

Top Ten Most Egregious Wal-Mart Business Practices

1. **WAGES: Wal-Mart Pay is Substandard, Hits Poverty Level**

Wal-Mart Associates Earn \$2.60 Less per Hour than the Average American Retail Worker.

According to data reported by the New York Times, hourly wages at Wal-Mart are \$9.68. This amount is \$2.60 per hour less than the average hourly wage of retail workers, which is \$12.28. Costco, for example, pays its hourly workers \$16.00. [New York Times, 5/3/05]

Wal-Mart Sales Clerk Pay Cannot Support a Family of Three. According to the Century Foundation's Simon Head, at the end of 2004, "the average pay of a sales clerk at Wal-Mart was \$8.50 per hour or about \$14,000 per year - \$1,000 below the government's definition of the poverty level for a family of three." [New York Review of Books, Head, "Inside the Leviathan," 12/16/04]

At \$8,424 Per Hour, Wal-Mart CEO's Salary Dwarfs Compensation of Average Worker.

Wal-Mart's President and CEO H. Lee Scott earned 17.5 million in total compensation in 2004. That amount is twice as much as the average for leading CEO's. Lee's average hourly pay is \$8,434, far more than the average Wal-Mart worker's wage of \$9.68 per hour. [Wal-Mart Proxy Statement, <http://www.walmartstores.com>; Business Week, 4/18/05; Institute for Policy Studies, "Wal-Mart Pay Gap"]

2. **HEALTH CARE: Wal-Mart Offers Inadequate Benefits**

Wal-Mart Covers Few of Its Employees. According to a recent report by the New York Times, only 48 percent of Wal-Mart's workers receive their health insurance from the company's plan. In contrast, Costco covers 82 percent of its workers under the company plan. [New York Times, 5/4/05]

Wal-Mart Offers Unaffordable Health Care Coverage. Wal-Mart provides health-care options to their employees and families that have a deductible of \$1,000. Wal-Mart employees must endure long waits to qualify for benefits: six months for full-time employees and two years for part-time employees. [Philadelphia Inquirer, 5/16/05; Cox News Service, 2/27/04]

Wal-Mart Spending on Health Benefits Falls Below Industry, National Levels. According a Harvard Business School case study, "In 2002, Wal-Mart spending on health benefits for the 500,000 employees covered in the United States averaged an estimated \$3,500 per employee, versus the \$4,800 for the wholesale/retailing sector and \$5,600 for U.S. employers in general." [Ghemawat, et. al., "Wal-Mart Stores in 2003," Harvard Business School, Case Study 9-704-430, 1/30/04]

3. **TAX BREAKS: Wal-Mart Relies on Public Assistance to Finance its Ventures**

Taxpayers Face an Increasing Burden Due To Wal-Mart's Poor Labor Practices. Wal-Mart does not pay its employees sufficient wages, despite its enormous profits, and as a result, citizens from every state must pick up Wal-Mart's bills. According to study conducted by the House Education and Workforce Committee's Democratic staff, a typical Wal-Mart store employing 200 people cost the American taxpayer \$420,750 a year. Based on the 3,702 Wal-Mart stores as of January 2005, taxpayers subsidize Wal-Mart by an estimated \$1.5 billion annually. The actual amount may far exceed the estimated \$1.5 billion, as the House figure did not include subsidies like TANF, Medicaid, or the federal energy assistance program LiHEAP.

[<http://edworkforce.house.gov/democrats/WALMARTREPORT.pdf>]

Wal-Mart Builds its Stores with Over \$1 billion in Public Subsidies. Despite \$10 billion in profit in 2004 alone, Wal-Mart relies on state and local governments to provide tax breaks and to pay for roads and utility connections at many of its new stores and distribution centers. A May 2004 report by Good Jobs First documented that Wal-Mart has received more than \$1 billion from at least 244 taxpayer-funded subsidies. [Mattera and Purinton, Good Jobs First, "Shopping for Subsidies," May 2004, <http://www.goodjobsfirst.org/pdf/wmtstudy.pdf>]

Wal-Mart Employees are Stranded on Public Assistance. Lawmakers and community members across the nation object to the practice of Wal-Mart employees having to depend on taxpayer-funded programs like Medicaid and CHIP. For example, the state of Georgia reported that over 10,000 children were on the state's PeachCare health program had a parent working at Wal-Mart. In California, the state government pays \$32 million a year providing health benefits to Wal-Mart employees. [Dollars & Sense, 1/1/05; Atlanta Journal Constitution, 2/27/04; Dube and Jacobs, "Hidden Cost of Wal-Mart Jobs: Use of Safety Net Programs By Workers in California," UC Berkeley Labor Center, 8/2/04]

4. **WOMEN: Employees Accuse Wal-Mart of Systematic Discrimination**

Wal-Mart Facing Lawsuit for Refusing to Pay and Promote Female Employees as they do Men. Wal-Mart is facing a historic class-action lawsuit including 1.6 million current and former female employees for gender discrimination. In 2003, Dr. Richard Drogin, Professor Emeritus from California State University, conducted a study on the wages of female employees at Wal-Mart. Among his key findings:

- Women hourly workers earned up to 37 cents less per hour than their male counterparts.
- Female managers earn nearly \$5,000 less than male managers in yearly salary.
- Women comprise 72 percent of Wal-Mart's total workforce, but only 33 percent of its managers.
- Women comprise 92 percent of Wal-Mart's cashiers, but only 14 percent of Wal-Mart Store Managers. [The Impact Fund, <http://www.walmartclass.com>; New York Times, 12/30/04]

5. **ETHICS: Wal-Mart's Original Sam Walton Ethic Eroding With Grand Jury Investigation, Whistleblower Complaints**

Wal-Mart's Former Chairman Under Investigation by Grand Jury for Ethical Lapses. In April 2005, a grand jury was named to investigate fraud allegation surrounding former Wal-Mart Vice Chairman Thomas M. Coughlin. Wal-Mart contends that Coughlin misappropriated up to \$500,000 in funds for personal expenses. The Wall Street Journal reported that Coughlin has said the money was used to fund a top-secret antiunion effort to pay off union employees and gather information. Coughlin began his career in 1978 and was a friend and hunting partner of founder Sam Walton. As a way of distancing themselves from Coughlin, Wal-Mart announced in June 2005 that it was retroactively terminating his employment, thus negating his lucrative retirement package. [Wall Street Journal, 4/8/05; New York Times, 4/23/05; Los Angeles Times, 6/11/05]

Wal-Mart Executive Filed for Whistle blower Protection After Launching Probe and Subsequently Being Fired. Jared Bowen, a former Wal-Mart Vice President, filed for whistleblower protection because he says that Wal-Mart fired him after reporting questionable payments requested by former Wal-Mart Vice Chairman Thomas Coughlin. In 2004, Coughlin repeatedly asked Bowen to approve expenses without a receipt and to obtain "unauthorized" Wal-Mart gift cards. Bowen says that Wal-Mart initially applauded him for coming forward about Coughlin's requests, but later terminated him. "I believe they were trying to clean house of everybody that

was associated with or knew about this,” Bowen said. [Associated Press, 6/11/05; Wall Street Journal, 4/8/05; 4/28/05; Arkansas Democrat-Gazette, 4/22/05]

6. **ENVIRONMENT: Wal-Mart Disrespects Our Communities**

Wal-Mart Fined \$3.1 Million In 2004 For Environmental Violations In Nine States. The U.S. Justice Department in 2004 levied \$3.1 million in fines to Wal-Mart. The fines stemmed from environmental violations – namely excessive storm water runoff at construction sites – at 24 of its sites in nine states. In the settlement, federal officials accused Wal-Mart of failing to get required permits, not instituting a runoff control plan, and failing to install controls to prevent discharges. The nine states are California, Colorado, Delaware, Michigan, New Jersey, South Dakota, Tennessee, Texas and Utah. [Associated Press, 5/12/04; New York Times, 4/13/05]

Wal-Mart Settled Case Involving Air Pollution in Eleven States “Wal-Mart Stores Inc. agreed Jan. 22 to pay \$400,000 to settle claims that its Sam's Club stores violated federal air pollution regulations in 11 states, including Missouri. U.S. Attorney Todd Graves filed suit in Kansas City federal court, charging Wal-Mart with 20 Clean Air Act violations.” [The Business Journal, 1/30/04]

Wal-Mart Fined \$765,000 for Petroleum Storage Violations. Wal-Mart was levied \$765,000 in fines for violating Florida’s petroleum storage tank law at its automobile service centers. The Florida Department of Environmental Protection said that Wal-Mart failed to register its fuel tanks with the state and failed to install devices that prevent overflows, among other problems. As well, Wal-Mart also did not perform monthly monitoring, lacked current technologies to prevent overflows, blocked state inspectors from reviewing maintenance records, and failed to submit proper insurance documentation. [Associated Press, 11/18/04]

7. **OUTSOURCING: Wal-Mart has Abandoned Jobs at Home, “Buy America”**

THEN: In The 1980s, Wal-Mart Launched A “Buy American” Program. In 1985, under founder Sam Walton, Wal-Mart began a “Buy American” program. According to a company release, the retailer “asked American manufacturers and suppliers to mutually consider a ‘Buy American’ plan of producing and buying U.S. products to help reduce the balance of trade deficit.” Sam Walton said, “Our company is firmly committed to the philosophy by buying everything possible from suppliers who manufacture their products in the United States.... We must insure that American manufacturers continue to be the entrepreneurs that provide the fuel that drives our economy.” [Wal-Mart Release, 3/13/85]

NOW: “Virtually Every Aisle”: At Least Seventy Percent of Wal-Mart Merchandise Manufactured In China. From toys to apparel to housewares and across their shelves, Wal-Mart “stocks its shelves” with merchandise manufactured in China. According to Ted Fishman, author of China, Inc., “...there’s a Chinese component in virtually every aisle you walk there in Wal-Mart and Wal-Mart is the conduit for all of the output of the Chinese economy directly into American lives.” Fishman also notes, “...70 percent of the things sold in Wal-Mart stores have a Chinese component to them.” In addition, a stock analyst for Gladstone Capital notes that figure is even higher, saying, “They have about 70 percent of their products coming from China, not including the food products.” The “Buy American” program has virtually vanished, as “its shelves bear little trace of the ‘Buy American’ philosophy of its founder,” notes the Washington Post. [CNN, 2/16/05; NPR, 2/12/05; Pittsburgh Tribune Review, 3/27/05; Gladstone Capital Quarterly Shareholders Call, 2/10/05; Washington Post, 10/29/03]

Economist Suggests Over A Million Jobs Lost To China Since 1990s. Larry Mishel, President of the Economic Policy Institute, said, “When you look at the growth of the trade deficit with China, you could say that a very conservative estimate is that we have lost more than a million jobs to China since the early 1990s.” [PBS Frontline, 2004]

8. **HUMAN RIGHTS: Wal-Mart Cited for Repeated and Extreme Violations**

After 13 Years And Numerous Violations, Wal-Mart Has Failed Do Anything About Sweatshops Around The World. In 1992, NBC’s *Dateline* broke a story about an 11-year-old worker from Bangladesh who was making t-shirts for Wal-Mart. As an angry public began to pressure their organization, Wal-Mart promised to reform its ways but they failed repeatedly. Even after exposing Kathy Lee Gifford’s Wal-Mart clothing line for human rights violations, executives have made no significant changes. In 2000, The National Labor Committee reported that factory supervisors forced workers at Qin Shi Handbag factory in Zhongshan, China to work 14-hour shifts, seven days a week for little or no money. [New York Times, 12/24/92; Washington Post, 5/30/96; National Labor Committee, “Made in China: The Role of U.S. Companies in Denying Human and Worker Rights.”]

Wal-Mart Kicked Off Top Socially Responsible Investing Index for Sweatshop Toleration. In 2001, Wal-Mart was removed from the nation’s largest “socially responsible” mutual fund, the Domini 400 Social Index, because of its human rights standards. The Domini Index is described as the “the first benchmark for stock funds to screen for social responsibility”. Kyle Johnson, the project manager for the index, stated “Wal-Mart is a market leader in retail, yet has not taken a leadership position on labor issues and has been unresponsive to calls for change from shareholders...Given that we had removed Nike for similar reasons back in 1997, we could not justify keeping Wal-Mart.” [Palm Beach Daily News, 6/12/05; International Shareholder, 4/17/01; Los Angeles Times, 5/18/01]

9. **ORGANIZING: Wal-Mart Undermines Workers’ Rights**

Wal-Mart Willing Break the Law To Prevent Unions From Entering Their Stores. Wal-Mart has been willing to break labor laws in part because penalties are not harsh enough. Managers and executives do not face prison time and Wal-Mart’s \$10 billion in profit ensure that it has enough money to pay fines. A Wal-Mart handbook to its managers clearly states, “You...are expected to support the company's position.... This may mean walking a tightrope between legitimate campaigning and improper conduct.” [The Nation, 6/10/04; Fortune, 4/4/05]

One Pro-Union Vote Led Wal-Mart To Eliminate Departments Throughout Country. In February 2000, ten butchers at a Wal-Mart in Jacksonville, Texas voted to create the company’s first unionized shop. Rather than allow the vote to stand, Wal-Mart announced 2 weeks later that it would eliminate meat cutters jobs at 180 stores in the region that year and would follow by eliminating the job in all stores. In 2005, after a Wal-Mart store in Quebec, Canada voted to unionize, Wal-Mart closed the store. [Associated Press, 3/3/00; Investor’s Business Daily, 5/24/05]

10. **Disabled Workers Accuse Wal-Mart of Mistreatment**

Wal-Mart Pays Millions To Settle Slew Of Americans with Disabilities Act Violations. In 2001, Wal-Mart paid \$6 million dollars to settle 13 lawsuits, which alleged widespread discrimination. The litigation was supposed to change the hiring practices and procedures of Wal-Mart but it failed to do so. [29 U.S.C. § 706 et seq; <http://edworkforce.house.gov/democrats/WALMARTREPORT.pdf>]

Even after settling these lawsuits in 2001, Wal-Mart continued to discriminate against Americans with disabilities. In 2004, the Equal Employment Opportunity Commission had to file another lawsuit on behalf of a Kansas City man confined to a wheelchair. [Business Journal, 1/20/04]

Former Wal-Mart Employee Suing Under Americans with Americans with Disabilities Act for Wrong Termination. In Florida, former Wal-Mart employee Molly Beavers is suing Wal-Mart under the Americans with Disabilities Act for discrimination. According to the St. Petersburg Times, “A Sam's Club manager fired her [Beavers] in December 2003 for not smiling enough, she says. Beavers' face is partially paralyzed from surgery related to her condition as an achondroplastic dwarf.” [St. Petersburg Times, 6/14/05]