

Walmart's Impact on America's Economy, Environment, and Communities

Throughout the United States, Walmart has destroyed many of the communities where it is located by consistently mistreating its workers (especially women and youth associates), driving down wages and employment standards, polluting the environment, shutting down local businesses, externalizing health care costs and other expenses to taxpayers, and contributing to blight and urban sprawl in various U.S. towns, villages, and cities.

Economically, Walmart has a disastrous impact on communities, businesses, workers, and taxpayers.

Consider the effect that Walmart has on:

WAGES

- Walmart sales associates, who comprise the majority of workers within the company, only earned average annual wages of \$13,861 in 2001 – roughly \$769 below the poverty line for a family of three [“Is Wal-Mart Too Powerful?” *Business Week*, Oct. 6, 2003; US Dept. of Health and Human Services, *2001 Poverty Guidelines*]. A 2003 wage analysis report found that Walmart cashiers fared even worse than their sales colleagues since they earned average annual wages of \$11,948 [Dr. Richard Drogin, “Statistical Analysis of Gender Patterns in Wal-Mart’s Workforce,” 2003]. **Therefore, even if a new Walmart creates more jobs for a community, it nonetheless entrenches poverty among its workers.**
- Walmart drives down wages for workers at competing local businesses. In 2005, an economist from the National Bureau of Economic Research found that the average Walmart store **reduces earnings per person by 5 percent** in the county in which it operates [David Neumark, “The Effects of Wal-Mart on Local Labor Markets,” 2005]. Lower wages across the board mean that people have less money to spend in the community, which of course has a negative effect on local economies.

THE ECONOMY

- A 2001 study concluded that, within a few years of Walmart entering various communities in Maine, retailers’ sales of apparel dropped by 28 percent on average, hardware sales fell by 20 percent, and sales of specialty stores plummeted by 17 percent [Kenneth Stone at Iowa State University, “Impact of the Wal-Mart Phenomenon on Rural Communities,” 1997]. This is largely why many businesses shut down entirely once Walmart comes to town.

HEALTH CARE AND TAXPAYERS

- As of 2006, only 43 percent of Walmart employees were covered by the company’s health insurance plan and company President and CEO Lee Scott admitted in 2005 that, “in some... states, the public (health care) program may actually be a better value (than Walmart’s plan)” [http://www.walmartfacts.com/docs/1625_jan2006healthcarebackgrounders_576890240.pdf; Transcript Lee Scott Speech, 4/5/05]. In addition, a 2004 report by the Democratic Staff of the Committee on Education and the Workforce estimated that Walmart’s low wages cost taxpayers roughly \$420,750 per store per year in low-income housing and energy assistance, health care costs, and free or reduced lunches for Walmart associates and their families [“The Hidden Price We All Pay for Wal-Mart,” *a Report by the Democratic Staff of the Committee on Education and the Workforce*, February 16, 2004].

The economic damage that Walmart inflicts on communities is rivaled only by its destruction of the environment.

For instance:

- State and federal environmental agencies fined Walmart over \$5 million between 2003 and 2005. The company's offences range from polluting streams in Connecticut with improperly stored pesticides and other pollutants to violating the Clean Water Act in nine states to blocking Florida state inspectors from monitoring the company's fuel tanks [Hartford Courant 8/16/05; U.S. Environmental Protection Agency, May 12, 2004, *U.S. v. Wal-Mart Stores Inc.*, 2004 WL 2370700; Associated Press, 11/18/04].
- Walmart's rapid expansion of Supercenters and Sam's Clubs and its simultaneous abandonment of older discount stores have resulted in hundreds of vacant stores across the country.
 - For example, as of May 2006, Walmart Realty had 320 vacant or soon to be vacant properties listed for lease or sale [www.walmartrealty.com].
 - However, because the average Walmart Supercenter is nearly twice as large the average discount store, Walmart buildings are often too large for new tenants to occupy [www.walmartfacts.com].
 - Communities are consequently left with ugly, blighted landscapes every time Walmart abandons an old store in order to open a new one elsewhere, as is currently the case with the company's move from East Dundee to West Dundee, Illinois [Al Norman, "West Dundee, Illinois – a Tale of Two Cities Battling Over Wal-Mart," *Wal-Mart Watch*, Online, June 10 2008, <http://walmartwatch.com/battlemart/archives/west_dundee_il_tale_of_two_cities_battling_over_wal_mart/>].
 - Moreover, as the residents and politicians of East Dundee can attest, while the opening of a new Walmart may increase the tax base of the community in which it locates, the company's routine store closures have ravaged local economies due to the subsequent losses in tax revenues [Norman, "West Dundee, Illinois – a Tale of Two Cities Battling over Wal-Mart"].

Above all, Americans deserve better employment opportunities and working conditions than the ones provided by Walmart.

Consider the Walmart record on:

LABOR LAW VIOLATIONS AND DISCRIMINATION

- In 2005, a California court ordered Walmart to pay \$172 million in damages for denying its associates meal breaks [*New York Times*, December 23, 2005]. A 2004 *New York Times* report also revealed that Walmart instituted a "lock-in" policy at some of its Walmart and Sam's Club stores. The policy involved store managers locking their employees inside the store, forcing them to work, refusing to let them to leave, and threatening to fire employees if they tried to escape through the building's fire exit [*New York Times*, January 18, 2004].
- Walmart discriminates against women and violates child labor laws:
 - In 2001, female associates held only one-third of managerial positions and comprised less than 15 percent of the company's store's managers, even though two-thirds of Walmart's hourly employees are women [Neil Buckley and Caroline Daniel, "Wal-Mart vs. the Workers: Labor Grievances are Stacking Up Against the World's Biggest Company," *Financial Times*, November 20, 2003]. Despite having higher merit ratings than their male counterparts, female managers earned an average of \$14,500 less than male managers [Buckley and Daniel;

Drogin, 2003].

- Also in 2001, six women sued Wal-Mart in California claiming the company discriminated against women by systematically denying them promotions and paying them less than men. The lawsuit, *Dukes v. Wal-Mart*, has expanded to include more than 1.6 million current and former female employees, and was certified on June 21 2004 as the largest class action lawsuit ever [*Mondaq Business Briefing*, November 1, 2004].
- Younger Walmart associates are treated just as poorly as their female colleagues: an internal Walmart audit found “extensive violations of child labor laws and state regulations requiring time for breaks and meals” as well as instances of minors working too late, during school hours, or for too many hours in a day [*New York Times*, January 13, 2004]. It is not surprising, then, that Walmart was fined \$205,650 for 1,436 violations of Maine’s child labor laws in 2000 [*Bureau of Business Practice News*].

All of these realities demonstrate why the opening of a new Walmart or Sam’s Club can have substantially negative impacts on the economy, environment, and residents of your community.

The only way to ensure that this does not happen is to prevent Walmart from entering your community altogether. **If Walmart plans to locate near you, contact your local government officials and tell them you oppose a new Walmart or Sam’s Club in your town, village, or city. Together we can stop Walmart from wreaking further havoc on America.**

* A majority of the facts, reports, and statistics cited in this primer were originally cited in “The Real Facts about Wal-Mart,” *Wake up Wal-Mart*, Online, < <http://wakeupwalmart.com/facts/>> *