

THE SOCIAL AND ECONOMIC JUSTICE DIALOGUE

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THE WAL-MART DILEMMA – EVEN AS CHAIN’S POPULARITY RISES WITH SHOPPERS, SOCIAL JUSTICE CRITICS GROW MORE ANGRY, INCLUDING AMERICA’S CHURCHES *...On Being America’s Most Popular and Un-Popular Business...*

The well-known **Wal-Mart Company** has grown from humble beginnings as a network of deep discount stores in southern towns to its position today as America’s largest retailer, and “the #1 company” for many investors. Worth noting, for many years, one of the fundamental objectives of Wal-Mart’s business was to sell goods manufactured in the United States of America. “Made in America” is the title of the autobiography of Wal-Mart founder Sam Walton. (“Sam’s Club” is part of the Wal-Mart business empire.) Not so today, as the stores feature goods “sourced” from many less developed nations.

According to a growing army of critics, despite the traditions of the founder’s focus on the well-being of his fellow “associates” and local communities, Wal-Mart now has its dark side. Social justice critics are now a legion, and the various issues addressed in public dialogue on Wal-Mart’s corporate behavior are a litany of absolutely the *wrong behaviors* by an American corporate leader. There are allegations of all kinds being leveled by critics, who focus on Wal-Mart’s impact on small retailers, treatment of workers, pressure on vendors to reduce prices (to unrealistic levels, they say, thereby affecting their own employees), systematic union-busting, forcing employees and dependents on public assistance rolls, damaging local cultures (including violation of Indigenous People sites in Mexico), predatory pricing (against retail competitors, forcing them out of business)...all these allegations and more!

The United Church of Christ is calling on local congregations to join together for a Wal-Mart “*week of action*,” from Sunday November 13 to Friday, November 18. More than 1,000 churches have so far signed on. Pointing out that Wal-Mart is now the nation’s leading private employer (with 1.33 million people), UCC notes there are 600,000 employees with no healthcare benefits and that the company is leading a race to the bottom that is devastating local communities.

The week-long campaign begins today (November 13) with sermons and premier screenings of filmmaker Robert Greenwald’s documentary, “*WAL-MART: The High Cost of Low Price*.” (Copies are available for group or home viewing.) Organizations joining UCC in the campaign include Sojourners, National Organization of Women, Move On, Sierra Club, Interfaith Worker Justice, African-American Ministers in Action, and others.

BACKGROUND:

What is today’s Wal-Mart began life right after World War II as a small discount (“dollar” type) store in the south, and steadily grew over the years as more stores were opened. In the early 1960s the chain became Wal-Mart, after Kresge’s “5 and 10 cents” stores became the “K-mart” chain. Wal-Mart finally came to the Long Island market just a decade ago as part of its national expansion. Riverhead was one of the centers opened in recent years.

Founder Sam Walton and his colleagues focused on bringing real bargains to local shoppers and took great pride over the years in marketing American-made products. (He also tried to visit every store every year, flying his own airplane to many destinations. He knew many of his fellow workers by name.) Since his death, many changes have taken place in the organization headquartered in Arkansas. For one thing, much more merchandise comes from non-domestic sources. By one estimate perhaps 15 percent of all Chinese goods sold in the USA is through Wal-Mart. That immense volume of manufacturing brings Wal-Mart into focus for human rights critics – are some goods made in offshore sweatshops? Is child labor involved? Slave labor? Are offshore workers allowed to organize themselves?

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**The Wal-Mart Dilemma –
Even As Chain’s Popularity Rises With Shoppers,
Social Justice Critics Grow More Angry,
Including America’s Churches
(continued)**

Because Wal-Mart is primarily a low-wage employer, there is increasing criticism of its employment and human relations practices in the United States. One recent news report called attention to the huge number of Wal-Mart employees receiving public assistance – more than any other private employer – with 46 percent of the children of employees now on Medicaid or without health coverage.

The company systematically denies many of these types of allegations or criticisms. But recently, *The New York Times* was slipped a confidential internal memo (by “Wal-Mart Watch” activists) that supported UCC’s “race to the bottom” charge. In it, Wal-Mart managers strategized on how to cut worker benefits, cut down on healthcare spending, move out older workers for younger, and how to slash other benefits while “minimizing damage to the retailer’s reputation...(NYT).”

The memo made recommendations to Wal-Mart management to: hire more part-timers (fewer or no benefits needed); discourage “unhealthy” people from being hired; hire more younger workers; and cut company contributions to retirement plans. One way to get healthier workers on board, for example, would be to require all jobs “to include some physical activity, such as cashiers doing cart-gathering.” How much would be saved? Perhaps \$1 billion a year initially. How much business does Wal-Mart do? Revenues are \$285 billion annually, and company earnings on that volume exceed \$10 billion.

What would workers see coming out of their pockets? Full-time employees who make \$17,000 a year could face out-of-pocket expenses of \$2,500 or more (*NYTimes*). The company admits that 5% of its workers are on public Medicaid. Indeed, Wal-Mart itself notes that 38% of all employees spend one-sixth or more of their income on healthcare.

As Wal-Mart expands into new territories, charges arise that the presence of the new “big box” stores kills small town businesses (especially in hard-pressed older downtowns). Responding to changing public opinion and rising criticism of Wal-Mart practices, the **Suffolk County Legislature** recently passed the “**Suffolk County Fair Share Health Care Act**” (also known as “*the Wal-Mart Bill*”), which requires large

retail big box stores to set aside monies for employee health benefits. Stores such as Wal-Mart (and Target, Waldbaum’s, K-mart, etc.) will have to put \$3 aside for each hour worked for healthcare benefits – employees would not pay this out of their salaries.

In response, the howls have been heard from corporate suites, but Legislator Bill Lindsay pointed out that this was a way to stop the big box retailers from driving down wages and living conditions for American workers, especially in Suffolk County. (He is a former labor leader.) The legislation is scheduled to take effect in January, barring legal challenges. A similar bill was recently passed in New York City (lobbied for by the “Wal-Mart Free NYC Coalition”), and others are in the works in a growing number of states and municipalities.

FOR MORE INFORMATION:

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The dialogue is intended to help further understanding
of current events and trends in social and economic justice,
and in corporate social responsibility.

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