

WAL★MARTWATCH

AN INSIDE LOOK AT THE LARGEST RETAILER ON EARTH

IN DEPTH

SUSTAINING WAL-MART

How Wal-Mart's Sustainability Goes Far Beyond Environmentalism

ABOUT US:

WAL-MART WATCH is a nationwide public education campaign to challenge the world's largest retailer to become a better employer, neighbor and corporate citizen. We bridge the gap between ordinary citizens and community organizations concerned about Wal-Mart's unchecked growth and negative impact on our society. We challenge Wal-Mart to embrace its moral responsibility as the nation's biggest and most important corporation.

THE AVERAGE WAL-MART SUPERCENTER

is a 200,000 square foot behemoth sitting on 20 to 30 acres of land.¹ There are 2,256 Wal-Mart Supercenters in the United States, collectively taking up an enormous amount of land. That's not counting regular Wal-Mart stores, Sam's Clubs, Neighborhood Markets, distribution centers and warehouses, which could more than triple that figure. Wal-Mart is the largest commercial entity in the United States, both physically and economically, and its stores require enormous amounts of resources to function. Massive amounts of land, energy, labor, and money are poured into each Wal-Mart store, and too often Wal-Mart exhausts those resources.

What is the impact of this business model? How does it affect local economies? How does it affect employment practices? The environment? And most importantly, can this way of doing business be sustained?

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*An abandoned Wal-Mart store in Alabama.
Photo by Brave New Films.*

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A Letter from David Nassar, Executive Director of Wal-Mart Watch

OVER THE PAST YEAR, Wal-Mart has worked overtime to develop environmental efficiency initiatives. Some progress has been made on this front, and for that we commend the company. But there's more to being a sustainable company than new lightbulbs. This issue of *In Depth* tackles a question at the very heart of any business's long-term viability: Is Wal-Mart a sustainable company?

While Wal-Mart may take important steps to make its products more environmentally-friendly or to reduce the amount of energy it uses, its business model as a whole remains inherently unsustainable. Wal-Mart has invested in a business model that relies on market saturation and low costs. This business model generated dramatic growth in the 1990s, skyrocketing the company to become the largest retailer in the world. But its success came with a price. Not only have domestic sales stagnated as the company reaches market saturation, but Wal-Mart's negative impact on the environment, local economies and America's employees is becoming all too clear.

Wal-Mart has already spent upwards of \$30 million on a failed public relations campaign to rebut this criticism and address its serious image problems. Just this week, they launched a slick new environmental advertising campaign. However, we're concerned that while Wal-Mart continues to treat the symptoms of their problems, they continue to ignore the root causes.

At Wal-Mart Watch, we recognize the negative impact that Wal-Mart's bad business practices are having on communities, our country and Wal-Mart itself. But we also recognize that it might be even worse for America if it were to collapse in on itself by continuing to pursue flawed policies. We are leading the charge to bring about positive changes in the company. What's good for America can also be good for Wal-Mart. And only by changing its model can Wal-Mart hope to truly become a "sustainable" company.



David Nassar

KNOW YOUR FACTS ABOUT SUSTAINING WAL-MART'S BUSINESS MODEL

"Wal-Mart, because of its rapid expansion, probably has left behind more space than anyone else...[It] has about 152 vacant stores, or about 13 million square feet, across the nation." [Wall Street Journal, 9/15/04]



Top Stories on Wal-Mart and Sustainability

Wal-Mart Pushes to Dismantle British Planning Law [*Hometown Advantage*]

"We have to demand that our politicians put these supermarkets back where they belong: as servants of our society and not masters of it," declared Tony Juniper, head of the U.K. organization Friends of the Earth, at a public forum held in London this month. *March 28, 2007*

Companies' support goes against the environment [*Seattle Post-Intelligencer*]

Wal-Mart PAC supported 33 members of Congress who scored at the absolute bottom -- zero percent -- on the League of Conservation Voters' well-respected score-card of key environmental votes during the last Congress. *February 13, 2007*

Hype vs. Hope : Is Corporate Do-Goodery for Real? [*Mother Jones*]

Often the difficulty is built right into a company's business model. It makes scant difference whether Wal-Mart starts stocking organic food or not, because the real problem is the imperative to ship products all over the world, sell them in vast, downtown-destroying complexes, and push prices so low that neither workers nor responsible suppliers can prosper. *December, 2006*

Giving Wal-Mart environmental award is obscene [*Seattle Post-Intelligencer*]

By building vast warehouses, carrying a huge range of stock and slashing prices, which inevitably lead to smaller retail competitors going out of business and by concreting over thousands of acres of countryside in order to provide car parking around their air-conditioned mammoth warehouses, these measures seem like pitiful window-dressing. *October 29, 2006*

Keep Your Eyes on the Size [*Grist.org*]

With its recent flurry of green initiatives, Wal-Mart has won the embrace of several prominent environmental groups. "If they do even half what they say they want to do, it will make a huge difference for the planet," said Ashok Gupta of the Natural Resources Defense Council. *March 28, 2007*

How Can Wal-Mart Be More Sustainable?

Currently, Wal-Mart chooses to spend money on "quick fixes," like public relations maneuvers, instead of long-term change. Polling shows that its treatment of workers (both at home and abroad), its monopolistic tendencies in local communities and its discrimination against female employees, among other things, have caused the political problems the company struggles with today. These efforts harm its reputation and make it harder to build new stores or enter into new service sectors, such as banking as we saw last month.





Abandoned Wal-Mart stores in Decatur, Alabama (left) and Laramie, Wyoming (right.) Wal-Mart frequently abandons stores and often refuses to lease them to new tenants.

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Development and Land Use

Wal-Mart stores are a ubiquitous American landmark — they are everywhere. Wal-Mart's business plan hinges on market saturation, and throughout its history the company has worked to build the network of thousands of stores that now dot the landscape. In fact, there are so many Wal-Mart stores in the United States that several communities have two or even three Wal-Marts within easy driving distance. There are several Supercenters within five miles of each other, and most Wal-Mart stores have an accompanying store within ten miles.²

Despite the large number of stores that already exist, Wal-Mart's business strategy continues to rely on new store construction. Like many other chains, Wal-Mart works to build as many new stores as possible each year. Increasing the number of stores in a given area streamlines Wal-Mart's distribution system, but also quickly floods the marketplace. Ravenous land use and flood-like market saturation are quickly proving unsustainable, and not just for environmental reasons.

Supercenters and the Environment

Not only does Wal-Mart build the most

stores, it builds the biggest stores. The company utilizes a single architectural principle for its development: large, single-story stores with even larger parking lots. Building these Supercenters is a land-intensive proposition: each store requires 20 acres of land or more, in addition to several miles of new road and sewer lines (the stores are often built in outlying areas away from municipal centers). Many supercenters are built on unprotected natural areas and land primarily suited for agriculture, referred to as "greenfields." Building on such land inevitably causes problems with storm water runoff and groundwater replenishment, not to mention air pollution problems from the increased automotive and truck traffic in the area. As Wal-Mart builds two or even three Supercenters in a community, hundreds of acres of greenfields are lost. By blanketing the American landscape with sprawling stores and huge parking lots, Wal-Mart contributes to the irreversible environmental and agricultural damage that threatens to extinguish Americans' ability to provide for ourselves.

Wal-Mart has attempted to address this land-use issue by offering mitigation on a one to one basis going forward, the reality is even with this *Continued on p. 5*



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level of mitigation, it does not address the level of damage the rapid expansion of Supercenters has already wrought.

Economic Sustainability

Market saturation of this kind damages same-store sales; building a second Wal-Mart in a community will not bring in twice the business, but rather spread a given amount of consumer purchasing over two Supercenters rather than one.³ Thus the second store is a redundant, unnecessary waste of land and resources. Despite this, Wal-Mart continues to build new stores at an astonishing rate. This is an incredibly wasteful practice, both economically and environmentally. Wal-Mart by and large has kept to the same development policies with regards to supercenters and has remained relatively inflexible in terms of both size and location. The sheer lack of concern for the community where it is siting its stores is what creates many of the development fights relating to Wal-Mart.

As a result, Wal-Mart's sales have stagnated compared with the rest of the retail industry.⁴ In large part, this is a result of the fact that in many communities, Wal-Mart's largest competitor is another nearby Wal-Mart. This strategy is inherently wasteful economically, as

it requires twice as much capital to build and maintain two stores where only one is sufficient.

If and when those stores become obsolete – even if the store is upgraded to a Supercenter – Wal-Mart often abandons the property and the building on it, preferring to develop new land. This increases capital expenses, while often leaving valuable real estate unused. Many market analysts believe Wal-Mart would be better served to use the capital already invested in its real estate holdings and to make improvements on that land, rather than devote more money and resources to new capital investments. This is especially true when a given market nears saturation and Wal-Mart begins competing with itself, thus decreasing the return on its investments. Expanding growth through capital investment and not an expansion in same store sales is often considered a dangerous proposition in the retail business. There is a high risk of incurring debt burdens with uncertainties of increased returns. ■

Endnotes

1 <http://www.walmartfacts.com>

2 *The Wal-Mart Effect*, pg. 5 and 264, Charles Fishman, The Penguin Press, New York 2006

3 Anthony Bianco “Declining growth, increasing competition, and not an easy fix in sight,” *BusinessWeek*. April 30, 2007

4 Anthony Bianco “Declining growth, increasing competition, and not an easy fix in sight,” *BusinessWeek*. April 30, 2007

KNOW YOUR FACTS ABOUT SUSTAINING WAL-MART'S BUSINESS MODEL

The National Trust for Historic Preservation cited Wal-Mart expansion as a reason for listing Vermont as one of America's 11 most endangered historic places. [National Trust for Historic Preservation Press Release, 5/24/04, http://www.nationaltrust.org/news/docs/20040524_11most_vermont.html]



KEEP YOUR EYES ON THE SIZE

The impossibility of a green Wal-Mart

Originally published on *Grist.org*

By Stacy Mitchell

WITH ITS RECENT FLURRY OF GREEN initiatives, Wal-Mart has won the embrace of several prominent environmental groups. "If they do even half what they say they want to do, it will make a huge difference for the planet," said Ashok Gupta of the Natural Resources Defense Council. Environmental Defense, meanwhile, has deemed Wal-Mart's actions momentous enough to warrant opening an office near the retailer's headquarters in Bentonville, Ark. "If [we] can nudge Wal-Mart in the right direction on the environment, we can have a huge impact," said the organization's executive vice president, David Yarnold.

Wal-Mart's eco-commitments are not without substance. The two most significant are a pledge to make its stores 20 percent more energy efficient by 2013, which will cut annual electricity use by 3.5 million megawatt-hours, and a plan to double the fuel economy of its trucks by 2015, which will save 60 million gallons of diesel fuel a year.

Acting with unusual transparency, Wal-Mart has even published a benchmark calculation of its carbon footprint [Excel]. The company estimates that its U.S.

operations were responsible for 15.3 million metric tons of CO₂ emissions in 2005. About three-quarters of this pollution came from the electricity generated to power its stores.

This cannot be dismissed as greenwashing. It's actually far more dangerous than that. Wal-Mart's initiatives have just enough meat to have distracted much of the environmental movement, along with most journalists and many ordinary people, from the fundamental fact



Sunset on a Wal-Mart parking lot.

that, as a system of distributing goods to people, big-box retailing is as intrinsically unsustainable as clear-cut logging is as a method of harvesting trees.

Here's the key issue. Wal-Mart's carbon estimate omits a massive source of CO₂ that is inherent to *Continued on page 7*



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its operations and amounts to more than all of its other greenhouse-gas emissions combined: the CO₂ produced by customers driving to its stores.

The dramatic growth of big-box retailers, including Wal-Mart, Target, and Home Depot, over the last 15 years has been mirrored by an equally dramatic rise in how many miles we travel running errands. Between 1990 and 2001 (the most recent year for which the U.S. Department of Transportation has data), the number of miles that the average American household drove each year for shopping grew by more than 40 percent.

It's not that we are going to the store more often, but rather that each trip is an average of about two miles longer. The general trend toward suburbanization is only partly to blame: shopping-related driving grew three times as fast as driving for all other purposes. The culprit is big-box retail. These companies have displaced tens of thousands of neighborhood and downtown businesses and consolidated the necessities of life into massive stores that aggregate car-borne shoppers from large areas. During the 1990s, for example, about 5,000 independent hardware stores, dispersed across almost as many neighborhoods, were replaced by just 1,500 Home Depot and Lowe's superstores, most erected on the outer fringes of our cities. The same trend is under way in virtually every retail sector. According to the market research firm Retail Forward, every time Wal-Mart converts one of its stores into a Supercenter with groceries, it leads to the closure of two existing grocery stores, leaving many residents with farther to drive for milk and bread.

Altogether, by 2001, Americans logged

over 330 billion miles going to and from the store, generating more than 140 million metric tons of CO₂. If we conservatively estimate that shopping-related driving over the last five years grew at only half the rate of the 1990s, that means Americans are now driving more than 365 billion miles each year and producing 154 million metric tons of CO₂ in the process.

Since Wal-Mart accounts for 10 percent of U.S. retail sales, the company's share of these emissions is at least 15.4 million metric tons -- and likely higher, because Wal-Mart has led the way in auto-oriented store formats and locations. This amounts to more than all of its other domestic CO₂ output combined.

Land-use consultant Kennedy Smith notes that another way to estimate these emissions is to start with the 100 million shoppers Wal-Mart says its stores attract each week, generously assume two shoppers per car, and then multiply by the average length of a shopping trip. This produces an almost identical result: over 15 million metric tons of CO₂.

Shopping-related driving has been growing so fast that even a phenomenal improvement in the fuel economy of cars would soon be eclipsed by more miles on the road. Nor is CO₂ the only environmental impact of all of this driving. Tens of thousands of acres of habitat have been paved for big-box parking lots, which, during rainstorms, deliver large doses of oil and other petrochemicals deposited by cars to nearby lakes and streams.

By embracing Wal-Mart, groups like NRDC and Environmental Defense are not only absolving the company of the consequences of its business model, but implying that this *Continued on page 8*



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method of retailing goods can, with adjustments, be made sustainable.

Worst of all, they are helping Wal-Mart expand. In the Northeast and West Coast, where Supercenters are relatively few and environmental sentiment runs strong, a greener image is just what Wal-Mart needs to overcome widespread public opposition to new stores.

In January alone, Wal-Mart opened 70 U.S. stores. At current growth rates, by 2015 Wal-Mart will have enlarged its domestic footprint by 20,000 acres, turning CO₂-absorbing fields and forests into stores and parking lots. Big-box stores make incredibly inefficient use of land. While 200,000 square feet of retail spread over several two-story downtown buildings with shared parking takes up about four acres, a single-story Superstore of this size, with its standard 1,000 parking spaces, consumes nearly 20 acres.

Wal-Mart's new stores will use more electricity than its energy-efficiency measures will save. By making existing outlets 20 percent more efficient, Wal-Mart says it will cut 2.5 million metric tons worth of CO₂ emissions by 2013. But new stores built this year alone will consume enough electricity to add about 1 million metric tons of CO₂ to the atmosphere.

Wal-Mart's new stores will use more electricity than its energy-efficiency measures will save.

It is not as though we need these stores. Between 1990 and 2005, the amount of store space per capita in this country doubled, while consumer spending grew at less than half that rate. The predictable result is that the U.S. is now home to thousands of dead malls and vacant-strip shopping centers. City planners are not the only ones alarmed. "The most over-retailed country in the world hardly needs more shopping outlets of any kind," advised PricewaterhouseCoopers in a report to real-estate investors.

Yet Wal-Mart continues to build -- consuming land, inducing more driving, and, perhaps most perilous of all, destroying what remains of small-scale, locally owned businesses. Tucked close to their customers in neighborhoods and downtowns, and sized to fit sidewalks rather than regional highway systems, it is these stores that are the true building blocks of a sustainable way of distributing goods. It is they, not Wal-Mart, that deserve the admiration and support of the environmental movement.

Stacy Mitchell is a senior researcher with the Institute for Local Self-Reliance and author of Big-Box Swindle: The True Cost of Mega-Retailers and the Fight for America's Independent Businesses. ■

ENVIRONMENTAL TASK FORCE

Visit walmartwatch.com/environment to learn more about Wal-Mart Watch's Environmental Task Force, a coalition of citizen activists working to hold Wal-Mart to its environmental promises.



EXHAUSTING WORK

How Wal-Mart's Employment Practices are Unsustainable

WAL-MART IS ALWAYS LOOKING FOR ways to cut costs. The company is known for its cutthroat bargaining methods, global distribution system which helps reduce supplier and distribution costs, and dedication to "Everyday Low Prices."



The company has done an incredible job cutting costs throughout its chain of production and supply, but there is one part of business which no company should cut-corners on: employees. Cutting costs at the expense of employees – both in number and experience – is one of the least sustainable ways to improve a company's bottom line. Yet Wal-Mart has repeatedly demonstrated that it is determined to cut labor costs, no matter what the repercussions.

Out With The Old

A memo written to the Wal-Mart Board of Directors from Vice President Susan Chambers outlines a plan to push out long-term and full-time employees in favor of a younger workforce.¹ The justification is to reduce costs of operating a store and increase productivity. However, reducing long term employees in

favor of an exclusively part-time work force is a retail philosophy that many find counterproductive and counterintuitive.² Wal-Mart targets its long-term Associates in hopes of reducing costs, but in the process it pushes out those who have the best understanding of retail on the ground level. Even if they do cost more, as the Chambers memo insists, employees with more experience are often most effective at communicating to the customer and thus ultimately help store sales.

Cutting the Number of Employees On Duty

Many of Wal-Mart's own anti-employee policies – such as cutting back on experienced, full-time employees and limiting the number of employees working at any given time (through computer scheduling) are often the result of declining or stagnating same store sales for a particular Wal-Mart location. The impact of a reduced number of experienced employees at a given store can have an overall adverse impact on stores. Everything from reduced productivity to poor customer service are just some results from the loss of expertise of experienced retail employees. Eventually this impacts store sales.³

Low Employee Retention

Employee retention is important to most retailers: happy employees stay with the company and gain the expertise that leads to higher productivity and better customer service. Wal-Mart now faces a significant employee-retention problem, especially in suburban and ex-urban areas where retail *Continued on page 10*



How Can Wal-Mart's Employment Practices Be More Sustainable?

Though Wal-Mart claims many economic benefits to their "Everyday Low Prices," the facts insist the company does more harm than good. Studies show that Wal-Mart communities lose nearly as many jobs as they gain when a Wal-Mart moves in. [Michael Hicks, "Does Wal-Mart Cause An Increase in Anti-Poverty Program Expenditures?" Global Insight Conference, 2005] In addition, a new Wal-Mart lowers an area's average wage and increases the burden on tax payers. [Economic Policy Institute, "Wrestling with Wal-Mart." 06/15/2007] In an effort to keep costs down, Wal-Mart has exploited its workers and exploited the communities it claims to serve.

Wal-Mart is hurting the very people it claims to help. If Wal-Mart is to survive, it must contribute not only to Americans' savings but their earnings as well. Paying better wages, boosting employee benefits, creating quality jobs and refusing tax breaks is key to Wal-Mart's survival.

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competition is fierce.⁴ Fiercer competition means the company tries to cut costs further, making conditions worse for the workforce in order to improve profitability at individual stores. High turnover means that thousands of people may apply for jobs when a new store opens, but stores lose their best employees to competitors and struggle to fill vacant positions after initial enthusiasm wanes.

The company's employment practices have left stores understaffed and constantly turning over.⁵ This is particularly true in areas where retail competition is high – areas with several Wal-Mart stores, but also several of Wal-Mart's competitors. Employees in these areas not only have more retail job opportunities, they also tend to be more aware of Wal-Mart's detrimental employment practices. But it is in these areas that Wal-Mart needs experienced Associates the most: competitive retail environments are often middle- and upper-income areas, home to consumers with more disposable income than Wal-Mart's traditional customer base.⁶ This is exactly the clientele Wal-Mart has tried to attract in recent

years. This lucrative market segment represents one of the company's last avenues for domestic expansion. Treating their employees better will make Wal-Mart more competitive and more sustainable.

In retail, creating a poor work environment for the employee ultimately affects customer service and productivity. Having an amazing distribution system and extensive logistics models won't save a company any money if its employees aren't invested enough to utilize it, and Wal-Mart cannot hope to survive in a competitive market if they fail to sustain their employee pool. ■

Endnotes

- 1 Read the full report at http://walmartwatch.com/img/blog/out_with_the_old.pdf
- 2 See for example: Moira Herbst. "The Costco Challenge: An Alternative to Wal-Martization?" *Labor Research Association*. 07/05/2005.
- 3 Parija B. Kavilanz. "Best Buy to Circuit City: Employees matter," *CNN Money*. 04/04/2007
- 4 70% of employees leave within one year. From: *Store Wars*. PBS. <http://www.pbs.org/itvs/storewars/stores3.html>
- 5 Annete Berhardt. "The Wal-Mart Trap," *Dollars and Sense*. Sept-Oct. 2002
- 6 Margaret Cronin Fisk and Lauren Coleman-Lochner. "Wal-Mart Shareholders, Rebuffed on Labor Issues, Press for Vote," *Bloomberg News*. 04/12/2007



SUSTAINABILITY IN THE SUPPLY CHAIN

DUE TO ITS MASSIVE SIZE AND SCALE of operations, Wal-Mart has a colossal supply chain. This has been beneficial for the behemoth retailer but also problematic. With regard to environmental issues, Wal-Mart has taken somewhat active steps to be more “green-friendly” but on the labor end it continues to exploit its workers both in the United States and abroad. Negligent labor practices do not lead to increased productivity nor are they economically sustainable, especially for a company like Wal-Mart which is now feeling the impact.

Unfair Labor Practices Are Unsustainable
One of Sam Walton’s rules for success was: *“share your profits with all your associates, and treat them as partners. In turn, they will treat you as a partner, and together you will all perform beyond your wildest expectations.”*¹

How would Sam feel if he saw how Wal-Mart today treated its employees? Today, from California to Costa Rica, Wal-Mart has a notoriously bad record when it comes to labor.² In the United States, the company employs more than 1.3 million people but does little to ensure that they are treated well.³ Instead, it pursues anti-employee policies “to create a cheaper, more flexible work force.”⁴ Driving out experienced full-time employees for young part-timers, discouraging employment for those with disabilities, and implementing family-unfriendly scheduling

policies are just some of the tactics Wal-Mart uses. Additionally, Supercenters are increasingly staffed by part-time employees who make close to the minimum wage.⁵

While Wal-Mart is aiming to cut costs and increase productivity, these unfriendly labor practices produce the exact opposite effect. With a labor force that feels unappreciated and works in an intimidating and discouraging environment, Wal-Mart cannot expect to sustain a high level of worker productivity.

Wal-Mart oftentimes enters communities under the guise of improving economic conditions and providing jobs. As more citizens realize that these jobs are just part-time employment with little opportunity for an economically viable future, they will resist Wal-Mart’s entry into their community. This is exemplified by the increasing number of site fights taken up by communities across America to prohibit Wal-Mart from coming to their neighborhoods and devastating their local economy. *Continued on page 12*



Employees at a Wal-Mart supplier factory in the Philippines strike for better working conditions



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The Global Labor Supply Chain

Wal-Mart has lauded its global procurement efforts declaring that it buy products from more than 60,000 suppliers in 70 countries.⁶ Thousands of people abroad work in factories to produce the goods that are stocked on Wal-Mart's shelves but are subject to inhumane labor practices on a daily basis.

With a faulty factory audit system and general inability to take responsibility for its workers, Wal-Mart has continuously demonstrated a lack of commitment to global labor and human rights.⁷ In a company report, Wal-Mart stated that in 2005, only 20 percent of its factory inspections were unannounced and 89 percent of all inspections found medium to severe violations.⁸ Some of these violations include unfair wages, excessive overtime, use of child labor, and unsanitary working conditions.⁹ Due to these practices, 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.¹⁰ While American Wal-Mart workers barely make enough, workers for Wal-Mart suppliers often do not make enough to even qualify for the World Bank established poverty line of \$2 a day.¹¹

With so many labor issues in their global supply chain, how can Wal-Mart expect to turn a profit? While it may seem like cheap labor would help them be more profitable, the problems that emerge from it and the consequent costs (i.e., increased factory visits and amplifying PR to protect Wal-Mart's reputation) can be financially detrimental. Some of the problems that arise from Wal-Mart's ineptitude include a bad reputation in the global arena, poor worker morale leading to poor production quality, inability

to keep factories in check which leads to products made in hazardous conditions, and factory switching to keep costs low which really is not an economically viable option.

Words of Wisdom

"Let's go for it! Let's take care of our Associates, let's take care of our people, and they'll take care of our customers. They'll exceed our customers' expectations and they'll carry us all on their shoulders. And many of them will rise in our company."

- Sam Walton

Sam Walton was able to sustain his business over the course of many years because he knew the value of his employees. Without them, there is no Wal-Mart but the company does not seem to understand this mantra. In its pursuit of Everyday Low Prices, it continues to exploit workers worldwide and provide goods at the cost of decent working conditions and wages. This is certainly an unsustainable retail model and is proving to be faulty as same-store sales are down and the fight against Wal-Mart continues thanks to American communities, global organizers, and their company's own employees. ■

Endnotes

- 1 *The Book of Business Wisdom* by Peter Krass.
- 2 John Broder. "Voters in Los Angeles Suburb Say No to a Big Wal-Mart," *New York Times*, 4/8/2004; Michael King. "Point Austin: Let 'EM Eat Op-Eds!" *Austin Chronicle*, 10/27/2006
- 3 http://www.walmartfacts.com/Fact-Sheets/7262006_Corporate_Facts.pdf
- 4 Stephen Greenhouse and Michael Barbaro. "Wal-Mart to Add More Part-Timers And Wage Caps," *New York Times*, 10/2/2006
- 5 *Ibid.*
- 6 <http://www.walmartstores.com/GlobalWMSStoreWeb/navigate.do?catg=610>
- 7 Wal-Mart 2005 Report on Ethical Sourcing, http://walmartstores.com/Files/05_ethical_source.pdf
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- 9 *Ibid.*
- 10 Frank Green. "Wal-Mart Removed From Socially Responsible List," *San Diego Union-Tribune*, 5/18/2001
- 11 <http://web.worldbank.org/>



TOXIC TOYS AT WAL-MART

By Lois Gibbs, Executive Director, Center for Health, Environment and Justice



TWENTY FIVE YEARS AGO I was raising my family in Love Canal near Niagara Falls when I discovered that my home was sitting next to 20,000 tons of toxic chemicals. That shocking discovery spurred me and my neighbors to lead a three-year struggle to protect our families from the hazardous waste buried in our backyards. Our fight at Love Canal led to President Jimmy Carter announcing an Emergency Declaration, which moved 900 families from this hazardous area and signified the victory of our efforts.

Today we have learned that we cannot escape poisonous chemicals in our communities. They are not only in factories and toxic dumps, but in everyday household goods like children's toys and cosmetics sold at Wal-Mart and Target. One of today's most dangerous toxic offenders is PVC, the poison plastic, also known as vinyl.

Much has been said about Wal-Mart's sustainability strategy over the past year, for better and for worse. Our organization has been pleased with some of Wal-Mart's initiatives, particularly their efforts to phase out private label PVC packaging, PVC lunchboxes, and the development of their new chemicals policy. These are tremendous initiatives that are driving markets for healthier products, however if Wal-Mart is going to get serious about sustainability, they're going to have to work more broadly, rather than only picking off "low hanging fruit". Sure, eliminating PVC packaging is a great first step, but what about the scores of baby and children's toys made out of this poisonous plastic?

The sad reality is that sucking on some children's PVC toys sold at Wal-Mart is like sucking on a toxic lollipop. Many of these unnecessary poisonous chemicals have already been banned from use in toys in Europe, but they're still sold here in the U.S. Safe and cost effective alternatives exist and responsible companies are phasing them out.

Phthalates are chemical substances that make PVC plastic soft and flexible, but can leach out of the plastic over time. They are used in soft plastic toys and other baby products, such as "rubber" duckies, teething rings, rattles, and bath books. Studies have demonstrated links between phthalates and cancer, adverse impacts on the reproductive system, kidneys, liver, and blood.

With the European Union ban on these poisonous chemicals in full swing, movement is beginning to carry over to the U.S. The City of San Francisco recently pas-

sed a ban on them, and similar legislation is pending in seven U.S. states including New York and California. Some leading toy manufacturers, such as First Years, Gerber, Lego Systems, Mattel, and Tyco have already begun to phase out phthalates and/or PVC in toys.

Phthalates aren't the only concern in Wal-Mart's PVC toys. Studies over the years have documented lead and cadmium in PVC toys. More importantly, vinyl chloride, the basic building block of PVC toys, is one of the few chemicals the EPA recognizes as a known carcinogen, which is hazardous to both workers and neighbors of manufacturing plants. Last fall, Wal-Mart unveiled a broad new chemicals policy that restricts some of the most toxic chemicals from their products, those that cause cancer, harm the reproductive system, and build up in our bodies and cause debilitating diseases. PVC toys sold at Wal-Mart meet virtually all of these criteria, yet Wal-Mart has made no movement on this critical children's and worker's health issue.

Given the growing scientific evidence demonstrating the health hazards these unnecessary dangerous chemicals pose to children, it's time for Wal-Mart to phase out these toxic PVC toys and baby products. And let's not forget - Wal-Mart must also address worker's rights, both in their stores and overseas throughout their supply chain. Now that would be a sustainability strategy. ■

Lois Gibbs is the founder and Executive Director of the Center for Health, Environment and Justice (CHEJ). She is the recipient of an honorary Doctorate from SUNY at Cortland, New York, the 1990 Goldman Environmental Prize, the 1998 Heinz Award, the 1999 John Gardner Leadership Award from Independent Sector and the 2004 March of Dimes Maternal and Infant Health award.



Lois Gibbs with her children at home, circa 1982. [Photo courtesy of Lois Gibbs]

WHAT YOU CAN DO

PVC: THE POISON PLASTIC

PVC (polyvinyl chloride) products are everywhere and are dangerous to our health and environment from start to finish - in the factory, at home, and in the trash - releasing poisonous chemicals linked to cancer and birth defects. The good news is that safe, cost-effective, alternatives to PVC are readily available and responsible companies are phasing it out.

To learn more and get involved, visit <http://www.pvcfree.org>



BOOK REVIEW

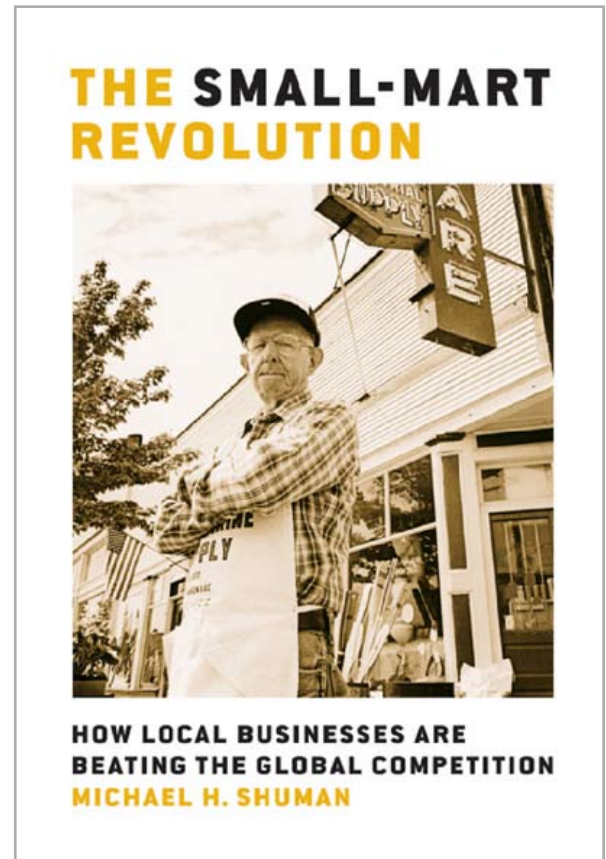
The Small-Mart Revolution

By Michael Shuman. Berrett-Koehler Publishers, Inc. San Francisco, CA. 2006.

Defenders of massive multinational chains like Wal-Mart and Fortune 500 companies big business argue that, like it or not, there is no alternative. They claim that the huge scale and international reach of these organizations make them more efficient, better able to deliver value and an uncontested boon for the job market. According to the big boys, locally owned small businesses are simply quaint remnants of the past, unable to compete in the global economy.

But in *The Small-Mart Revolution*, Michael Schuman shows that the benefits these megastores and huge corporations supposedly deliver to communities are illusory. Crunch the numbers and you'll find that locally owned businesses turn out to be much more reliable generators of jobs, economic growth, tax dollars, community wealth, charitable contributions, social stability and political participation. Unlike their global competitors, they do this without massive tax breaks and subsidies that often put local economies in a permanent hole. Plus, contrary to popular belief, local businesses are competitive with multinationals – and gaining ground every day. Schuman highlights numerous trends that are making the old “bigger is better” economies-of-scale argument obsolete, and he describes a variety of innovative strategies these businesses are using to successfully compete with their oversize competitors. He also shows how consumers, investors and policymakers can support their local communities by “going local.”

The Small-Mart Revolution offers a robust alternative to “go-go” globalization. One that nurtures the creative capacities of local businesses and enables communities everywhere to thrive.



FREQUENTLY ASKED QUESTIONS

Sustaining Wal-Mart And Its Practices

Q. I thought Wal-Mart invests in the preservation of wildlife habitats through their "Acres for America" Program?

A. Wal-Mart has pledged a matching fund of \$35 million dollars over ten years for the Acres for America Program. But compared to Wal-Mart's \$344 billion in sales for FY 2007 and their millions in penalties for environmental violations over the years, this is a drop in the bucket. [Wal-Mart Press Release, 4/12/05; New York Times, 4/13/05; Wal-Mart U.S. Operational Data Sheet, March 2007]

Q. Doesn't Wal-Mart create thousands of jobs in the United States?

A. 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]

Q. There's been a lot of news lately about Wal-Mart's environmentally-friendly stores: aren't those stores a move in the right direction?

A. Wal-Mart currently has two "green" stores and several more that are "high efficiency," but the company runs more than 6,000 stores and Supercenters worldwide. While their energy efficient efforts are indeed a step in the right direction, they represent less than one tenth of one percent of the potential impact the company could have.

Q. Wal-Mart has recently expanded the number of organic products offered in its stores – what do I need to know about this?

A. There has been much debate over Wal-Mart's organic offerings. For Wal-Mart, organic food represents a potential market gain. For consumers, Wal-Mart's organic foods represent a dangerous promise. Like many of its products, Wal-Mart imports its food from foreign countries which often have lax or non-existent organic regulations. Wal-Mart has also been accused of mislabeling non-organic foods as "organic." Ultimately, organic activists fear that Wal-Mart will use its market muscle and political influence to lower organic standards and eradicate a thriving niche market.

Q. What environmental promises has Wal-Mart made? Is it upholding those promises?

A. Wal-Mart has made several environmental promises, including switching all its light bulbs to compact fluorescents, using hybrid trucks in its delivery fleet, holding its electronics suppliers to an "environmental score card" and coming up with new ways to reduce energy consumption in stores. You can help ensure that Wal-Mart does what it has promised: go to <http://walmartwatch.com/environment> to join the coalition holding Wal-Mart accountable for their environmental promises.



WAL-MART IN THE NEWS

FEBRUARY - MARCH 2007

[Wal-Mart Chief Writes Off New York \[New York Times, 3/28/07\]](#)

Mr. Scott's remarks, delivered at a meeting with editors and reporters of The New York Times, amounted to a surprising admission of defeat, given the company's vigorous efforts to crack into urban markets and expand beyond its suburban base in much of the country. In recent years, Wal-Mart has encountered stout resistance to its plans to enter America's bigger cities, which stand as its last domestic frontier.

[Selling Wal-Mart \[The New Yorker, 3/26/07\]](#)

On the second floor of Wal-Mart's headquarters, in Bentonville, Arkansas, is windowless room called Action Alley. In the Wal-Mart idiom, the term "Action Alley" usually refers to the main aisle of the company's two thousand Supercenters—the stores that have upended the retail business by selling enormous quantities of groceries and imported goods at prices that competitors find difficult or impossible to match.

[Wal-Mart ends attempt to start bank \[MarketWatch, 3/18/07\]](#)

Wal-Mart Stores Inc., facing a wall of opposition from the banking industry, Congress and activist groups, said Friday it would withdraw its application to start a specialized bank.

[Wal-Mart Says Worker Taped Reporter's Calls \[New York Times, 3/6/07\]](#)

Federal investigators are looking into the actions of a computer systems technician at Wal-Mart Stores who, over a period of several months, intercepted pager and text messages and also secretly taped telephone conversations between Wal-Mart employees and a reporter for The New York Times, the company said yesterday.

[Wal-Mart, Union Join Forces on Health Care \[Washington Post, 2/8/07\]](#)

Two once-implacable foes in the business world found common ground yesterday, at least for a few minutes, as they publicly pledged to work together for the first time to fix what they called the nation's health-care crisis by 2012.

[Court Approves Class-Action Suit Against Wal-Mart \[New York Times, 2/7/07\]](#)

Wal-Mart's efforts to block the nation's largest sex discrimination lawsuit suffered a big setback yesterday when a federal appeals court in San Francisco ruled that the case should proceed as a class action.

[Wal-Mart Wants Suppliers, Workers to Join Green Effort \[Wall Street Journal, 2/2/07\]](#)

Wal-Mart Stores Inc. Chief Executive Lee Scott called on the retailing giant's suppliers and employees to aid its green campaign, including a request that suppliers eventually eliminate nonrenewable energy from their processes and products.





WAL★MART**WATCH**

1730 M St. NW. Washington, DC. 20036 <http://walmartwatch.com>

Wal-Mart Watch is a nationwide public education campaign to challenge the world's largest retailer to become a better employer, neighbor and corporate citizen. We bridge the gap between ordinary citizens and community organizations concerned about Wal-Mart's unchecked growth and negative impact on our society. We challenge Wal-Mart to embrace its moral responsibility as the nation's biggest and most important corporation.