

WAL-MART: The Bottom Line Is More than the Sticker Price

by Carol Hanisch

Representatives from Wal-Mart assured attendees of February's Wawarsing Town Planning Board meeting that it will put an attractive bluestone veneer on its planned supercenter in Napanoch. Based on the mega-corporation's record, however, what goes on behind that facade will not be so pretty.

Forbes magazine has ranked Wal-Mart the largest corporation in the world based on gross revenues. Its sales are larger than Home Depot, Kroeger, Target, Sears, and Cosco combined. It's also the largest food distributor, getting 68¢ of every food dollar spent in the United States, of which 30¢ goes to marketing, transportation and packaging and only 2¢ goes to farmers.

Wal-Mart takes in almost \$43 million in sales per hour—a profit of \$41,400 per minute. The Walton Family is worth more than \$80 billion, enough to pay off New York State's anticipated budget gap of \$47 billion over the next four years with billions left over. These obscene profits are not and could not possibly be earned just from the hard work of the Wal-Mart owners (assuming they even work). Rather the profits come from a chain of worker exploitation, both abroad and in the United States. *Women's Wear Daily* reported that the average “full-time” employee at Wal-Mart would have to work 1,646 years in order to accumulate what the corporation's CEO receives in one year and an associate would work 3,114 years to achieve the annual compensation of the three highest paid Wal-Mart executives.

Buying at a Wal-Mart down the road should not be confused with “buying local.” Money spent at Wal-Mart gets slurped out of the local community and into a corporation that helped ruin the U.S. textile industry by purchasing most of its products overseas. Some 85% of what the company sells is imported. Its low-cost Chinese imports displaced 200,000 U.S. jobs between 2001 and 2006 alone—133,000 from the manufacturing segment, with its higher wages and better benefits for those with less than a college education. Using its size and ruthlessness, Wal-Mart wields inordinate power in demanding low prices

from its suppliers and turning its client factories into sweatshops. Similar demands upon its few domestic suppliers have led to a lowering of wages and benefits and forced some U.S. manufacturers out of business.

As the largest private employer in the country, Wal-Mart's anti-worker policies set a bad precedent. Conditions are such that 50% to 70% of employees leave within the first year. The *New York Times* reported that a Minnesota judge ruled that the corporation violated the state's laws on rest breaks and wage matters more than two million times between 1998 and 2004 amounting to around \$2 billion in fines. Allegations against Wal-Mart in Connecticut were so numerous that in 2005, Republican Governor Jodi Rell ordered the State Labor Department to do an intensive review of the corporation's labor practices in the state. *The Washington Post* reported in 2007 that the U.S. Department of Labor had to order Wal-Mart to pay \$34 million in back overtime wages. The company's child-labor violations—not in China, but here in the U.S.—included children under 18 operating dangerous machinery and working too late at night, during school hours, and too many hours a day.

As of July of 2008, Wal-Mart was facing more than 80 lawsuits involving labor violations. Many had to do with understaffing to keep labor costs down. This included forcing employees to work off the clock and skip lunch and rest breaks, and “manipulating” time and wage records resulting in underpayment. The company has since moved to settle some of these suits as part of a huge public relations effort, possibly fed by fear of the pending Employee Free Choice Act, which protects workers from company interference in union organizing.

Wal-Mart is virulently anti-union. It illegally harasses and fires employees for distributing union literature and orders employees to report anyone discussing union organizing, even offsite. Just the suspicion of interest in a union can get an employee fired. In two cases where Wal-Mart workers managed to vote in a union, the corporation closed the stores.

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Federal Election Commission complaints were filed last August, alleging that Wal-Mart illegally instructed employees to vote Republican and against Barack Obama in order to stop the Employee Free Choice Act. Wal-Mart has reason to worry. Workers who belong to unions earn 30% more than their non-union counterparts. They are 62% more likely to have employer-provided health coverage and four times more likely to have pensions. A Brennan Center for Justice brief stated in 2005 that Wal-Mart paid its sales associates, team leaders, cashiers, and overnight stockers 26-37% less than the national average for the same retail jobs. One-third of its employees don't qualify for health insurance because the company makes sure they don't work the necessary 28 hours a week. Taxpayers pick up the bill in the form of Medicaid and food stamps.

Wal-Mart also faces the nation's largest workplace discrimination lawsuit in history: *Dukes v. Wal-Mart Stores, Inc.* In June 2004, the U.S. District Court granted class-action status to 1.6 million current and former female Wal-Mart employees who charged the company with paying women less and offering them fewer opportunities for promotion. Wal-Mart has appealed the ruling. The numbers uncovered by the lawsuit are convincing: women are two-thirds of Wal-Mart's workforce but only one-third of its managers. Only one in seven store managers is a woman. Women in non-managerial positions earn \$1,100 per year less than their male co-workers.

Personal testimonies by the women workers also speak loud and clear about harassment and discrimination. (See "Women Speak Out in the For the Press" section of www.walmartclass.com.) Even 1992 Miss America Carolyn Sapp, an anti-choice Republican who ranks Ronald Reagan as the country's best president, has formed an organization to support the lawsuit, likening Wal-Mart's treatment of female employees to the abuse she suffered as a domestic violence survivor.

Wal-Mart is notorious for driving smaller stores out of business in areas where it locates. When the corporation opened a store in Nowata, Oklahoma (population 4,000) in 1982, half the small businesses in the town closed. In 1994, the corporation closed that store and opened a supercenter 30 miles away, leaving Nowata with nothing. Nationally, in the past

decade, within five years after Wal-Mart came in, the dollar volume of previously existing supermarkets deteriorated 17%. Some 13,000 have closed, many of which were unionized, meaning union jobs often were replaced with Wal-Mart's non-unionized work force.

Wal-Mart's environmental record is also scary. In 2004, the Feds sued the company for violating the Clean Water Act in nine states. The U.S. EPA fined the corporation \$1 million for violations while building stores in Massachusetts. It was also fined for violating Florida's petroleum storage tank laws. The company couldn't account for 15,000 of 70,000 radioactive exit signs for which the Nuclear Regulatory Commission requires special disposal procedures. When Wal-Mart was discovered passing off grocery items as USDA certified organic that were not, the company called it "a mistake"—doubtful considering the move to carry organics was accompanied by a publicity blitz. Supercenter impact on the local environment must be considered seriously. Traffic congestion lowers public safety and creates air and water pollution, including storm run off from large paved lots.

Wal-Mart pollutes the political environment too when it swaggers into town and throws its weight around. It has even managed to corrupt democratic procedure and get itself on a "fast-track" by being grandfathered out of having to go through a full environmental and economic analysis, the results of which are needed for intelligent decision-making.

Wal-Mart's history speaks for itself. Those who wishfully think it will treat our community differently are in for serious disappointment. No one denies that this area badly needs jobs, but the effects of this huge, powerful corporation on our small community will be devastating—economically, politically, and environmentally.

Perhaps it's time for some public hearings to explore what we really need and want in our community. What can we make here that uses local resources and doesn't destroy our small towns or depend upon imports from half way round the world? The threat to business-as-usual posed by global warming and the bursting financial bubble demand creative solutions that go well beyond a trip to Wal-Mart.

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