

"You can't create a team spirit when the situation is so one-sided, when management gets so much and workers get so little of the pie."

— SAM WALTON, Wal-Mart founder, whose vision has since been betrayed

Workers get snappy new uniforms, and have to pay for them

Why Wal-Mart is still one down and dirty corporation



YOU KNOW THAT OUR WORLD has turned totally topsy-turvy when Wal-Mart—the low-price, bare-knuckle retailing behemoth known far and wide as the Bully of Bentonville for its ruthless corporate practices—is suddenly putting on airs and positioning itself as (dare I say it?) *metrosexual*.

Yes, the world's largest and meanest merchandiser—stung in the last few years by a grassroots rebellion of employees, small businesses, unions, neighborhood groups, environmentalists, and others that it has been so arrogantly stiffing—is now straining to project a kinder and gentler image: urbane, upscale, green, socially responsible... even sensitive, for goodness sake. The image spiff-up comes as Wal-Mart executives have made a marketing decision to move from their suburban/rural base into cities, reaching out to a clientele that wants finer goods... and a more refined company.

But has the beast really changed? Inside the stores, and you can see a *Nouveau Wal-Martique* emerging. To appeal to more affluent customers (this advanced Wally-World calls them "selective shoppers"), Wal-Mart is upgrading its merchandise to include \$500 bottles of wine, organic foods, \$2,000 plasma TVs, 400-thread-count sheets, imported balsamic vinegar, organic-cotton baby clothes, microbrewed beers, and a new "Metro 7" line of designer fashions. Never mind that the average Wal-Mart shopper lives in the suburbs, is female, stands 5-foot-2, wears a size 14, and is looking for

sensible skirts and durable go-to-work clothing—the reinvented retailing giant is proffering skinny-legged, fur-trimmed jeans for the stylish set. It has even run an 8-page fashion spread in *Vogue* magazine.

Last March, this high-toned *Wal-Martique* opened a model store in the well-to-do corporate haven of Plano, Texas. No downscale blue-and-gray, concrete-block facade for this baby. It features two-tone brick walls, wood floors, wide aisles, uncluttered shelves with cherry finish, halogen lights, and discrete fitting rooms for a hoity-toity clientele. Also, forget the usual in-store McDonald's. There's an espresso bar with free wi-fi and—Holy Sam Walton!—a sushi bar to enhance what cosmopolitan retail consultants call "the shopping experience."

In addition, you might note what's not there. No more layaway plans, for example. No shotguns and hunting gear, either. Also, far less in the way of automotive tools and supplies. As the model store's project manager explains, "This customer is telling us

they're not doing it themselves.



One thing that George W can count on is that history will wholly and harshly condemn his bumbled war effort...and I'm not talking about Iraq.

A special spot in historical hell is being reserved for BushCheneyRummy & Gang because of their outrageous abandonment of the people of Afghanistan. This is the war that had legitimacy, for it was the tyrannical Taliban that harbored Osama bin Laden and al Qaeda as they plotted the 9/11 attack on America. By any standard, the Taliban was cruelly repressive toward the Afghan people, and the world cheered when the U.S. invaded to set things right.

But having ousted the Taliban rulers and promised the impoverished people a bright new future, Bush & Gang cut and ran! Filled with ideological fantasies, they rushed off to the suffocating sands of Iraq, taking the world's focus, the U.S. treasury, and America's credibility with them.

Bush keeps hailing his hand-picked Afghani president, Hamid Karzai, but Karzai's "government" has no authority. It is widely seen as corrupt, incompetent, impotent...and a Washington puppet.

Meanwhile, after shoveling billions of dollars into the coffers of corporate contractors being paid to "rebuild" Afghanistan, the Bushites have little to show. Forget the schools and hospitals that were promised—there's not even a police force to protect the people. DynCorp received a billion dollars in 2005 to train police, but there's no effective program in place, DynCorp can't verify how many officers are on the job or what they're doing, and tons of police equipment have

—continued on page 3

They don't change their own oil."

Eliza Doolittles

Naturally, an upwardly mobile Wal-Mart cannot have its workers—excuse me, "associates," as they are called in Wal-Mart speak—garbed in those dowdy blue vests with "How May I Help You?" emblazoned on the back. Too, too tacky. When a corporate fashion designer was brought in, he took one look at Sam Walton's friendly vests and termed them "the lowest guppy in the pool" of retail outfits.


So Wal-Mart is giving a makeover not only to 1,800 stores, but also to clerks. A new dress code dictates a positively preppy look of khaki pants and navy-blue polo shirts, giving the place a feel described by the fashion designer as "much more business casual than working class." Yes, but should workers tuck their polos into their khakis for a sharp, snappy appearance, or leave the shirts untucked as a sign of an easygoing, fun-loving workplace? Believe it or not, the tucking question reached the top levels of HQ in Bentonville. Finally, the word came down from on high: "If they want to tuck it in they can. If not, they can leave it out."

And you thought there was no workplace democracy at Wal-Mart!

Workers, however, are less than charmed by the change in couture, for the company expects them to dig into their own pockets to buy the preppy uniforms. Perhaps these employees will find solace in the assertion by the fashion designer that the new duds "will raise the status of the 1.3 million Americans" who work there. It's entirely possible, of course, that workers would prefer to trade "status" for the genuine elevation that comes from higher paychecks and better treatment.

Beneath Wal-Mart's new cosmetic sheen lies the same old ugliness. The average employee toils for \$8.23 an hour—a poverty-level wage that amounts to about \$16,700 a year gross (in both meanings of

The Revolving Door
Despite its rock-bottom wages, Wal-Mart has extraordinarily high labor costs. Because employees don't stay, the company must constantly recruit and train replacements—a costly process. Nearly three-fourths of its employees quit in their first year, and the company-wide turnover rate for its 1.3 million workers is 50% each year.



that word). Many don't even make that, for Wal-Mart defines "full-time" work as 36 hours a week rather than the usual 40. It's common for bosses to hold workers to under 24 hours a week, which reduces gross annual income to only about \$10,000.

Contrast this miserliness with the company's lavishing of wealth on those at the top. CEO H. Lee Scott, Jr., had a base salary of \$1.3 million in 2005, plus \$4 million in "incentive" payments, as well as stock and other compensation that raised his total haul to \$17.5 million (including more than \$100,000 for personal use of corporate jets). Also, Wal-Mart founder Sam Walton's widow and their four children, who collectively hold 40% of the corporation's stock, are living grandly. At present, they are sitting on personal nest-eggs of \$15.5 billion each, putting all five of them among America's 11 richest people.

Meanwhile, fewer than half of Wal-Mart's employees get any healthcare benefits at all—and those who do must pay 41% of the cost for a lousy plan that carries a \$3,000 deductible per family plus a \$300 pharmacy deductible and a \$1,000 in-patient hospital deductible. Honchos at headquarters keep insisting that the health benefits they offer are "competitive" with other retailers. But look no further than Costco,

where a good plan covers 80% of employees and the company pays 90% of the premiums.

The richest corporation in retailing, with \$312 billion in sales (more than the next five biggest retailers combined), pushes the bulk of its workers onto public-assistance programs, even telling employees how to sign up for government help in a company bulletin called "Instructions for Associates." In all 23 states that have released data on their state-funded health-care programs, Wal-Mart is the corporation with the most employees and dependents enrolled. Also, in a 2005 internal memo, the company's head of benefits conceded that "46% of associates' children are either on Medicaid or uninsured."

Last February, during an online "chat" on an internal web site where Lee Scott and corporate managers occasionally exchange niceties, one uppity manager dared to ask Lee why "the largest company on the planet cannot offer some type of medical retirement benefits." Lee snapped back, "If you feel that way, then you as a manager should look for a company where you can do those kinds of things."

Such a snarly corporate attitude expresses itself daily throughout Wal-Mart's empire, where workers are squeezed for every last ounce of labor at the cheapest possible cost and then discarded at the whim of those at the top. It's not by accident that this mingy corporation faces the largest employment-discrimination class-action suit in American history, involving 1.6 million women who've been unfairly denied promotion and equal pay. It's also not by accident that Wal-Mart has been caught again and again using child labor, knowingly exploiting illegal workers, getting its products from grim sweatshops, forcing employees to work off the clock (i.e., without pay), and even denying employees their 30-minute, unpaid lunch breaks.

"Rewarding" workers

Lest you think that such disrespect comes only from the old-style Wal-Mart, check out the brand-new workplace policy now being imposed from Bentonville. Launched three months ago, it caps the wages of rank-and-file employees, doubles the number of part-time workers, cracks down on "unexcused" days off (such as having to tend to a sick child), and requires workers to be available for duty 24 hours a day, seven days a week, with no fixed schedules. The new policy is widely perceived as a crude attempt to convince longtime

Do something!

Groups that monitor Wal-Mart's actions and provide hands-on help for battling the beast and for encouraging locally owned, sustainable economies include the following:

- **Wal-Mart Watch:**
www.walmartwatch.com
202-557-7440
- **Wake Up Wal-Mart:**
www.wakeupwalmart.com
1-866-253-1350
- **National Labor Committee:**
www.nlcnet.org
212-242-3002
- **Sprawlusters:**
www.sprawl-busters.com
413-772-6289
- **Institute for Local Self-Reliance:**
www.ilsr.org
www.bigboxtoolkit.com
612-379-3815
- **American Independent Business Alliance:**
www.amiba.net
406-582-1255
- **Business Alliance for Local Living Economies:**
www.livingeconomies.org
- **ReclaimDemocracy.org:**
www.reclaimdemocracy.org/walmart

employees to quit so they can be replaced by even lower-wage, no-benefit part-timers.

Especially grievous is the insistence that workers make themselves available around the clock. "It makes it hard," says a former worker in a Yakima store. "If you have a function with your child or you want to go to church on Sunday, you don't want to miss those things." This abusive claim on every hour of a worker's time is exacerbated by other unsubtle prods to drive established workers out the door. In Florida, for example, several stores have abruptly banned the use of stools by cashiers and other floor workers who have back or leg problems.

Such nastiness has led to some of the first-ever public protests by employees. Once again, though, the metrosexual Wal-Mart has risen to the fore, offering a compassionate new program named "Associates Out Front" to show a little corporate love to the worker bees. Are the harsh workplace rules to be softened? Of course not! But how about this? Every week, ten employees in each store are to be allowed to meet with the manager!

If you think that's thrilling, imagine how excited workers were when they learned that an employee reward program is also being instituted. Cash? No. Time off? No. What? Close your eyes and hold your breath, for here it comes: Workers with 20 years or more service to Wal-Mart are to be presented with a special polo shirt with their years of service stitched right on front! And the honorees will not even have their pay docked to recover the \$15 cost of the shirt!

The Smoke Machine

Whether it's Wal-Mart or *Wal-Martique*, this is a corporation that, as

Wal-Mart's White House Sweetheart

Those who say that George W is not a "compassionate conservative," as he pledged to be when he first ran for president, obviously missed a remarkable, truly touching moment of Bush compassion in an action taken by his labor department last year. In a spirit of kindness and forgiveness that surely must stem from lessons he learned in Sunday school years ago, Bush & Company stepped in to prevent harsh treatment of someone who had made a mistake, compassionately offering leniency instead.

The someone was Wal-Mart. Its mistake was that it was caught in 85 violations of America's child labor laws. This was hardly Wal-Mart's first case of child labor abuse, and a less-compassionate president might have said, "Throw the book at the creeps!" But no, Bush's political operatives in the labor department reached a kinder, gentler settlement. Wal-Mart, with \$312 billion a year in revenue, did have to pay a fine of \$135,000, but it was allowed to keep denying that it had done anything wrong.

Then, showing a passion for compassion, the Bushites agreed that Wal-Mart would be given a 15-day notice before any further inspections of its stores! If inspectors find child labor abuses, Wal-Mart can avoid any punishment if it stops such practices within 10 days.

In fairness, Bush has to share credit for such a moving display of regulatory restraint. While George had the sensitivity to go along with the settlement, Wal-Mart's helpful lawyers substantially wrote it (rather than the labor department's own legal division, which was left out of the process). And, in a neat touch of teamwork, Wal-Mart and Bush's political appointees jointly wrote the press release about the deal.

Did I mention that Wal-Mart has given more than \$4 million in campaign funds to Bush and the Republicans in the past seven years?

a matter of policy, flat runs over people in its reckless pursuit of another penny increase in profit. Abusing workers, riding roughshod over neighborhoods, squeezing out small business, roughing up suppliers, busting unions, ripping off taxpayers—all this and more are an integral part of the corporation's business plan.

When any of these corporate uglies bubble to the surface, as so frequently happens, Wal-Mart's executive culture of dishonesty and deception automatically kicks in. Rather than alter any of its practices, the bosses roll out their extensive, richly funded, well-oiled smoke machine, spewing a dense cloud of gimmicks, attacks, stunts, deceits, and plain old hokum to try

to cover up. Some examples:

THE WAR ROOM. On the second floor of the mother ship in Bentonville, Wal-Mart executives have set up a war room, modeled on political campaigns. As in the world of roughhouse politics, the corporate war room exists to attack opponents, plant puff pieces in the media, generate fake "third party" groups that give a false sense of public support for the company, etc.

In 2005 Wal-Mart hired Edelman, a huge PR/political firm, to run the war room, and Edelman dispatched its top Washington operatives to Bentonville. Michael Deaver, Ronald Reagan's image maker, was brought in, as were former top political

simply disappeared.

Worse, the Afghan people are more impoverished than ever and more angry at America. The resurgent Taliban controls most of the country and is spreading its reach into Pakistan and beyond, and Afghan opium production is booming—headed to America as heroin. Heck of a job, George.

FIVE-DAY WORKWEEK FOR CONGRESS

Time for another Gooberhead Award, presented periodically to those in the news who have their tongues running a hundred miles an hour... but forgot to put their brains in gear.

Today's awardee comes from that deep pool of Gooberness, Congress! With Democrats set to take control of the legislative body this year, one of their first orders of business is to become more businesslike. In a bold move, the Democratic majority leader has announced that this Congress will maintain a five-day workweek in the nation's capitol!

Now, maybe you're one of the many Americans having to work two or three jobs to make ends meet, including having a workweek that stretches to six or even seven days. So the idea of working only five days would be a blessing. Congress critics, however, have been on the job in Washington for only three days a week under the previous GOP regime—and many on the Republican side are now expressing outrage about the new Monday-through-Friday schedule.

Obviously, they can't say that they don't want to work this much. So for political cover, these layabout lawmakers are claiming that the five-day week intrudes on the

—continued on page 4

GET THE LOWDOWN!

YES! I want to receive a full year of *The Hightower Lowdown*—12 issues in all—for an unbelievably ridiculous, low, low price.

- Send me one year of *The Hightower Lowdown* for just \$15.
(Seniors & students—\$12.)
- Send me two years of the *Lowdown* for \$27.
(Seniors & students—\$22.)

To give a gift of the *Lowdown*, enter the recipient's name and address below and include your name and address on a separate sheet.

NAME _____
ADDRESS _____
CITY _____ STATE _____
ZIP _____

Mail this coupon with your payment to:

The Hightower Lowdown, P.O. Box 20596, New York, NY 10011 01/07

The LOWDOWN

EDITORS: Jim Hightower, Phillip Frazer
COPY WIZ: Gwenda Blair ARTISTE: Matt Wuerker
LAYOUT: Sahu Barron INTERWEB EMISSARY: Deanna Zandt
RESEARCH: Laura Ehrlich CIRCULATION: John Ernst
PUBLISHER: Phillip Frazer

The Hightower Lowdown (ISSN 1524-4881) is published monthly by Public Intelligence Inc., 375 South End Ave #14P New York NY 10280. ©2007 in the United States. Periodicals postage paid at New York, NY. Subscriptions: 1 year, \$15; 2 years, \$27. Add \$8/year for Mexico or Canada; add \$12/year for overseas airmail. Back issues \$2 postpaid. Allow 4-6 weeks for receipt of first issue and for all subscription transactions. POSTMASTER: Send address changes to: *The Hightower Lowdown*, P.O. Box 20596, New York, NY 10011.

Moving? Missed an issue? Call our subscription folks toll-free at (866) 271-4900 or write lowdown@pipeline.com. Send us fan mail or hate mail at: P.O. Box 20596, New York, NY 10011 or editors@hightowerlowdown.org.

Printed with 100% union labor on 100% recycled paper.

sanctity of their family life. Which brings us to our Gooberhead of the Day, Rep. Jack Kingston. This Georgia Republican responded to the added workdays by angrily blurt- ing, "The Democrats could care less about families; that's what this says."

Get a grip, Jack. If you're so concerned about policies that disrupt family life, maybe you should try complaining to one of the soldiers that you voted to send to Iraq. Many of them are now on their third or even fourth tour in a disastrous, mis- begotten war you con- tinue to support. They're separated from their fami- lies for months, facing death seven days a week. Yeah, you Goober, go tell them about the "burden" of your five-day week.

STATEHOUSES FLIP TO DEMOCRATS

In last *Lowdown* we reported that the elections yielded seven new Democratic governors—but we got the totals wrong. (Thanks to the eagle-eyed *Lowdowners* who alerted us.)

With 13 Democratic Governors re-elected, the Dems now have 28 state- houses to Republicans 22. And the final count on state legislatures is that Democrats have a majority in both chambers in 23 states (up from 19), Repubs in 15, and in 11 states con- trol of the chambers is split.

henchmen of Bill Clinton and John Kerry, plus George W's 2004 politi- cal director. Staffers live in a corpo- rate apartment near headquarters and report at 7 a.m. to the war room, known as Action Alley, where they work in tandem with Wal- Mart's director of corporate com- munications, a former political strategist at the Tobacco Institute.

WORKING FAMILIES FOR WAL-MART.

WFWM is a PR front created by Edelman and funded by Wal-Mart in December 2005 to project an image of 1.3 million happy employees rally- ing behind their beleaguered and beloved mega-corp. Alas, WFWM, run by the former spokesman for the Republican National Committee, has been able to get fewer than 10% of Wal-Mart's "happy" workers to sign up. It also has produced more bad publicity than good.

Last February, the front group landed what it thought would be a big showfish when it signed on Andy Young as its chief spokesman. In turn, the former civil-rights leader's company was awarded a consulting contract with WFWM. The deal went bad six months later when Young told an interviewer that, yes indeed, Wal-Mart does drive out small businesses. But that's OK, he explained, since the little stores are owned by Jews, Koreans, and Arabs who, he glibly claimed, rip off urban communities. Only hours later, Young apologized and resigned from WFWM.

TRAVELS WITH LAURA AND JIM. In September, a folksy blog was launched detailing the joyous expe- rience of two average Americans traversing the continent in an RV. Each evening they pulled into a dif- ferent Wal-Mart parking lot and interviewed workers and cus- tomers. And, golly, every single per-

son interviewed absolutely gushed with love for the company—no one had a disparaging word. The blog, jauntily titled "Wal-Marting Across America," read like an ad.

It was. Though the couple did not mention any financial arrangement with the company, they were "spon- sored" by WFWM. *BusinessWeek* magazine learned that this Wal-Mart front group had flown these happy travelers from their home in Washington, D.C., to Las Vegas to begin their cross-country trip. A mint-green RV awaited them, paid for by WFWM, which also paid for the gas, set up Laura's blog site, and paid her a freelance fee.

Battling the beast

So many uglies, so little space! The so-called "new" Wal-Mart is the same heavy-handed profiteer it's been since Ol' Sam Walton passed on.

■ **High fashion or not**, it remains the biggest buyer of sweatshop products in the world. Look at two major exposés last year. First, Wal-Mart was caught charging \$30 for slacks which Nicaraguan sweatshop workers had been paid 12 cents to make. Workers endured unprotected exposure to toxic chemicals, 24-hour "shifts" with no overtime pay, and deduc- tions of \$1.50 from their \$2-a-day wages for lunch and the bus ride to the factory. Meanwhile, in Bangladesh, Wal-Mart was buying clothing from a child-labor factory that employed 200 children. Aged 11 to 14 years old, they worked grueling shifts of up to 20 hours a day, were paid 6 cents an hour, and were routinely beaten if they took too long in the bathroom.

■ **In a hilarious ploy**, Wal-Mart made a big fuss last March about

its intention to hire a "director of global ethics." The DGE would be in charge of "developing a global ethics strategy." (Here's a strate- gic idea: Pay decent wages!). A year later, the highly ballyhooed position remains unfilled.

■ **The retail colossus plans** to be the world's largest seller of organic foods. Sounds okay... except that it has already been caught labeling (and pricing) non- organic food as organic and selling "organic" milk that's produced on massive factory farms that violate federal organic standards. Also, the global giant plans to import much of its "organic" food from China, where there's no effective regulation of organic production (not to mention the unorganic energy waste of shipping food more than 6,000 miles).

The bad news for Wal-Mart is that it has stomped on so many people, violated so many principles of sim- ple justice, and thumbed its nose at so many of our society's rules of fair play that it has aroused formidable grassroots opposition. The good news for us is that these local coalitions are defeating this retailing Goliath in battle after battle from rural Vermont to the LA metropole.

This is not only a fight against lousy wages, environmental contami- nation, grotesque sweatshops, and such—it's a fight to assert our demo- cratic ideals over the autocratic, avari- cious designs of a single entity seek- ing nothing more noble than its own profit. Who the hell elected a handful of Bentonville bullies to remake our communities (and our world) in their narrow, self-serving image?

If you want to take back America, a good way to start is by taking on Wal-Mart. Check out our **Do Something** box...and do something!

VISIT OUR WEBSITE
and comment on any story you ever read in *The Lowdown*. Our website www.hightowerlowdown.org has a new look AND it allows you to have your say. Tell us what you think and we'll respond. Join the conversation.

hightowerlowdown.org
PERIODICALS
P.O. Box 20596
New York, NY 10011
Postage Paid at
New York, NY

Moving? Missed an issue?

Please call or write us at:
The Hightower Lowdown
P.O. Box 20596
New York, NY 10011
lowdown@pipeline.com
Subscribers' toll-free
number: (866) 271-4900

9:01 January 2007

WHY WAL-MART IS STILL ONE DOWN AND DIRTY CORPORATION

- 2 George W's war legacy
- 3 Five day workweek for Congress
- 4 Statehouses flip to Democrats