

# Wal-Marting our Communities, Countries and our Souls

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In society, who are you? Are you a consumer, a citizen, a worker, a person of faith?

We in the United States have become superb consumers. Yet, we fall short when it comes to acting in society as citizens, workers and persons of faith. Focused on making enough money to buy what we “need,” how can we follow the path charted by the Hebrew prophets and Jesus Christ – to let justice roll down and to feed the hungry, clothe the naked, and house the homeless. The generous among us tithe to support efforts that, for the most part, address symptoms. But who among us is willing to make changes and sacrifice in the face of our own and society’s hypocrisy? Are we willing to risk our lives, or at least some of our comforts, for a just cause?



Through our consumer lenses, Wal-Mart is the best thing since duct tape. Better! We save money on food, fuel, and furniture buying from Wal-Mart – the largest employer in the world. But the more we learn about this 3,500-store retailer, the more exorbitant the costs of those low prices appear.

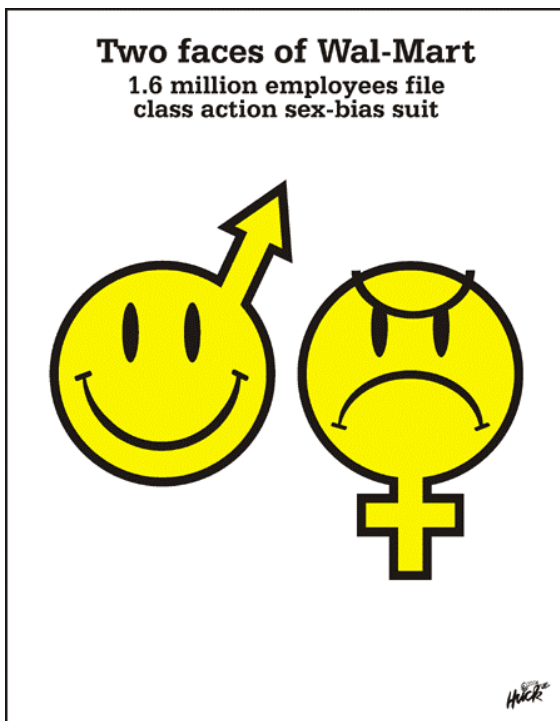
The launch in January of Wal-Mart’s biggest public relations blitz is designed to improve their faltering reputation due to a string of embarrassments. In January, Wal-Mart settled for \$135,540 with the US Labor Department for violating child labor laws in three states. In March, Wal-Mart reached an \$11 million settlement with the federal government over the use of undocumented immigrants to clean its stores.

Most recently in April, Tom Coughlin, a Wal-Mart executive some thought would be the next CEO, was accused by Wal-Mart of abusing his expense account to the tune of \$100,000-500,000. The United Food and Commercial Workers Union say that Wal-Mart and Mr. Coughlin used the account to fund anti-union activities. On top of all this, Wal-Mart faces the largest class-action suit in history with 1.6 million women accusing Wal-Mart of discrimination, labor law violations, shipping jobs overseas, suppressing wages, and links to a powerful Chinese businessman allegedly involved in the weapons-trading arm of the People’s Liberation Army.

But the corporate crimes we hear about are less worrisome than the ways Wal-Mart’s business model itself damages the fabric of our communities.

*For those deals on Tupperware, frozen pizzas and fertilizers, how are our communities paying?*

**Myth #1: Wal-Mart brings jobs.** In fact, a new study reveals that five years after the entry of a Wal-Mart store into a county, total employment in the county remains unchanged. (Basker 2005) This means that all of the “new” jobs touted by the chain merely displace existing jobs. Net gain, 0.





**Myth #2: Wal-Mart contributes to the community through increased taxes.** In some areas, more taxes may result, but not necessarily.

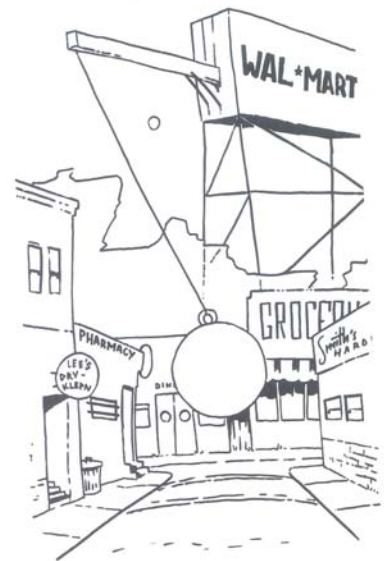
Planning Board of New Paltz, New York forecast of fiscal impact on the city if they let Wal-Mart build a Supercenter.

Wal-Mart property tax	+ \$100,000
Cost of municipal services	- \$29,000
Cost of additional services	- \$5,000
Tax losses at three other malls	- \$29,000
50 percent property tax abatement	- \$50,000
<b>Total town tax deficit</b>	<b>&lt;\$13,000&gt;</b>

**Myth #3: Wal-Mart gives to local charities.** The Walton family, worth a combined \$95 billion, has given one percent of its wealth to charity. By comparison, *Business Week*, writing about philanthropy in America, observed that Bill and Melinda Gates made “history this year by giving their estimated \$3 billion Microsoft Corp. dividend to their foundation... To put it into perspective, that one gift is three times bigger than the amount that America’s richest family, the descendants of Wal-Mart Stores Inc. founder Sam Walton, has given during their entire lifetimes.”

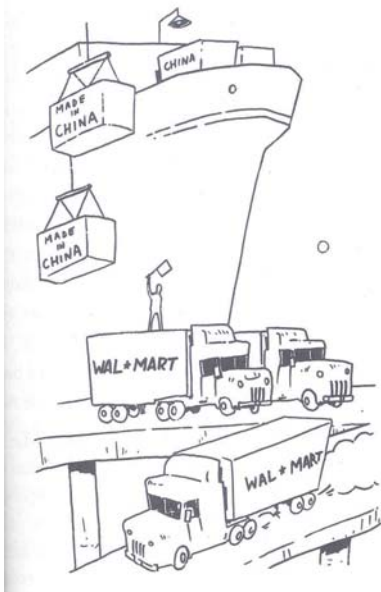
**Myth #4: Wal-Mart stimulates the local economy.** A government funded study on poverty recently found that counties with a Wal-Mart store experienced a smaller reduction in poverty rates (see <http://cecd.aers.psu.edu>). This implies that Wal-Mart is passing on to communities without compensation – something called an *externality* in economics-speak – the cost of higher poverty.

As a retailer, Wal-Mart does not really improve on the economic base of an area. Wal-Mart does not create value, it merely sells products by others. Unlike locally-based retailers, which circulate a larger proportion of their income back into the local economy, Wal-Mart sends the lion’s share of its profits to their Arkansas headquarters.



*In exchange for bargains on lawn chairs, cream cheese, and shot guns, what does the country stand to lose?*

**Myth #5: Wal-Mart buys American.** During their 1990s “Buy America” ad campaign, Wal-Mart was increasingly buying Chinese and pushing its supply chain overseas. Wal-Mart has unprecedented buying power as the biggest U.S. seller of groceries, toys, guns, diamonds, apparel, sporting goods, CD/DVDs, videogames, etc. – not to mention the biggest film developer, optician, private truck-fleet operator, and real estate developer. With \$10 billion in profits and annual sales of \$288 billion Wal-Mart exceeds the gross domestic products of more than 160 nations. To get Wal-Mart contracts, manufacturers are compelled to hold firm on wages for their U.S. workers and/or relocate to cheap labor countries.



**Myth #6: What’s good for Wal-Mart is good for the United States:** State and federal governments provide a huge invisible subsidy to Wal-Mart from our tax dollars. According to a study released last year from the UC Berkeley Labor Center, employment practices at Wal-Mart cost California taxpayers about \$86 million annually in public assistance to company workers. Because the pay at Wal-Mart is so low, employees qualified for \$32 million annually in health-related services and \$54 million per year in other assistance, such as subsidized school lunches, food stamps and subsidized housing. Studies in Vermont and Georgia have found similar results.

**Myth #7: Wal-Mart pays decent wages.** The average Wal-Mart employee earns about \$8.23, which is below a living wage in almost all parts of the country. Full-time Wal-Mart employees must wait six months, and part-timers must wait two years before having an option to participate in a health care package, whose deductible at \$1,500 is more of a catastrophic medical insurance. Reminiscent of the “company store,” Wal-Mart has resurrected a corporate model in which its employees are compensated so poorly, they have no choice but to shop at Wal-Mart.



### **What can we and are we willing to do?**

While acknowledging that to make ends meet, many people need the lowest price they can get on every purchase, we must be willing to hold corporations accountable to values we hold dear. Achieving corporate responsibility sounds daunting, but as with the journey of a thousand miles, it starts with one step, and there are many ways to begin.

One place to begin is to talk with those around you – in your congregations, schools, neighborhood, and with government and company leaders – about what you expect from Wal-Mart or any company that joins your community. Discuss ethics and faith obligations. Determine common ground standards for community benefits.

The Queens, Bakersfield and Inglewood, California are the most recent communities that have done just that. Last year, the Rev. Dr. Harold E. Kidd of First Presbyterian Church of Inglewood and a broad alliance of clergy, elected officials, community-based organizations, business owners, workers and residents were successful in keeping Wal-Mart out. In April 2005, they sent a letter to Lee Scott, CEO of Wal-Mart (see next page), which summarizes their reasons and illustrates the stance that communities can take.

### **Other ideas**

1. **Stand in faithful solidarity.** Think through what loving our neighbors really entails. On our tiny, globalized planet, how do we show compassion and love to our neighbors working in sweatshops in China or in big box stores down the road?
2. **Examine your life** filtered through the lens of your faith. Should we buy less stuff and with the money saved buy from independent stores and local farmers who contribute more to the local economy?
3. **Explore the possibilities** of reforming corporate personhood rights, corporate chartering laws in your state, as well as working to reform campaign financing.
4. **Borrow** “The Corporation” and other films on globalization from the Presbyterian Hunger Program [php@pcusa.org](mailto:php@pcusa.org) and come up with ways to curb abusive corporate behavior and build life affirming alternative models.
5. **For more ideas** on how to deal with Wal-Mart as consumers, retailers, suppliers, and citizens and planning boards, read chapter 7 of Bill Quinn’s, *How Wal-Mart is Destroying America (and the World)*. Available, not at Wal-Marts, but at an independent book store near you (if you still have one).

April 2005

Dear Mr. Scott:

One year ago, Wal-Mart tried to deny the people of Inglewood their rights with a ballot initiative that would have allowed your company to build a supercenter with no public review, input or oversight.

As you know, the voters of Inglewood rejected Wal-Mart's initiative by a two-to-one margin. We rejected it because your company acted with disrespect for the basic rights of our community. And we rejected it because the people of Inglewood – like people across America -- have serious concerns about Wal-Mart's impact on communities.

We are concerned about the impact of poverty wages and inadequate health care on the quality of life of Inglewood families.

We are concerned about maintaining business opportunities for small businesses and Wal-Mart's track record of driving locally-owned and minority businesses out of business.

We are concerned about the unmitigated negative impacts, including increased crime, traffic, noise, and pollution, which result from the development of Wal-Mart projects.

We challenge you to work with communities to address these concerns and agree to mitigate the negative impacts that have resulted from the development of Wal-Mart stores throughout the country.

In the past 12 months, Wal-Mart has spent tens of millions of dollars on a public relations campaign that has attempted to project a positive image of Wal-Mart's relationship with communities.

We believe that it's time for Wal-Mart to focus less on image and more on substance.

We believe that the hundreds of millions of dollars your company is investing in public relations would be far better spent on addressing the problems that have damaged America's communities.

In the coming weeks, Wal-Mart is expected to announce new plans to build a store in Inglewood, on land that your company quietly purchased after last year's election.

Inglewood needs development, but it must be development that makes our community stronger, not weaker.

Therefore we propose that your company negotiate and sign a Community Benefits Agreement that will make the project work for the people of Inglewood.

This legally-binding agreement will protect the rights of our community. It will guarantee living-wage jobs, affordable family health care, fair pension benefits, job training and advancement, freedom from retaliation and basic rights on the job. It will also protect the interests of small businesses, and ensure that your project does not increase crime, traffic, noise and pollution in our city.

Many private developers, including some of the largest in the world, have signed Community Benefits Agreements with similar provisions. Inglewood deserves nothing less.

The people of Inglewood want what every community in America wants: good jobs with affordable health care and fair pension benefits, a diverse mix of small and large businesses with quality products and services, safe neighborhoods and a clean environment.

Mr. Scott, you've admitted publicly that Wal-Mart made a mistake in Inglewood. Now you have an opportunity to correct that mistake by showing the people of Inglewood – and the American public – that Wal-Mart is truly committed to strong, healthy communities.

We challenge you to commit yourself through actions, not words.

*Letter and partial list of endorsements found at [www.alternet.org/story/21677](http://www.alternet.org/story/21677)*