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Dollars and Sense
April 2011

Is the Wal-Mart Way the American Way?

By Martin J. Bennett

"We need to uphold the law, we need to apply the law and we need to allow this project to move forward. I believe that not to do so would be un-American." So stated Rohnert Park (Sonoma County) City Councilwoman Amy Breeze last summer when the council voted to approve a controversial Wal-Mart supercenter--despite a year long campaign against the project by a broad coalition of labor, environmental, and community organizations.

The Living Wage Coalition of Sonoma County challenges Ms. Breeze's definition of Americanism. Though we respect her point of view, we think she is dead wrong. Wal-Mart, we believe, has betrayed fundamental American values. As the largest retailer and private employer in America, no other company has such a profound impact upon our economy and labor markets. It is time for Wal-Mart to change, or face a growing opposition to its plan to build at least one supercenter in every county of California.

There is no better authority on the American economy and American values than our 32nd President, Franklin D. Roosevelt. Roosevelt proposed an 'Economic Bill of Rights' in 1944 that would guarantee all Americans "an American standard of living higher than ever known." Roosevelt believed that all Americans, according to Stanford historian David Kennedy, regardless of race, religion, or gender, were "entitled to a job, a living wage, decent housing, adequate medical care, a good education" as well as social insurance such as old age pensions, and unemployment and disability benefits. FDR's Economic Bill of Rights, also known as the 'Second Bill of Rights,' asserted that every business should operate in a marketplace free from unfair competition and monopoly control.

Let's compare FDR's vision with Wal-Mart's business practices and ask these questions: What are America's values? What economic rights are all Americans entitled to?

The President proclaimed in 1933, "No business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By living wages I mean more than a bare subsistence level--I mean the wages of a decent living."

Does Wal-Mart meet the "living wage" test? A typical full-time Wal-Mart worker in 2010 earned \$12.10 an hour according to the company. This wage level is well below a self-sufficiency or living wage for Sonoma County in 2010 which the California Budget Project set at \$19.11 an hour, a rate that will enable two parents working full-time to support two children and to pay for housing, food, health care, transportation, and childcare.

FDR's vision embraced "the right of every family to a decent home." Yet, according to the Center for Housing Policy, in 2009 a family in Sonoma County needed to earn \$96,119 a year to afford the median priced home of \$322,000. However, the annual family income of two parents working full-time at Wal-Mart is \$42,786, or just 45 percent of the income needed to afford the median-priced home.

In fact, the income of the typical Wal-Mart family is so low as to qualify for the Department of Housing and Urban Development Section 8 rent subsidies. Isn't earning an income sufficient to purchase a home or to afford the rent the bedrock of American values?

Roosevelt's Bill of Rights included "the right to adequate medical care and the opportunity to achieve and enjoy good health." Yet the Kaiser Family Foundation reported that in 2009 less than 50 percent of Wal-Mart employees and their children received health benefits. In comparison, Raley's, Safeway, and Costco in Northern California provide health care benefits to 80 percent of their employees.

Who picks up the tab when uninsured Wal-Mart employees fall ill? A UC Berkeley Center for Labor Research and Education 2004 study found that uninsured Wal-Mart employees in California relied on programs like Medi-Cal and Healthy Families at an annual cost of \$32 million to the taxpayer.

Moreover, Wal-Mart employees who lack medical insurance also rely on hospital emergency rooms and public clinics. According to the New American Foundation, in 2006 the state of California and all its counties spent \$1.8 billion annually to provide uncompensated care to 1.3 million uninsured adults. What are real American values given this sorry state of affairs?

Roosevelt claimed that all Americans should receive "protection from the economic fears of old age, sickness, accident, and unemployment." Yet Wal-Mart does not offer employees a retirement program that guarantees a fixed monthly income. After one year on the job, Wal-Mart's employees receive a 401K with employer profit-sharing contributions. Due to low pay, unpredictable shift assignments, and the demanding workload, nearly 50 percent of Wal-Mart employees quit in their first year, so only a minority of workers are employed long enough to become eligible for the 401K.

Roosevelt was a strong supporter of organized labor and stated that the federal government must protect the "fundamental individual right of a worker to associate himself with other workers and to bargain collectively with his employer." He championed the passage of the National Labor Relations Act in 1935 that guaranteed the right of all workers to form a union and to bargain for better pay, benefits, and working conditions. Roosevelt declared, "If I were a worker in a factory, the first thing I would do is to join the union."

But not one Wal-Mart in the United States is unionized. Human Rights Watch, in a 2007 report, decried Wal-Mart's legal and illegal union-busting tactics and claimed that "the retail giant stands out for the sheer magnitude and aggressiveness of its antiunion apparatus and actions" and "based on our research we conclude that the cumulative

effect of Wal-Mart's panoply of anti-union tactics, is to deprive its workers of their internationally recognized right to organize."

To add injury to insult, Wal-Mart managers and supervisors cut labor costs by refusing to comply with labor protections such as the Fair Labor and Standards Act of 1938. In 2008, the company settled 63 federal and state class-action lawsuits charging that Wal-Mart violated wage and hour laws, failing to pay its workers for overtime and off the clock work and denying workers meal and rest breaks. Wal-Mart agreed to pay at least \$352 million and up to \$640 million to present and former employees.

The company also faces the largest class action suit in history on behalf of 1.6 million past and present female employees for wage discrimination and promotion gender-bias. So how does Wal-Mart's record of union busting, disregard for federal labor law, and systematic discrimination against women square with basic American values?

Finally, Roosevelt emphasized in his Economic Bill of Rights that all businesses had the right "to trade in an atmosphere of freedom from unfair competition and domination by monopolies." A recent Retail Forward report found that for every super center that opens in a major metropolitan area, two existing supermarkets will close. UC Irvine economist David Neumark concluded in a 2007 study that for every new job created by Wal-Mart in a county, 1.5 jobs are lost elsewhere as existing retailers and grocers lose market share or shut down --and remember that according to the New York University Brennan Center in 2007, the average wage of a Wal-Mart employee was 26 percent less than other large merchandise stores and 18 percent less than large grocery stores.

'Always lower prices' is a consequence of Wal-Mart's relentless quest to drive down labor rates. The Wal-Mart way is based upon poverty-wage jobs and destroying local business, particularly union and nonunion grocers that pay a living wage and provide comprehensive benefits. Is this the American way?

Good jobs and career mobility, equal opportunity and nondiscrimination, fair competition and corporate accountability, and respect for worker's rights are fundamental American values. Wal-Mart needs to live-up to these values-and it can afford to do so.

Wal-Mart's global sales surpassed \$400 billion in 2009 and profits were 14 billion. CEO Michael Duke earned \$19.2 million compensation and total compensation for the top five Wal-Mart executives was \$65 million in 2010. According to Forbes magazine, the combined wealth of Wal-Mart founder Sam Walton's four children, who hold 40 percent of the company stock, was more than \$84 billion in 2010--an amount greater than the combined annual income of the bottom 40 percent of Americans, or about 120 million people. So what's it going to be: Wal-Mart's brand of naked greed or the values of Roosevelt and his Economic Bill of Rights? What's really "un-American," Councilwoman Breeze?

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