

Attachment: general articles on Wal-mart

Chinese pay for Wal-Mart's low prices¹

Retailer thrives with costs reduced by suppliers, but few others share wealth

By Peter S. Goodman and Philip P. Pan / Washington Post

SHENZHEN, China — Inside the factory, amid clattering machinery and clouds of sawdust, men without earplugs or protective goggles feed wood into screaming electric saws, making cabinets for stereo speakers. Women hunch over worktables, many hands bandaged and few covered by gloves, pressing transistors into circuit boards.

Most of the 2,100 workers here are poor migrants from the countryside who have come to this industrial hub in southern China for jobs that pay about \$120 a month. A sign on the wall reminds them of their expendability in a nation with hundreds of millions of surplus workers: "If you don't work hard today, tomorrow you'll have to try hard to look for a job."

The calculations driving production here at Shenzhen Baoan Fenda Industrial Co. are no different from those governing global capitalism in general — make more for less — but it is applied with particular vigor on this shop floor. Sixty percent of the stereos coming off the line are for one customer: Wal-Mart Stores Inc., whose mastery at squeezing savings from its supply chain made it the world's largest company.

"The profit is really small," said Surely Huang, a factory engineer, speaking of the 350,000 stereos that Fenda agreed in March to supply to the retailer for \$30 to \$40 each. Huang said they sell for \$50 in the United States. "We have to constantly cut costs to satisfy Wal-Mart."

Yet this factory and thousands of others along China's east coast have decided, with China's leaders, that the deal is worth the price. Wal-Mart provides access to vastly more store shelves than they could ever reach by themselves, a way to build a brand from Fort Worth to Frankfurt.

With sales of more than \$245 billion a year, Wal-Mart is the largest retailer in the United States, still the ultimate consumer market. China is the most populous country, with 1.3 billion people, most still poor enough to willingly move hundreds of miles from home for jobs that would be shunned by anyone with better prospects. The Communist Party government has become perhaps the world's greatest facilitator of capitalist production, beckoning multinational giants with tax-free zones and harsh punishment for anyone with designs on organizing a labor movement.

More than 80 percent of the 6,000 factories in Wal-Mart's worldwide database of suppliers are in China. Wal-Mart estimates it spent \$15 billion on Chinese-made products last year, accounting for nearly one-eighth of all Chinese exports to the United States.

Back in its home market, Wal-Mart's vast appetite for Chinese imports has placed it at the center of a sharp debate over whether the influx of low-cost products from China is good for Americans.

Domestic manufacturers, labor groups and some politicians point to China's record trade surplus with the United States, estimated to have totaled \$120 billion last year, and accuse Beijing of manipulating its currency, condoning the exploitation of its workers and competing unfairly, resulting in the loss of U.S. manufacturing jobs.

¹ <http://www.detnews.com/2004/business/0402/13/a12e-63161.htm>, accessed at 4 november 2004

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But Chinese officials counter that nearly two-thirds of the country's exports are shipped from factories wholly or jointly owned by foreign investors, with Wal-Mart often cited as the prime example, supplying Americans with a steady flow of low-cost, high-quality goods.

With its near-religious devotion to the pursuit of "everyday low prices," Wal-Mart illustrates why U.S.-based multinationals with operations here have not joined in the chorus for protectionism.

"For the benefit of the consumer, we should buy merchandise where we get the best value," said Andrew Tsuei, managing director of Wal-Mart's global procurement center in Shenzhen.

Labor activists in China lament the ruling party's ban on independent trade unions — workers may join only the party-run union — as well as courts and regulatory agencies controlled by local party officials who are often willing to overlook labor violations to appease businesses that can be milked for taxes, fees and bribes.

The activists argue that as Wal-Mart pits suppliers against one another and squeezes them for the lowest price, the workers suffer.

In the city of Dongguan in southern Guangdong province, where Wal-Mart suppliers are concentrated, a 27-year-old worker who gave her name as Miss Qin complained that she can rarely afford meat with her \$75-per-month wages at Kaida Toy Co.

"Every day we eat vegetables, mostly we eat vegetables," she said, leaning over a plate of fried carrots in a dingy restaurant.

Qin helps make plastic toy trains for Wal-Mart, but says she cannot afford to buy toys for her 9-year-old son. "In four years, they haven't increased the salary," she said.

Washington Post Special Correspondent Wang Ting contributed to this report.

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Let Me Count the Ways People Don't Love Wal-Mart: Ann Woolner ²

Feb. 13 (Bloomberg) -- In tiny Sandfly, Georgia, on Savannah's edge, residents celebrated when they chased away a Target Super Store planned for their neighborhood.

But within a year after community outcry prompted Target to fold its tent, Wal-Mart Stores Inc. stepped in and snapped up the site for a Supercenter.

"I've heard some people say we should have left well enough alone," said Donald Stack, lawyer for two Sandfly churches fighting Wal-Mart.

Stack had just been in Atlanta to try to persuade the Georgia Supreme Court to overturn a Savannah judge and revive the churches' lawsuit to stop the Wal-Mart store. While the churches wait for the court to rule, Wal-Mart doesn't.

Even as about 40 Sandfly residents boarded a rented bus and made the four-hour ride to Atlanta on Monday to watch Stack plead their cause, the Supercenter had already risen from leveled dirt.

"It just seems that Wal-Mart has total disregard for any community they go into," says Herbert Kemp, president of the Sandfly Community Betterment Association.

The fear here is that a store that big, open every minute of every day and night, will dwarf the community and transform it.

Sandfly, with its 2,000 residents, many descended from former slaves who began settling here in the 18th Century, is but a speck in the Wal-Mart universe. Still, the protest movement against the invasion of big box stores is growing, joined by those angry at Wal-Mart for other reasons.

Communities Organizing

Hundreds of communities around the country have organized, with towns from Turlock, California, to Peachtree City, Georgia, passing laws to exclude these superstores. There is always a Wal-Mart store opening somewhere, mostly Supercenters that occupy up to 200,000 square feet of retail space. Not counting parking lots.

And beyond neighborhood issues, Wal-Mart has been drawing fire for other practices, including the treatment of its workers and its contribution to the outflow of U.S. jobs to Asia.

"A fair number of people are saying, 'I'm not as sure I want to shop there anymore,'" says Patricia Edwards, who helps manage \$5.5 billion at Wentworth, Hauser & Violich in Seattle, some of it in Wal-Mart. "Then they look at their bank statements and say, 'I'm not sure I can afford not to.'"

Which aspect of Wal-Mart concerns people most? Edwards laughs at the choices.

Here's one. To protect against employee theft, many Wal-Mart store managers until recently kept the overnight workers locked in, unable to get emergency help quickly for injuries or sickness, the New York Times reported last month.

² http://quote.bloomberg.com/apps/news?pid=10000039&sid=aJqMefuSAPSY&refer=columnist_woolner#, accessed at 1 November 2004

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Working Off the Clock

There have been stories and lawsuits alleging Wal-Mart managers force employees to work off the clock to avoid overtime pay. This sort of thing, along with low wages and benefits, encourages union organizing.

But, as Bloomberg Markets reports in its March issue, there is evidence Wal-Mart has spies to hunt for organizers and retaliate against union-friendly workers. Wal-Mart denies it.

Meanwhile, female Wal-Mart employees are suing in San Francisco, claiming some 1.6 million current and former employees were paid less and denied promotions because of their gender. And last October, federal authorities arrested 245 undocumented aliens working in 61 Wal-Mart stores.

Then there is the matter of squeezing suppliers and contributing to the national trade deficit and the loss of U.S. jobs. As the world's No. 1 retailer bent on constantly lowering prices, Wal-Mart muscled its suppliers to drop their costs, pushing manufacturing jobs out of this country and into low-wage ones. The magazine *Fast Company* had an extensive story on this in December.

California Grocers

And now come California grocers who lowered pay scales and employee benefits and set off a strike by the United Food and Commercial Workers. Grocers contend they must compete against the threat of Wal-Mart Supercenters, which sell groceries along with the usual goods and are staffed with low-paid workers.

All of this is happening while Wal-Mart frenetically builds mammoth Supercenters, replete with a new wrinkle: When Wal-Mart determines that one of its traditional discount stores is unsuitable for an upgrade, the company simply abandons it to build a larger Supercenter nearby.

Wal-Mart's size, of course, makes it an inviting target. The Bentonville, Arkansas-based company has 1.2 million workers, \$256 billion in sales for the 12 months that ended Jan. 31 and almost 3,500 Supercenters, traditional Wal-Marts and Sam's Clubs in the U.S.

Even so, you have to wonder what kind of company this is. Is it necessary to spread so much misery to make investors so much richer?

From Milk to Mattresses

Every third store Wal-Mart tries to build faces community opposition, estimates Al Norman, who runs a consulting business in Massachusetts and a Web site devoted to helping communities challenge the stores. He figures the company wins roughly 65 percent of the time. Still, even when they lose, neighborhoods slow Wal-Mart down, says Norman, whose book "The Case Against Wal-Mart" is due out in April.

In Sandfly, not everyone opposes the Supercenter. Susan Hunt, who works behind the smoky bar at Deb's Pub and Grub, says she can't wait to have a place to shop when she gets off work at 2 a.m.

To others, the fact that the Supercenter will be selling everything from milk to mattresses all the time, drawing cars full of shoppers and trucks full of goods, lighting the night over acres and acres of parking lot, is hardly good news.

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Its sheer size makes it monstrous next to the modest homes and small-scale commercial strips that characterize Sandfly, which still has an unpaved street here and there.

Not Satisfied

Wal-Mart spokeswomen didn't return telephone calls. The Savannah lawyer defending the company in the Sandfly suit, Harold Yellin, says he can't talk about the larger issues, but said no one has offered evidence the Sandfly churches will be harmed. Besides, Wal-Mart has promised to keep a 100-foot-deep buffer of trees between the store and the road.

This doesn't satisfy the churches or the Sandfly Community Betterment Association.

``Walmart will start a domino effect," says association president Kemp. ``And that is going to eventually wipe out the majority of the remaining Sandfly residents."

A Supercenter, says Norman, ``ruins the unique sense of place of a community and turns it into just one more unit."

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Wednesday, February 18, 2004 - Page updated at 12:00 A.M.

Guest columnist

Wal-Mart nation: the race to the bottom³

By Floyd J. McKay

Special to The Times

Los Angeles is not my kind of town. But the Angelinos are about to take a stand that ought to be applauded across the country.

That stand is to say "no" to a Wal-Mart "supercenter" that the retailing giant hopes to open in the city.

These superstores are not your father's Wal-Mart; they are monstrous, sprawling over some 25 acres and employing up to 600 workers. Their lure, of course, is lower prices.

Wal-Mart, it seems to me, epitomizes the race to the bottom that has the United States by the throat as the 21st century opens.

Why do people shop at these behemoths, when they know full well that they are driving out of existence small businesses owned and operated by their neighbors, employing other neighbors?

They shop because of price, and they are forced to do so by the declining standard of living we have offered working people for more than a generation. People who work for minimum wage, with little or no benefits, who cannot afford to fix their car or their kids' teeth have no choice but to search out the lowest price.

Wal-Mart buys offshore, without apology and for the cheapest possible prices, from companies paying the lowest-possible wages.

As jobs in America are lost to foreign sweatshops to feed the Wal-Mart engine, American workers are forced to accept jobs at lower pay, with bad working conditions. They are funneled to Wal-Mart's promise of cheap goods, in effect patronizing the very companies that caused their economic misery.

This is a cruel travesty on working people in this country.

Wal-Mart is currently being sued in some 40 cases charging various abuses of labor laws, and last fall it was reported the company extensively employs illegal aliens as janitors. Wal-Mart has successfully opposed unionization and frequently pays well below competing stores.

All of these practices — alleged abuses of labor laws, hiring illegals, and the low rate of pay and benefits at Wal-Mart — serve to depress the labor market in communities in which the giant is located. That is a major factor in Los Angeles' opposition to the supercenter.

We live in a nation in which the real-dollar income of an average family has declined for years, while corporate profits and executive pay have skyrocketed.

The gap between rich and poor has widened at an alarming rate in the past 20 years. In 44 states, the gap has increased not only between rich and poor, but between rich and middle-class families. None

³ http://seattletimes.nwsourc.com/html/opinion/2001859432_floyd18.html, accessed at 1 November 2004

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of the six exceptions is a Northwest state. Oregon has one of the worst gaps, Washington is about average.

In some states, the inequity is staggering. In three of the nation's largest states — California, New York and Ohio — families in the lowest 20 percent bracket actually lost real income from 1978 to 2000. In 1999 dollars, the loss was between 5 and 6 percent. In those same states, the real income gain for the top 20 percent of families ranged from 37 to 54 percent.

Nationwide, from 1978 to 2000, the lowest 20 percent of families gained only \$972 annually, or 7.1 percent; the top 5 percent gained \$87,779, or 58.4 percent.

These findings, by the nonpartisan Center on Budget and Policy Priorities (www.cbpp.org), were before the Bush tax cuts and the current recession, both of which will further widen the gap.

You can't blame Sam Walton for this disparity, but operations like Wal-Mart feed off the impoverishment of America.

Sadly, there are byproducts in quality of life, often unseen until it is too late.

The greatest is the destruction of America's small and mid-sized towns, increasingly bereft of small businesses and dominated by big-box retailers — acres of barren asphalt parking lots, corporate managers on their way to the next-larger store, employees scrambling to keep low-wage jobs.

My wife's recently deceased aunt could no longer shop in the small Iowa town where she and her late husband ran a feed store. The store is closed, as are the other small businesses. The elderly woman had to drive — or be driven — past the empty shops several miles to Wal-Mart, the nearest place to get the basics of life.

Wal-Mart is like a neutron bomb, sucking life out of small towns, leaving buildings without the essence of civic life.

Those of us fortunate to earn middle-class incomes can make a choice, and shun Wal-Mart. The tragedy is that for an ever-increasing segment of America, the despicable race to the bottom has left no other choice than to shop for cheap, regardless of the consequences.

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Wal-Mart's Record in 2003

According to Maquila Solidarity Network, Canada⁴

Exploiting immigrant workers

US government agents arrest 250 undocumented immigrants working as cleaners for Wal-Mart contractors at 61 Wal-Mart stores in 21 states. Arrested workers complain of being forced to work every night of the year except Christmas and New Year's Eve for US\$350-\$400 a week with no statutory benefits. An anonymous federal official claims Wal-Mart had direct knowledge of the immigration violations. Wal-Mart's response - promise to fire all illegal immigrants. Arrested workers launch a class action suit alleging Wal-Mart conspired with cleaning contractors to cheat them on wages.

Discriminating against women

Former Wal-Mart employees in California apply to have their sexual discrimination lawsuit upgraded to a class action suit. They argue that women working for the big box chain have been denied promotions and are paid less than men for doing the same work. Women make up a small fraction of managers at Wal-Mart, despite the fact that they account for two out of three company employees. In fact, the ratio of women to men in management today is the same as that of the average US company... in 1975.

Union busting

The British Columbia Labour Relations Board finds Wal-Mart guilty of interfering with its employees' right to join a union. In Texas, a judge rules that a Wal-Mart store must reopen its meat-cutting department and negotiate a collective agreement with unionized butchers. When butchers organized a union, Wal-Mart announced it was closing its meat-cutting departments across the country and switching to prepackaged meat. In ten separate cases, the US National Labor Relations Board has ruled that Wal-Mart violated workers' right to freedom of association.

Everyday Low Wages

Seventy thousand grocery workers in California and 1,600 in Newfoundland are walking the picket line because of employer demands that they accept reduced wages and benefits. US and Canadian grocery chains say they can't compete with Wal-Mart's everyday low wages without lowering their own labour costs. The world's largest retailer and biggest US employer not only keeps its own employees' wages at bargain basement levels, it also lowers employee compensation standards in every market it enters. "This Wal-Martization of the work force... threatens to push many Americans into poverty," says the New York Times.

Pressuring employees work unpaid overtime

In December 2002, an Oregon jury found a "pattern of practice" of Wal-Mart employees being pressured to clock out at the end of their shifts and work unpaid overtime. In 2003, two similar cases are granted class action status in Minnesota and California. Workers say they felt they had to work the extra hours or they might get fired. Some testify that the pressure to reduce payroll costs and deny workers' overtime pay came directly from company headquarters.

Using sweatshops around the world

⁴ http://www.maquilasolidarity.org/campaigns/wal-mart/record_dec2003.htm, accessed on 1 November 2004

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In 2003, there are more reports of Wal-Mart products being made under sweatshop conditions around the world. In the African country of Malawi, Wal-Mart products are reportedly made by workers toiling over 60 hours a week for as little as US\$14 per month. In Nicaragua, workers at one Wal-Mart supply factory report work up to 69 hours per week for as little as 29 cents an hour. The Nicaraguan Labour Court rules that union supporters in this factory were illegally fired for union activity. The factory owner refuses to reinstate the unjustly fired workers.

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