CHAIRPERSON REYNA: [interposing]
14 Their own counsel.

15 KEN DIAMONDSTONE: Living at near
16 poverty levels should have hired their own
17 attorneys to bring suit against Walmart.

18 CHAIRPERSON REYNA: Thank you, Mr.
19 Diamondstone. I just wanted to understand if you
20 knew of anyone in particular in New York State
21 that's a part of this class action suit?

22 KEN DIAMONDSTONE: No, I don't.

23 CHAIRPERSON REYNA: Okay. I wanted
24 to just ask Mr. Parker, you had mentioned you have
25 a manufacturing business, is that correct?

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2 STEPHEN PARKER: No. My education
3 is in fashion. I graduated from Fashion Institute
4 in 1971. At that time there were about 300,000
5 garment industry jobs in New York City. The last
6 I heard we're down to about 10,000.

7 CHAIRPERSON REYNA: My mother was
8 one of those seamstresses.

9 STEPHEN PARKER: I was trained to
10 manage a garment factory. As you know, garments
11 today are made in China. I think we can give
12 Walmart part of the credit for that.

13 CHAIRPERSON REYNA: Are you
14 familiar with the industrial parks?

15 STEPHEN PARKER: No, I'm not.

16 CHAIRPERSON REYNA: Well, those are
17 the preserved whatever's left of the square
18 footage of manufacturing industrial spaces.

19 I hope that with the same fervor
20 that we've seen these arguments against Walmart
21 that we see protecting these spaces because they
22 are long gone from what was available to now
23 converting into real estate. We can't hold onto a
24 middle class unless we start looking at an
25 upgraded 21st century manufacturing and industrial

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2 industry where it's made in New York. I hope that
3 we can continue this dialogue in a much more
4 productive way where we are actually producing for
5 consumerism here locally. I know that that is
6 something I am very committed to.

7 I've seen transition in my
8 community. You know, either you're receiving the
9 benefits because you're so poor you cannot enter
10 into a middle or you're living the luxury life of
11 making the opportunities available for you with
12 the benefits and wages that allow you to live that
13 lifestyle. Everyone in between either has to
14 double up in housing or continue to face long
15 working hours, two different jobs and these are
16 the things that we have to start comprehensively
17 taking a look at.

18 I'm not trying to preach to this
19 panel alone. This is my final comment. It's
20 enlightening to see that groups, such as Good Jobs
21 New York, were paying attention to the details of
22 the IDA. These are benefits that are issued on a
23 daily basis. We have to pay closer attention to
24 these benefits because they are taxpayer supported
25 benefits. So when we have these types of

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standards, we're supporting this culture.

If we don't start questioning a lot of these decisions that are being made amongst government, then we're going to continue to support what would be the low wages and less of a middle class nation.

I hope that we can continue to see more information on the IDA and to explore what needs to happen in order to demand more of these benefits to support a living wage and benefits associated to them. Thank you so much to all. Yes, Mr. Dillon?

RONALD J. DILLON: Just talking about the industrial park.

CHAIRPERSON REYNA: Speak into the mike, Mr. Dillon.

RONALD J. DILLON: You mentioned industrial parks. We happen to live in an industrial park because we got rezoned out of it. The East Brooklyn Industrial Park is in the general neighborhood. A point of fact is that these industrial parks, there is no planning. EDC, which is supposed to help these industrial parks, does nothing but sell property when

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2 somebody's interested in it. We've raised that
3 issue in this community that the formal in place
4 industrial park, there is nothing being done
5 there.

6 CHAIRPERSON REYNA: Mr. Dillon, I
7 agree with you. Real estate does not equal
8 economic development. I hear you loud and clear.
9 I think that's what everyone is trying to grapple
10 with, because we have seen multiple rezonings in
11 the City of New York and we've yet to see the
12 benefits of all these rezonings. Thank you very
13 much.

14 RONALD J. DILLON: Thank you.

15 [Pause]

16 CHAIRPERSON REYNA: I want to read
17 into the record Pratt Center for Community
18 Development. This testimony was provided by Adam
19 Friedman, Director of the Pratt Center for
20 Community Development on today's hearing,
21 oversight on Walmart. The Small Business
22 Committee, Community Development Committee and
23 Economic Development Committee Joint Hearing is
24 adjourned. Thank you.

C E R T I F I C A T E

I, Donna Hintze certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature *Donna Hintze*

Date February 28, 2011