

■ Studies on the impact of Wal-Mart stores have shown that tax revenues (from personal property, income and ordinary business taxes) are more likely to decline after a Wal-Mart moves into an area.

OUTSOURCING AND THE EFFECTS OF WAL-MART'S REINVESTING OVERSEAS

■ Wal-Mart boasts that it “Buys American” and “Brings It Home to the USA.” Yet 85% of Wal-Mart products are made overseas, mostly (70%) in China under sweatshop conditions by workers, mostly women, who earn 50 cents an hour and lack the right to organize. More than 80% of apparel items on Wal-Mart store racks were produced overseas, many in countries where sweatshops and child labor are prevalent. Wal-Mart has moved far more production offshore than the industry average.

☹ Consumers and the Myth of Wal-Mart's “Always Low Prices, Always”

■ A customer often saves 20% by buying groceries at Wal-Mart rather than from a competitor, and low-income families, especially, need the savings. Yet, Wal-Mart's storewide pricing policies are predatory, pitting consumers against workers and small business owners. Ultimately, consumers and whole communities pay high costs that never show up on Wal-Mart's price tags. With over 4400 stores, Wal-Mart can sell below cost, even lose money, and still not hurt its company-wide bottom line. Tests of Wal-Mart's low prices claim in several states demonstrate the company's mode of operation: once local competitors are bled out, a Wal-Mart store's prices rise and the dollars consumers spend there are used to subsidize another Wal-Mart takeover down the road. Surveys have shown that Wal-Mart prices can be beat.



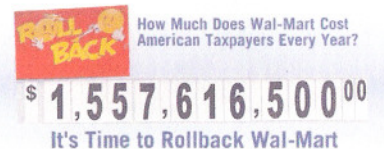
FROM CONSUMERS TO WORKERS AND CITIZENS—WHAT CAN WE DO?

Hundreds of communities around the country—from Turlock, California, to Peachtree City, Georgia—have organized to pass laws to exclude big-box stores that transform their communities. They cannot help but wonder what kind of company this is and whether it is necessary to spread so much misery to make investors so much richer. Yet, there is always a Wal-Mart opening somewhere, mostly Supercenters that occupy up to 200,000 square feet of retail space, not counting parking lots.

For the most part, to shop or not to shop is an isolated decision to seek the best bargain and the greatest convenience. More and more, people are saying, “I'm not so sure I want to shop at Wal-Mart anymore, but I'm not sure I can afford not to.” To be effective against corporate criminals like Wal-Mart, however, we must be engaged not merely as shoppers, but as workers and citizens. **WE CAN:**

- ✓ Support workers' rights to organize for fair wages and conditions in the workplace. Wal-Mart workers desperately need a union to work for them.
- ✓ Join with others in your community and elsewhere to hold Wal-Mart accountable for its business practices and its harmful impact on our local and national economy.
- ✓ Make choices as a consumer to support those local businesses that provide needed goods and services and that pay fair wages. Companies are far less likely to make decisions that harm communities if they actually have to live with the consequences.
- ✓ Support and promote public policies that: raise the minimum wage; require payment of living wages; require large companies to offer employees affordable health insurance; make our tax system fair to small businesses; strengthen labor laws and antitrust enforcement; overhaul local land use and economic development policies to foster locally owned, living-wage businesses; and perhaps require Wal-Mart to reimburse local governments for the costs of public assistance to its employees.

[Sources for information herein available upon request]



The Price We Pay for a Wal-Mart in Our Community

Wal-Mart has become the largest corporation, the biggest retailer, the biggest seller of groceries, and the largest importer of Chinese-made products in the world, and the largest employer in both the U.S. and Mexico, making more profits than any other retailer.

Wal-Mart operates worldwide and locates its stores primarily in poor and working-class communities. Like **Wal-Mart's** workers, its customers are overwhelmingly female, trying to make ends meet; they need discounts. But few people are aware of how big, powerful, ruthless, and predatory this global corporation **Wal-Mart** has become, deliberately stomping on its workers, the towns and neighborhoods it enters, the local businesses it goes after, and its own suppliers.

☹ **Wal-Mart Takes the Low Road in Its Employment Practices**

☹ **Wal-Mart Lowers our Community Living Standards**

☹ **Wal-Mart's “Always, Low Prices, Always”???**

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☹ Wal-Mart Takes the Low Road in Its Employment Practices

LOW WAGES AND BENEFITS

■ Wal-Mart's employment compensation policies contribute to an economy in which workers can only afford to shop at Wal-Mart. On average, the salaries Wal-Mart pays are 26% lower than the industry norm. Full-time Wal-Mart workers make, on average, just over \$8 an hour, but most are denied even this poverty income, for they are held to part-time work. And, while the company brags that 70% of its workers are full-time, it defines "full-time" as 28 hours a week (\$11,000 a year).

■ If Wal-Mart workers want health insurance, they must pay insurance premiums that cover close to half of Wal-Mart's health plan expenses. More than 60% of Wal-Mart employees in the U.S. are without health care coverage (compared to 60% of workers nationally who are covered by a company-paid health plan). Wal-Mart freely acknowledges shifting its health care costs, estimated at \$1 billion, to the government and other responsible employers.

■ Wal-Mart employees are not the only victims. Employers large and small that provide adequate pay and benefits to their employees are under pressure to cut their own costs in order to compete, creating a race to the bottom in which everyone suffers. The result is a growing low-wage sector in the country and an ever-greater need for taxpayer-funded government benefits.

TREATMENT OF EMPLOYEES

■ Wal-Mart keeps labor costs down by making corporate crime a part of its business strategy. Wal-Mart routinely violates laws protecting workers' organizing rights. It is also a repeat offender on overtime laws; in more than 30 states, workers have brought wage-and-hour class-action suits against the retailer. In some cases, managers encouraged workers to clock out and keep working; in others, managers locked the doors and would not let employees go home at the end of their shifts.

■ By December 2003 there were 39 class action

lawsuits in 30 states pending against Wal-Mart. In the largest civil rights class-action suit in history—ongoing on behalf of 1.6 million current and past women workers—Wal-Mart is charged with systematically discriminating against women in pay, promotion, and treatment in the workplace.

■ A company guidebook for supervisors reads: "Wal-Mart is opposed to unionization." The NLRB has 60 complaints filed against Wal-Mart for illegal firings of pro-union workers, unlawful surveillance, and intimidation.

■ Focused on lowering prices, Wal-Mart squeezes its suppliers and contributes to the national trade deficit and loss of U.S. jobs. U.S. suppliers of products have been muscled into dropping their costs or muscled out of Wal-Mart's business, while manufacturing jobs are pushed out of this country and into thousands of low-wage factories overseas.

☹ Wal-Mart Lowers Our Community Living Standards

DIRECT AND HIDDEN COST ON WORKERS, OUR COMMUNITY, AND U.S. TAXPAYERS

■ When a large percentage of Wal-Mart workers must turn to subsidized medical care, housing and other taxpayer-supported welfare services, Wal-Mart imposes heavy financial burdens on local governments. Wal-Mart documents reveal the company practice of encouraging employees to apply for public assistance (food stamps, healthcare assistance, and other forms of welfare). In effect, taxpayers subsidize Wal-Mart's low wages, part-time jobs, and miserly benefits, unknowingly funding a plunge to the bottom in wages and benefits. State governments are looking into how many Wal-Mart employees are participating in government-funded healthcare programs for low income families: the cost figures are in the millions of dollars and do not include the public costs for food stamps, school lunches, housing assistance, federal tax credits and deductions, educational expenses, and the states' children's health insurance program, CHIP. A typical

Wal-Mart store with 200 employees would cost taxpayers \$420,750 per year, according to a U.S. House Committee report.

LOSS OF LOCAL EMPLOYMENT

■ For every two jobs created by a Wal-Mart store, the community loses three jobs. Any job gains at big-box stores are due to jobs lost from reduced business at competing retailers in the community. These so-called new jobs "provide significantly lower wages than jobs in many industries, and are often only part-time positions, seasonal opportunities, or subject to extensive turnover" (Congressional Research Service). The turnover rate at the typical Wal-Mart store is 50%, with many stores having to replace 100% of its employees each year. High turnover means that few workers reach the two-year point when they would qualify for the company's health care plan.

EFFECTS ON THE LOCAL ECONOMY

■ Government supports for low-wage Wal-Mart employees makes it almost impossible for responsible employers to compete with the retail giant. And think of the example Wal-Mart sets for other employers. Substandard pay and health care benefits for Wal-Mart workers allow the firm to charge very low prices that force nearby stores to slash their workers' pay and benefits in order to compete. By busting any middle-class pay scale that may exist, Wal-Mart lowers the living standards of the residents in that community.

■ Rather than investing in the communities where it locates its stores, Wal-Mart extracts community wealth: it doesn't buy locally, it doesn't bank locally, and it doesn't advertise locally. And when it comes to giving back to a community, Wal-Mart donates only 25% of what locally owned businesses give to their community.

■ Multiple studies show that millions of taxpayer dollars are flowing to new and existing Wal-Mart stores around the country, with many facilities receiving either direct or indirect subsidies. Most localities and states provide billions of dollars in tax breaks, cut-price land, and/or general grants to fund big-box-store development, allowing national retailers to escape paying much of their income tax, while local businesses shoulder their full share.