

Wal-Mart: Is it Good for America?

Imagine working for an employer that makes its employees punch out at 40 hours but still makes them work another four to five hours off the clock. Imagine a retail store so powerful that it can control the prices that vendors must sell their products at. Think about a store coming to a community and driving the other businesses out because it is so powerful that the other stores can't compete. If you think that there is no way this could take place in a country like the United States, you are sadly mistaken. It is happening right now. By changing the way Americans shop and the way retailers do business, Wal-Mart has become a super power that is exploiting its employees, controlling the retail market, and hurting local businesses.

Wal-Mart has recently been accused of exploiting its employees for its own benefit. Some former Wal-Mart employees are coming forward telling their stories of how Wal-Mart is treating its employees. For example, Joyce Moody, a former Wal-Mart manager told the New York Times that Wal-Mart had "threatened to write up managers if they didn't bring the payroll low enough" (qtd. Dicker 81). Many times this was accomplished by forcing the employees to work off the clock or by actually deleting hours from the employees time sheet. "In February of 2004, a federal jury in Oregon found that Wal-Mart had forced eighty-three employees to work unpaid overtime between 1994 and 1999" (qtd. 82). John Lehman, who was employed by Wal-Mart for seventeen years, managing six different stores before he left the company in 2001 had this to say: "The workers that made this company great are being paid a poverty level wage, lousy benefits, worked off the clock, and cheated out of overtime. Now the company has been mistreating its workers, and they're making billions on the backs of their workers" (qtd. in "Is Wal-Mart Good for America 15). While Wal-Mart has lately been accused of exploiting its employees, it is also being scrutinized by many for controlling the retail market.

Wal-Mart's control over retailers can be seen by looking into how it forces retailers into selling to Wal-Mart at rock bottom prices. It used to be that manufacturers had some say as to what they would sell their products for according to the costs that they required to make the product. Wal-Mart has now changed this practice. The retail giant has become notorious for herding its vendors into cubicles and then telling the vendors what Wal-Mart will pay for the vendors' products. Because Wal-Mart is such a powerhouse, the vendors are forced to comply. It would be like committing retail suicide if the vendors refused and their products were not on the shelves of Wal-Mart. This is because close to 100 million shoppers go through Wal-Mart's 3400 stores in one week, more than any other retailer in America ("Is Wal-Mart Good for America).

A prime example of Wal-Mart controlling its vendors is by what it did to the Rubbermaid Company in 1999. Rubbermaid was one of the largest producers of household products in America. It produced everything from garbage cans to plastic buckets to cleaning utensils. In 1994 it was even voted most admired company by Forbes magazine for its quality of product, and for the way it treated its employees. According to Stanley Gault, the CEO of Rubbermaid in 1994, the price of resin, which is needed to make their products, had sky rocketed. When Rubbermaid went to Wal-Mart to report this and explain how they needed to raise their prices to cover the cost, Wal-Mart refused. Wal-Mart then decided to drop many of Rubbermaid's products. In turn, Rubbermaid's profits plummeted. By 1999 Rubbermaid was selling out to its major competitor and closing its doors forever (PBS video). The closing of the Rubbermaid plant shows yet another harmful effect Wal-Mart has, which is the closing of local businesses.

The control that Wal-Mart has over its vendors also hurt local businesses. This is evident in the chain of events that forced the Thompson Electronics plant in Circleville, Ohio to close its doors. Thompson could no longer compete with foreign producers making television parts. According to the PBS video *Is Wal-Mart Good for America*, Wal-Mart had lowered the price that it would pay for televisions so much that Sanyo, who was a huge buyer from Thompson's, had to buy its parts overseas where they could get a

cheaper price. Thompson Electronics employed approximately 1000 people in a town of 13,000. It paid its employees decent wages and offered them benefits, including health and retirement packages. Steve Ratcliff, a machine operator for Thomson, reported making an average yearly salary of \$59,000 per year including his overtime. In early 2003, Thompson had lost one of its biggest accounts for Sanyo televisions, and by May 2003 Thompson's Electronics was closing the Circleville's plant for good. Ironically, Wal-Mart is constructing a new store next to the vacant Thompson Electronic's store ("Is Wal-Mart Good for America"). A survey that was done in Iowa also concluded the damage that Wal-Mart had done to local businesses from 1983 to 1995. This survey showed that half of local clothing stores had closed their doors due to Wal-Mart. Thirty percent of hardware stores had closed. One quarter of all building material stores were out of business. Almost half of all variety stores were gone. Twenty nine percent of all the shoe retailers had closed. Seventeen percent of the jewelry retailers had been forced to close, and almost 30 percent of the department stores had closed their doors for good due to the migration of Wal-Mart to these rural communities (Bill Quinn 4).

Many people will argue that Wal-Mart is good for the economy because it brings jobs to communities. However, what Americans need to be aware of is what types of jobs Wal-Mart is bringing to communities. According to Wisconsin's Department of Health and Family Services: "In Wisconsin, Wal-Mart employees and their dependents rack up an annual bill of \$4.75 million, through a combination of their use of the state's "Badger Care" insurance for low-income working families and Medicaid. According to numbers from the state's health department, 3,765 Wal-Mart associates and their dependents receive public assistance" (Dicker 85,86). Another national statistic from an article in Newsweek magazine found that nearly 50 percent of the children of Wal-Mart employees were on some sort of governmental assistance program (McGinn 42). So while Wal-Mart is creating jobs, the jobs it is creating are not the type of jobs that Americans are able to support their families with.

A prime example of this is Josh Noble's story about working for Wal-Mart. When Josh took a job at his local Wal-Mart in Loveland, Colorado, he was a typical high school kid who just wanted to earn some extra money after school. Josh was employed in Wal-Mart's automotive garage, where he changed tires and installed batteries. Initially Josh liked his job. He enjoyed working on cars and earning some extra spending money. After high school, Josh's attitude soon changed. Although Josh decided to move up to a full time employee, his wages were so low that he could not afford the health care that Wal-Mart had to offer. He did some investigating and found that he was paid less at Wal-Mart than the local grocery stores in town. Josh's wages were not even enough to pay for an apartment that he had rented, forcing him to move back in with his parents ("Labor Pains").

People will also argue that they can go to Wal-Mart and fill their carts for less money than they would be able to at other retail stores. However, this is not true all of the time, according to John Lehman, an ex Wal-Mart store manager. He says that many times the consumer is tricked into thinking they are getting the lowest price in town. This is accomplished by placing items on an end cap at ridiculously low prices. The consumer then thinks that every item in the store is priced low when actually the other items are not the best prices in town ("Is Wal-Mart Good for America"). These consumers need to ask themselves the question. Are these low prices they think they are getting worth the jobs that were lost, and the businesses that were destroyed? They also need to keep in mind Steve Ratcliff's story. Some people will argue that he could get a job at the Wal-Mart store being built in his home town, but he will never be able to equal the type of pay that he received at his previous job.

Wal-Mart has definitely become part of many American's routine shopping trips. While Americans may be able to save a few dollars by shopping at Wal-Mart, they need to ask themselves: Is the low cost of Wal-Mart's merchandise worth the high price of lost jobs and businesses that they must pay to get these prices? According to *The Economist Magazine*, "In America this year, Wal-Mart intends to open some 50 new discount stores and more than 220 new super centers, some of which will be existing stores moving to new locations. Overseas, it plans another 140 or so new stores, including relocations. This adds up to some 50 million square feet of new space – even more than many of its rivals operate in total" (qtd. "How

Big Can it Grow"). The article also goes on to state that these stores will hire new employees and pay them as little as eight dollars per hour, which is twenty to thirty percent less than rival supermarkets would pay them.. So as American consumers head out this Christmas to do their shopping they need to ask themselves the question. Should Wal-Mart be compared to Santa Claus, or is it better compared to Scrooge?

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