

PLEDGE#1: THE REALITY BEHIND WHAT YOU'LL HEAR FROM WAL-MART

WAL-MART RHETORIC: Wal-Mart will say it already has an agreement with the Department of Labor that ensures they won't violate child labor laws.

REALITY: The Office of Inspector General found that the deal between Wal-Mart and the Department of Labor included significant concessions to Wal-Mart. In breaking with Wage and Hours Division protocols, Wal-Mart is allowed 15 days' notice "of any audit or investigation at the stores covered by [the] agreement" and is allowed to avoid fines for child labor violations as long as they are able to correct the problem within 10 days. [U.S. Department of Labor, Office of the Inspector General, Office of Audit, 10/05; New York Times, 11/1/05]

WAL-MART RHETORIC: Wal-Mart will say they have a high number of women employees.

REALITY: According to Wal-Mart's own data, reported to the Equal Employment Opportunity Commission, Wal-Mart lags behind the retail industry overall in terms of women holding management positions within the company. In 2005, women comprised 39% of Wal-Mart managers compared to the national average in retail of 48%. [Wal-Mart Stores Inc. EEO-1 Data, 3/28/06]

WAL-MART RHETORIC: Wal-Mart will say they have a high number of minority employees.

REALITY: Wal-Mart has been the target of numerous lawsuits for race discrimination. A class action lawsuit was filed against Wal-Mart by African-American truck drivers - while African-Americans constitute 15% of OTR [over the road] truck drivers nationwide, Wal-Mart only employs between 2-3%. In another lawsuit, four Hispanic workers working at an Airmont, N.Y. Wal-Mart filed an employment discrimination lawsuit alleging that the retail giant denied them "more favorable compensation, terms, conditions and privileges of employment enjoyed by similarly situated employees who were not Hispanic." And, in another lawsuit, nine minority customers sued Wal-Mart Stores, Inc. saying they were racially profiled while shopping at a company store. [<http://www.walmartdriverclass.com/Complaint.pdf>; Boston Globe, 7/13/05; Women's Wear Daily, 1/31/06]



***WAL-MART RHETORIC:* Wal-Mart will say that they provide millions of dollars in funding for diversity initiatives to help promote and train women and minorities.**

REALITY: A report by the National Committee for Responsive Philanthropy - a charity watchdog group - faulted the Walton family for a “rather low level of philanthropic giving” when compared with others of great wealth, such as the founder of Microsoft, Bill Gates. In 2003, the Walton Family Foundation gave away almost \$107 million, while Mr. Gates' foundation gave away about \$1.18 billion. The wife and children of Wal-Mart's founder, Sam Walton, control the largest family fortune in the world, worth about \$90 billion. [The New York Sun, 10/5/05]

***WAL-MART RHETORIC:* Wal-Mart will say that they already pay more than minimum wage with its average hourly wage for full-time store associates of \$10.11.**

REALITY: To defend their treatment of their workers, Wal-Mart releases the average hourly wage for full-time employees. However, they will not release their median wage which would provide a clearer sense of what its workers earn; they use misleading language to mask the fact that wages for management are significantly higher, and therefore skew the “average” wage of “store associates; and they refuse to release wage levels for specific job functions. Furthermore, even at an average \$10.11 per hour wage, a fulltime Wal-Mart employee working 34 hours per week will earn less than the poverty line for a family of four.” [<http://www.walmartfacts.com>; 2006 HHS Poverty Guidelines, <http://aspe.hhs.gov/poverty/06poverty.shtml>]

***WAL-MART RHETORIC:* Wal-Mart will say that retail sector wages are significantly lower than economy wide wages.**

REALITY: According to Wal-Mart, their average wage is \$10.11. This amount is \$2.25 per hour less than the average hourly wage for retail workers, which was \$12.36 in 2005. In contrast, Costco pays its hourly workers \$16.00 per hour. [<http://www.walmartfacts.com>; Desert Sun (Palm Springs, California), 3/19/06; New York Times, 5/3/05]

***WAL-MART RHETORIC:* Wal-Mart will point to the large number of applicants they get for their jobs.**

REALITY: Employee turnover at Wal-Mart is extremely high, even for the high-turnover retail industry. According to company reports, it has stood at around 50% for several years. Some critics have put Wal-Mart's annual employee turnover at closer to 70 percent. By comparison, annual turnover for the retail industry as a whole in 2004 was just over 29 percent. [Head, “*Inside the Leviathan*,” Moira Herbst, “*The Costco Challenge: An Alternative to Wal-Martization?*,” 2005; Bureau of Labor Statistics, “*Job Openings and Labor Turnover Survey*,” 2005; Dan Bianchi and Dan Swinney, “*Wal-Mart: A Destructive Force for Chicago Communities and Companies*,” 2004]



***WAL-MART RHETORIC:* Wal-Mart will highlight the cost savings they bring to consumers to help them afford products they need to take care of their families.**

REALITY: A recent Penn State study found that the presence of Wal-Mart in communities has led to smaller reductions in family poverty rates and increases in food stamp program participants in those counties. [Stephan J. Goetz, Hema Swaminathan, “Wal-Mart and County-Wide Poverty,” *Social Science Quarterly*, 6/06]



PLEDGE #2: THE REALITY BEHIND WHAT YOU'LL HEAR FROM WAL-MART

WAL-MART RHETORIC: Wal-Mart will say that they do offer affordable health insurance coverage to their workers.

REALITY: Wal-Mart knows that coverage is expensive for their workforce. A memo written by Susan Chambers, Wal-Mart Executive Vice President for Benefits, for the Wal-Mart Board of Directors, said: “[O]ur critics are correct in some of their observations. Specifically, our coverage is expensive for low-income families, and Wal-Mart has a significant percentage of associates and their children on public assistance.” [Susan Chambers Memo to the Wal-Mart Board of Directors, <http://walmartwatch.com/memo>; New York Times, 10/26/05]

WAL-MART RHETORIC: Wal-Mart will say that they offer health care plans with low premiums.

REALITY: According to the Center for a Changing Workforce, in 2003, Wal-Mart employees paid 41% of insurance premium costs. At the time of the report, Costco employees paid about 10% of premium costs. Nationally, workers today pay an average of 16% of premiums for single coverage and 26% of premiums for family coverage. [Employer Health Benefits 2005 Annual Survey, The Kaiser Family Foundation and Health Research and Educational Trust; *Wal-Mart and Healthcare: Condition Critical*, Center for a Changing Workforce, 10/26/05]

WAL-MART RHETORIC: Wal-Mart will say that their employees are only slightly more likely to collect Medicaid than average.

REALITY: Susan Chambers, Wal-Mart Executive Vice President for Benefits, for the Wal-Mart Board of Directors, recognized in a memo that Wal-Mart has “a significant number of Associates and their children who receive health insurance through public-assistance programs. Five percent of our Associates are on Medicaid compared to an average for national employers of 4 percent. Twenty-seven percent of Associates’ children are on such programs, compared to a national average of 22 percent.” [Susan Chambers Memo to the Wal-Mart Board of Directors, <http://walmartwatch.com/memo>; New York Times, 10/26/05]

WAL-MART RHETORIC: Wal-Mart will say that they are among a small number of retail employers to offer health coverage to both part-time and full-time associates.

REALITY: The percentage of associates covered by Wal-Mart health insurance in January 2006 was 46%. Sixty-seven percent of workers in large firms nationally receive their health benefits from their employer. [<http://www.walmartfacts.com>; *Employer Health Benefits 2005 Annual Survey*, The Kaiser Family Foundation and Health Research and Educational Trust]



WAL-MART RHETORIC: Wal-Mart will say that they have more full-time workers than typically found in the retail industry.

REALITY: Wal-Mart's part-time workforce is larger than the national retail average – currently accounting for roughly 20% of Wal-Mart's workforce. Furthermore, Wal-Mart executives have acknowledged that the retailer will shift to a heavier reliance on part-time workers. A recent JP Morgan report said Wal-Mart plans to increase the ratio of its 1.2 million-member U.S. hourly work force on part-time schedules to 40% from 20%. And, Citigroup analyst Deborah Weinswig predicted that Wal-Mart's proportion of full-time workers is declining. In a 60-page research report, she predicted that "Wal-Mart will reduce its ratio of full-time workers to 60 percent over the next year or two, with the remaining 40 percent slated for part-time status." [Wall Street Journal, 4/11/06; Associated Press, 5/3/06]

WAL-MART RHETORIC: Wal-Mart will say that they just shortened the time part-time workers have to wait for health insurance coverage by half.

REALITY: Wal-Mart has more part-time workers which lowers the number of employees that are eligible for coverage. Wal-Mart's part-time workforce is larger than the national retail average. And, full-time Wal-Mart employees wait twice as long for health care eligibility compared to the average in the retail industry. [Associated Press, 5/3/06; *Employer Health Benefits 2005 Annual Survey*, The Kaiser Family Foundation and Health Research and Educational Trust; Wall Street Journal, 4/11/06]



PLEDGE #3: THE REALITY BEHIND WHAT YOU'LL HEAR FROM WAL-MART

WAL-MART RHETORIC: Wal-Mart will point to the fact that it has its own corporate “code of conduct” for suppliers.

REALITY: According to Wal-Mart’s own audit, “several serious violations are still found consistently at the factory level, including problems with payment of overtime compensation, coaching of workers for worker interviews, and the use of ‘double-books’ to hide true numbers of hours worked or wages/benefits paid.” [Wal-Mart Stores Inc. 2005 Ethical Sourcing Report]

WAL-MART RHETORIC: Wal-Mart will say they work with overseas factories to improve working conditions and inspect them regularly.

REALITY: Wal-Mart’s inspections are extremely lax. Out of the 12,500 inspections Wal-Mart performed in 2004, only 8 percent of them were surprise inspections – 11,500 of the overseas factories had advance notice. Furthermore, the factory inspections team at Wal-Mart is small. In 2004, there were 202 full-time staff members in the entire global ethical-standards and factory-inspections team – less than half the staff of a single Wal-Mart supercenter. In contrast, the Gap - whose annual 2004 sales were \$16.3 billion compared to Wal-Mart’s \$288 billion – has a 90 person factory-standards team. If Wal-Mart were staffed the same way as the Gap, it would have 900 inspectors, not 200. [Charles Fishman, *The Wal-Mart Effect*, 2006]

WAL-MART RHETORIC: Wal-Mart will say that since they do not own, operate or manage the factories, their suppliers act independently.

REALITY: Wal-Mart controls many of the activities of its suppliers. “Wal-Mart forces its suppliers to do everything from redesigning packaging to redesigning their computer systems if they want to sell to Wal-Mart.” [Charles Fishman, *The Wal-Mart Effect*, 2006]



PLEDGE #4: THE REALITY BEHIND WHAT YOU'LL HEAR FROM WAL-MART

WAL-MART RHETORIC: Wal-Mart will say that they pay a great deal in state, local and property taxes that goes to the communities and states that they are in.

REALITY: Wal-Mart imposes high costs on the taxpayers in the communities they are in. According to a 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 million annually. In addition, Wal-Mart has lobbied for tax breaks in communities all over the nation. They have lobbied against the estate tax and hired a leading anti-estate tax lobbyist from Patton Boggs LLP, to represent their interests in support of capital gains, estate and other tax reform.

[<http://edworkforce.house.gov/democrats/WALMARTREPORT.pdf>; USA Today, 4/6/05]

WAL-MART RHETORIC: Wal-Mart will point to initiatives they fund in the communities they are in.

REALITY: According to a report by the National Committee for Responsive Philanthropy - a charity watchdog group – the charitable and political giving by America's largest retailer, Wal-Mart, is part of a self-serving campaign to enrich the company's owners, the Walton family. The report said, "Behind the Wal-Mart facade, the goals of the company and the family have nothing to do with promoting the community's or the public's or even their customers' interest. Instead, there is one goal, and that is to make one of the wealthiest families in the country even richer." The report complains that much of the money given away by the Wal-Mart foundation is under the control of store managers, who often dole out small contributions to community groups. "By giving directly to local communities, Wal-Mart creates the perception that it is part of the community, rather than a large impersonal corporation that could be doing more harm than good." [The New York Sun, 10/5/05]



WAL-MART RHETORIC: Wal-Mart will say that communities across the country are inviting them to open stores there and are upset when they leave.

REALITY: The California communities of Inglewood, Yucaipa, San Marcos and Turlock successfully fought efforts by Wal-Mart to build stores by passing restrictive zoning ordinances and defeating ballot referendums allowing construction. Once Wal-Mart enters a community, however, many need them to stay because their stores are so large, it is difficult to find new tenants for the space. In 2004, Wal-Mart had about 152 vacant stores - about 13 million square feet - across the country. [California Secretary of State: <http://cal-access.ss.ca.gov/>; *Modesto Bee*, 5/12/06; *Contra Costa Times*, 4/21/05; *Wall Street Journal*, 9/15/04]



PLEDGE #5: THE REALITY BEHIND WHAT YOU'LL HEAR FROM WAL-MART

WAL-MART RHETORIC: Wal-Mart will say that they buy merchandise and services from more than 61,000 U.S suppliers and support over 3 million supplier jobs in the United States.

REALITY: Today, over 80% of Wal-Mart's 6,000 global suppliers are based in China. Wal-Mart dramatically increased its direct imports from China from \$10 billion worth of merchandise in 2001 to \$18 billion in merchandise in 2004. [PBS Frontline, 11/16/04, Charles Fishman, *The Wal-Mart Effect*, 2006]

WAL-MART RHETORIC: Wal-Mart will say that they are creating jobs in the United States.

REALITY: Wal-Mart is merely shifting jobs that would have been created by other retail companies. Three retailers close within two years, and four retailers close with five years, of Wal-Mart's arrival in a county. While Wal-Mart creates jobs when they first enter a community, most of the new jobs at a typical Wal-Mart ultimately come at the expense of existing retail jobs. [Charles Fishman, *The Wal-Mart Effect*, 2006]

WAL-MART RHETORIC: Wal-Mart will say that all companies are purchasing from overseas.

REALITY: That's correct but Wal-Mart themselves touted their "Buy American" program and then never let consumers know they were abandoning it. In February 1985, Walton wrote to 3,000 American manufacturers and wholesalers telling them that the chain wanted to buy more American goods. Walton said, "We cannot continue to be a solvent nation as long as we pursue this current accelerating direction. Our company is firmly committed to the philosophy by buying everything possible from suppliers who manufacture their products in the United States." In 1994, promotional literature from the company, titled "Bring It Home To The USA," continued to tout its commitment to American manufacturers. [Wal-Mart Press Release, 3/13/85; Wal-Mart Literature, 1994]

WAL-MART RHETORIC: Wal-Mart will say that goods are being produced overseas because they have stores in those countries.

REALITY: More than 80% of Wal-Mart's 6,000 global suppliers are based in China. Wal-Mart operates 3,811 stores in the United States and only 56 stores in China. [PBS Frontline, 11/16/04; Securities and Exchange Commission, Wal-Mart form 10-K, filed 3/29/06]



***WAL-MART RHETORIC:* Wal-Mart will say that they are offering organic food at just 10 percent over the cost of conventional food.**

REALITY: Organic does not mean local. According to a New York Times editorial, “Wal-Mart will now become the 800-pound gorilla among the other, slightly smaller gorillas that have tried repeatedly to weaken the Agriculture Department's definition of what organic means. There is no chance that Wal-Mart will be buying from small, local organic farmers. Instead, its market influence will speed up the rate at which organic farming comes to resemble conventional farming in scale, mechanization, processing and transportation. For many people, this is the very antithesis of what organic should be. People who think seriously about food have come to realize that ‘local’ is at least as important a word as ‘organic.’ The only thing local about Wal-Mart is its shoppers.” [Editorial, New York Times, 5/14/06]



PLEDGE #6: THE REALITY BEHIND WHAT YOU'LL HEAR FROM WAL-MART

Wal-Mart's recent environmental initiatives are encouraging, and they are an example of the positive change they can affect when they set their minds to it. Wal-Mart Watch encourages Wal-Mart to announce progress benchmarks on the initiatives and release updates as they implement these changes.

WAL-MART RHETORIC: Wal-Mart will say that they already have to abide by local zoning laws and ordinances.

REALITY: Wal-Mart has spent millions of dollars on campaigns in local communities aimed at winning referendums and ballot initiatives that push for the construction of Wal-Mart Supercenter stores over local legislative or community opposition. In addition, Wal-Mart has filed and threatened numerous lawsuits designed to harass local communities that ban their stores. [California Secretary of State, <http://cal-access.ss.ca.gov/>; Modesto Bee, 5/12/06; Contra Costa Times, 4/21/05]

WAL-MART RHETORIC: Wal-Mart will say that they are opening “green stores” across the country.

REALITY: There are currently five environmental demonstration stores out of more than 3,856 stores in the United States – and more than 6,000 stores worldwide. [<http://www.walmartfoundation.org>; Wal-Mart 2005 Annual Report; Securities and Exchange Commission, Wal-Mart form 10-K, filed 3/29/06]

WAL-MART RHETORIC: Wal-Mart will say that they invest in preservation of wildlife habitat through their “Acres for America” Program.

REALITY: Wal-Mart has pledged a matching fund of \$35 million dollars over ten years for the Acres for America Program – compared to more than \$10 million they have paid in environmental violations. [PR Newswire, 8/15/05; SEC form 10-K, filed 3/31/05]



PLEDGE #7: THE REALITY BEHIND WHAT YOU'LL HEAR FROM WAL-MART

WAL-MART RHETORIC: Wal-Mart will say that they already have strict reporting requirements with numerous government agencies.

REALITY: Wal-Mart does not have to report many of the kinds of information that is important for consumers and communities to know. For example, they are not required to report wages and benefits paid, the number of employees in each state who currently use public health care assistance, the number of employees in each state who currently do not have health care, and a full list of subsidies they receive each year in communities across the country. [Institute for Local Self-Reliance, 7/21/05]

