

Notes for talk by Ellen Rosen for the Free University in Berlin and for AVA  
on 2 January 2014.

### Wal-Mart and Unions

I want to start with a quote from a New York Times editorial from May 19,  
2013, called “Wal-Mart Workers Rise Up! By a Wal-Mart worker a called

Teresa Tritch,

It says” there is no rule or law which informs: employees of their rights  
under the National Labor Relations Act. That’s the law which gives workers  
the right to join together to seek better pay and working conditions, with or  
without a union. Under the NLRA it is illegal to punish organizers for trying  
to form a union.... In unionized workplaces, the law requires employers and  
unions to bargain in good faith.

Then she says

In 2011 the NLRA , which oversees federal labor law, tried to fix that glitch  
issuing a rule requiring employers to post an informational notice in the  
workplace. The rule was prompted by evidence that young workers , recent  
immigrants, and workers in non-union companies were generally unaware of  
the law’s guarantees and protections.

The United States Chamber of Commerce and other industry organizations  
challenged the rule in court, delaying its implementation. A federal Appeals  
Court Ruled for business, saying that to punish an employer for failing to  
post a notice would violate the employers’ free speech rights.

First I want to tell you a bit about Wal-Mart you a little bit about Wal-Mart,

Business analysts explain Wal-Mart’s tremendous growth and growth in the  
world, as a result of its information technology (IT) and its unique logistics  
system. (3) Wal-Mart efficiency, profitability, and size are seen as a  
function of the system’s potential to gather information, and for management

to use it to rapidly distribute low-priced consumer goods to stores. But the management never looks at the quality of work this produces for employees. Management shares the assumption that the jobs require little education and are easy to learn, and that employees are, (or ideally should be) committed to the future of the store. Yet the way Wal-Mart works, the managers know that Wal-Mart's workers dislike working at Wal-Mart, for the poor pay, poor benefits, and poor conditions of work they experience, and the prohibition about forming a union. Wal-Mart forbids unionization.

1. They ask new hires if they have ever worked at a job, in which you belonged to a union.
2. They show the workers videos about how unions are bad for workers.
3. They have a set of "union-busters" who come into the store when there has been talk of a union going on.
4. They threaten anybody who is pro-union with the threat of firing

There is an autocratic management, and a company culture which intensifies work pressures on Wal-Mart's retail staff, and leads to a form of "management intimidation." Ultimately, these practices contribute to illegal activities, sex discrimination and low wages, and anti-unionism that have consistently plagued Wal-Mart workers. They work at Wal-Mart because they are poor, and they need a job. (Increasingly, they are immigrants) And Wal-Mart intimidates them through rules which are too overbearing, and

frightens them with the fear that they may lose their jobs. Or, one could put it this way- Or, there are

“Poor working conditions , lack of respect, retaliation by unscrupulous bosses, unpredictable hours and wages that leave thousands of workers having to subsidize their incomes with taxpayer funded programs like food stamps and Medicaid- these were just some of the grievances.”

## II.

### **Lets start with some figures:**

How Big is Wal-Mart? How many people does it employ”  
(PowerPoint 2)

Number of stores in the world = 10,148 Countries in the world= 15

\*And it has most recently acquired stores in South Africa.

(Formerly in Germany and South Korea)

Number of people it employs - 2.2 million in all it stores

**In the US- It's workforce is double that of the US Postal Service and outnumbers the population of 96 countries.**

(Power Point 3)

Foreign affiliates produce 25% of its profits.

American stores produce 75% of profits

Total Annual sales \$469 billion (world wide)

Wal-Mart's sales have decreased in the U.S. for the past three years, and so have the number of stores, due to the economic recession, in part- But Wal-Mart “cannibalizes” its stores.- there's no more room for more-

Wal-Mart has tried to get into cities- New York, Washington etc.

And Wal-Mart has also learned it does not do well in all the countries in which it has invested.

Wal-Mart has just plain “failed” in industrialized countries, like South Korea and Germany. Now, it only invests in countries where the economy has recently emerged from poverty. It has recently invested mostly in the (BRIC countries) “big emerging countries” - like Brazil, India, and China, and of course, Mexico.

Wal-Mart has stores in four of the five major continents- Only in Asia-where it makes its products – and there it has some stores too – China and Japan.

It only has one store in England-Asda- So, it is a truly global company

### **A Downward Push in Wages**

Employees at Wal-Mart earn lower average wages and receive less generous benefits than workers employed in many other large retailers. Wal-Mart store openings lead to the replacement of better paying jobs, with jobs that pay less. Wal-Mart’s entry also drives wages down for workers in competing industry segments such as grocery stores.

From 1992 to 2000 the opening of a single Wal-Mart store in a county , lowered average retail wages in that county by between 0.5 and 0.9 percent. In the general merchandise sector wages fell by 1 percent for each new Wal-Mart. And for grocery store employees, the effect of a single new Wal-Mart was 1.5 percent reduction in earnings.

**And it Wipes out small stores –on Main Streets all over the country.**

## **What are the consequences of low wages?**

A. The sales clerks “associates” as they are called get a standard wage of about \$8.25 an hour, or about \$17,260 a year, (or about 13,500 euros per year.) That puts most single parents, with two children, who work for Wal-Mart, below the poverty level.

B. Poverty level=a little less than \$20,000 a year- for a single parent with 2 children. (See **Wal-Mart Pay Structure**)

C. The figure for the poverty level doesn't take into account whether you live in Mississippi or New York.

C.. But they don't work 40 hours a week. They work 25 to 33 hours a week, depending on the traffic in the store, or

D. A recent hiring experience showed that 52% of workers hired part time

E. Wal-Mart has been cutting staff- since the recession started. In 2008 there were 343 employees per store: in 2013 there are only 301,

a. Pallets of merchandise are piling up in its stockrooms as shelves go unfilled.

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b. Workers are pressed more- a real shortage of workers at Wal-Mart there is a real staff shortage of labor- **workers are frazzled!**

c. In one store -Ten percent are “part-time temps” they are hired for 2 months and their contracts are not renewed. They are essentially fired, and may be called back again.

d. “In the past five years, the world’s largest retailer added 455 U.S. Wal-Mart stores around the world, a 13 percent increase, according to filings and the company’s website.

**For example:** Staff shortages at cash registers during peak hours mean the staff on the sales floor tries to help check shoppers out “while we’re trying to restock the shelves, help customers, and do other assigned projects” That leaves a service vacuum across the store’s departments. They do get delivered to them on a daily basis- a huge amount of merchandise- but it doesn’t get put on the floor.

Here are some examples:

B. Wal-Mart, where Sherry Jackson, who has worked for nearly a quarter of a century, merchandise ready for the sales floor remains on

pallets and in steel bins lining the floor of the back room – an area so full that “no passable aisles” remain.

C. Customers come in, they can’t find what they’re looking for , and they’re leaving. Wal-Mart- shoppers are angry about the way they were treated or how much time they wasted looking for items that weren’t there.

D. Wal-Mart has the right to tell people to ‘go home’- without pay – if the store isn’t busy. (That’s part of their policy)

E. “There’s no manpower in the store to get the merchandise moving, says one worker, who oversees grocery. According to Rochelle Jackson, who works at the jewelry counter at a store in Springfield, Missouri, a supervisor told her the number of hours available to schedule employees corresponds to sales performance: The worse the sales number, the fewer the hours available. Jackson said, “it really hasn’t been bad in her store until this year, when her store began cutting hours. She can’t live on the money she earns.

**F. Job insecurity-**Ray Faletta, the meat and dairy stocker in Erie, Pa., said his weekly hours are unpredictable. He would like to work a full 40 hours and sometimes gets only 25. Faletta and others interviewed for this

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story said management bonuses are based partly on minimizing store payroll. There is a lot of job insecurity.

G.. Workers get fewer hours and managers get higher bonuses if they send workers home. So, A customer said “You wait 20, 25 minutes for someone to help you, then the person was not trained in mixing paint.” So the customers go to Costco or Target.

H. Wal-Mart placed last among department and discount stores in the American Customer Satisfaction Index. The sixth year in a row the company has either tied, or taken the last spot. The dwindling level of customer service comes as Wal-Mart has touted its in-store experience.

I. Wal-Mart has a negative effects on its suppliers. The worker in a supplier of chickens told one reporter “Wal-Mart squeezes the company and the company squeezes me.” His company produces chickens for sale at Wal-Mart, quadrupling its production over the last 14 years but not its staff. The worker cited workplace injuries resulting from tired employees working overtime to meet production requirements.

#### IV. Health Care

Wal-Mart recently cutting back on its health care. Citing rising costs, Wal-Mart told its workers in September 2011, “that all future part-time

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employees who work less than 24 hours a week, on average, will no longer qualify for any of the company's health insurance plans.

A. This is true for new employees too.

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B. Also, New employees who average 24 hours to 33 hours a week will no longer be able to include a spouse as part of their health care plan, although children can still be covered.

### **Fast Food Poverty Wages**

Fifty –two percent of fast food workers, even those who work full-time, rely on public assistance, compared to other workers whose rate of reliance public assistance is 25 percent.

This costs the government **\$7 billion dollars** for Medicaid, Food Stamps and the Earned Income Tax Credit. The Federal Government has just cut back on Food Stamps 4%.And has cut unemployment insurance. 47 million or 15% of the population get food stamps.

Washington D C. and California have now raised the minimum wage to \$11 plus dollars in 1916.

A report from Demos, said that raising wages to \$25,000 per year for full time retail workers would lift 734,075 people out of poverty' **That's not even a million people-Bad reason!**

Wal-Mart workers are demanding a \$25,000 a year minimum for all Wal-Mart workers. And they should also be allowed to work full-time. Almost 60% make less that \$25,000 dollars.

In Wisconsin "one 300 person Wal-Mart Supercenter store in Wisconsin may result in a cost to taxpayers of approximately one million dollars , or about \$3,015 per employee each year.

### **Fast Food Poverty Wages**

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The US now has the highest proportion of low waged workers in the developed world, according to OECD figures. One in 4 make less than two-thirds of the median wage, which is the same proportion that rely on public aid.

### **It all started in the 1970's**

When they cut off welfare in 1994, decision was made that “a job , practically any job was better than long-term public assistance”

Despite decades of growth; in productivity middle and low-income workers find themselves struggling to stay afloat. In the years following World War II , workers wages rose in tandem with productivity growth.

Beginning in the 1970's however, the relationship between productivity growth and wages began to weaken, setting in motion decades-long trends of wage stagnation and increasing income inequality.

The most recent decade proved to be a ‘lost decade’ for most working families- the average family’s income is lower today than at any point in the last ten years Income inequality is more extreme today than at any point since before the Great Depression, **with the top 1% of income earners receiving 93% of income gains in the recovery. In the third quarter of 2012 corporate profits reached \$1.75 trillion, their greatest share of GDP in history. During that same quarter, workers wages fell to their lowest share of GDP on record.**

### **Workers in Other Low Wage Sectors**

Most jobs lost during the recent economic downturn were middle-wage jobs, while most employment added during the recovery have been low wage jobs.

Most jobs in the restaurant sector, have been low paid **(Show chart on “tipped workers)**

So, Americans are less upwardly mobile than people in comparable countries.

Also, one in three bank tellers receives public assistance.

## **V. What Wal-Mart Does With It's Profit**

### Profits in 2012

\$28.7 billion in “operating income”

\$17.8 billion (after taxes)

\$73.0 (retained earnings)

A. And they paid the CEO Michael Duke \$20.7 million for his salary. That's a 14.1 percent pay increase, over last years pay. He made 796 times the average workers pay.

### **Wal-Mart's Position**

B. Wal-Mart donated money to open the Crystal Bridges Museum of American Art , in Arkansas, while cutting health insurance for full-time and part –time employees. The museum, which costs \$1.2 billion is scheduled to open in Bentonville, Arkansas.

**The Walton family owns 48 percent of the company and Wal-Mart family dominates the Board of Directors.**

C. This week , Wal-Mart announced it will not join a broad factory safety plan supported by H&M and other large European retailers, but would pursue its own plan , including conducting inspections of the 279 Bangladeshi factories it uses. It will not sign this plan, as all other American retail companies who use Bangladesh as a contractor, have decided not to do.

### **Unionization**

Several years ago the Wal-Mart workers, not being able to join a union because of Wal-Mart's anti-union policies formed "OUR Wal-Mart," supported by the UFCW. It is providing them with training and money. It establishes communications between workers in Wal-Mart stores from different regions of the country, so they can learn the problems they face are the same.

In 2012 they protested all around the country. In 2013 they also did this-It has picked up speed because there were 1,500 locations around the country on Black Friday this year – 2013, where a protest took place.

That was because the NLRB gave them hope in considering 35 charges by fired or disciplined workers this year. The office of the General Counsel has authorized complaints on alleged violations of the National Labor Relations Act. It issued a report. It found that Wal-Mart representative David Tovar, speaking on national television last

year, threatened reprisals against employees intending to strike or protest on ‘Black Friday.’ He said that ‘ THERE COULD BE CONSEQUENCES, IF EMPLOYEES DID NOT REPORT FOR WORK – He said “THERE HAS NOT BEEN ANY RETALIATION AGAINST OUR WORKERS WHO ARE SIMPLY EXPRESSING THEIR VIEWS, NOR WILL THERE BE.”

More importantly, stores in 13 states had ‘Unlawfully threatened or disciplined, or terminated workers for engaging in legally protected activities,’ and Wal-Mart stores in four states had punished or fired employees for non-strike activities.

“The Board will prosecute Wal-Mart’s illegal firings and disciplinary actions involving more than 117 workers.”

Between 2000 and 2005 the National Labor Relations Board issued 39 complaints accusing Wal-Mart of violating the rights of labor. The complaints related to 101 cases in which the NLRB attorneys found merit to charges including illegal firings, disciplinary action and discrimination against union supporters.

Wal-Mart just pays the fines- because they are such a “drop in the bucket” –for Wal-Mart A study by Tom Kochan, in 2007, found, that **“only one in five cases that filed an election petition ultimately reached a first contract. This is despite all the cases already having shown substantial and likely majority support for representation.” He supports the Employee Free Choice Act.**

**Because now a majority of 50% or more saying that a union is necessary, or that you would like to join a union. Then you must have an election. In the meantime , the company can use all the devices it can get, to make you vote not to join a union.**

So that the passage of the EFCA is vital –all you would have to do is sign a union card.

The EFCA WOULD RAISE THE COSTS FOR VIOLATIONS OF THE LAW, WHICH ARE TOO SMALL NOW.

## **VI. Wal-Mart vs. Costco**

A. Discount Club Costco, its competitor, whose Chief executive officer, Craig Jelinek, offered his support publicly earlier this month for legislation to raise the federal minimum wage.

Costco employees earn approximately 40 percent more than employees at its chief competitor: Wal-Mart’s Sam’s Club. According to Costco, its average employees wage in \$21.96, **ALMOST \$22 DOLLARS AN HOUR.** More than 88% of Costco’s employees

in the US are eligible for employer provided benefits and 98% of those eligible employees actually become enrollees.

Costco has a schedules that are generally predictable , has higher worker productivity and lower rate of turnover than its competitors.”

The employee compensation disparities between Wal-Mart and Costco apparently have not hindered Costco’s ability to compete. In Costco’s most recently quarterly earnings report, the retailer reported an 8% growth rate in year on year sales and a 5% increase in same store sales. In addition, Costco membership fees increased from \$495 million in the corresponding quarter of last year to \$528 million this year.

“you know, we finally just had enough, and we started to organize. We started a petition, just asking for some basic rights. And our managers refused to take it. So that was kind of the final straw. We decided that that was it, and we walked out that day.” (59)

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