

The Nation.

Down and Out in Discount America

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On the day after Thanksgiving, the biggest shopping day of the year, Wal-Mart's many progressive critics--not to mention its business competitors--finally enjoyed a bit of schadenfreude when the retailer had to admit to "disappointing" sales. The problem was quickly revealed: Wal-Mart hadn't been discounting aggressively enough. Without low prices, Wal-Mart just isn't Wal-Mart.

That's not a mistake the big-box behemoth is likely to make again. Wal-Mart knows its customers, and it knows how badly they need the discounts. Like Wal-Mart's workers, its customers are overwhelmingly female, and struggling to make ends meet. Betty Dukes, the lead plaintiff in *Dukes v. Wal-Mart*, the landmark sex-discrimination case against the company, points out that Wal-Mart takes out ads in her local paper the same day the community's poorest citizens collect their welfare checks. "They are promoting themselves to low-income people," she says. "That's who they lure. They don't lure the rich.... They understand the economy of America. They know the haves and have-nots. They don't put Wal-Mart in Piedmonts. They don't put Wal-Mart in those high-end parts of the community. They plant themselves right in the middle of Poorville."

Betty Dukes is right. A 2000 study by Andrew Franklin, then an economist at the University of Connecticut, showed that Wal-Mart operated primarily in poor and working-class communities, finding, in the bone-dry language of his discipline, "a significant negative relationship between median household income and Wal-Mart's presence in the market." Although fancy retailers noted with chagrin during the 2001 recession that absolutely everybody shops at Wal-Mart--"Even people with \$100,000 incomes now shop at Wal-Mart," a PR flack for one upscale mall fumed--the Bloomingdale's set is not the discounter's primary market, and probably never will be. Only 6 percent of Wal-Mart shoppers have annual family incomes of more than \$100,000. A 2003 study found that 23 percent of Wal-Mart Supercenter customers live on incomes of less than \$25,000 a year. More than 20 percent of Wal-Mart shoppers have no bank account, long considered a sign of dire poverty. And while almost half of Wal-Mart Supercenter customers are blue-collar workers and their families, 20 percent are unemployed or elderly.

Al Zack, who until his retirement in 2004 was the United Food and Commercial Workers' vice president for strategic programs, observes that appealing to the poor was "Sam Walton's real genius. He figured out how to make money off of poverty. He located his first stores in poor rural areas and discovered a real market. The only problem with the business model is that it really needs to create more poverty to grow." That problem is cleverly solved by creating more

bad jobs worldwide. In a chilling reversal of Henry Ford's strategy, which was to pay his workers amply so they could buy Ford cars, Wal-Mart's stingy compensation policies--workers make, on average, just over \$8 an hour, and if they want health insurance, they must pay more than a third of the premium--contribute to an economy in which, increasingly, workers can only afford to shop at Wal-Mart.

To make this model work, Wal-Mart must keep labor costs down. It does this by making corporate crime an integral part of its business strategy. Wal-Mart routinely violates laws protecting workers' organizing rights (workers have even been fired for union activity). It is a repeat offender on overtime laws; in more than thirty states, workers have brought wage-and-hour class-action suits against the retailer. In some cases, workers say, managers encouraged them to clock out and keep working; in others, managers locked the doors and would not let employees go home at the end of their shifts. And it's often women who suffer most from Wal-Mart's labor practices. *Dukes v. Wal-Mart*, which is the largest civil rights class-action suit in history, charges the company with systematically discriminating against women in pay and promotions [see Featherstone, "Wal-Mart Values: Selling Women Short," December 16, 2002].

Solidarity Across the Checkout Counter

Given the poverty they have in common, it makes sense that Wal-Mart's workers often express a strong feeling of solidarity with the shoppers. Wal-Mart workers tend to be aware that the customers' circumstances are similar to their own, and to identify with them. Some complain about rude customers, but most seem to genuinely enjoy the shoppers.

One longtime department manager in Ohio cheerfully recalls her successful job interview at Wal-Mart. Because of her weight, she told her interviewers, she'd be better able to help the customer. "I told them I wanted to work in the ladies department because I'm a heavy girl." She understands the frustrations of the large shopper, she told them: "'You know, you go into Lane Bryant and some skinny girl is trying to sell you clothes.' They laughed at that and said, 'You get a second interview!'"

One plaintiff in the *Dukes* lawsuit, Cleo Page, who no longer works at Wal-Mart, says she was a great customer service manager because "I knew how people feel when they shop, so I was really empathetic."

Many Wal-Mart workers say they began working at their local Wal-Mart because they shopped there. "I was practically born in Wal-Mart," says Alyssa Warrick, a former employee now attending Truman State University in Missouri. "My mom is obsessed with shopping.... I thought it would be pretty easy since I knew where most of the stuff was." Most assumed they would love working at Wal-Mart. "I always loved shopping there," enthuses *Dukes* plaintiff Dee Gunter. "That's why I wanted to work for 'em."

Shopping is traditionally a world of intense female communication and bonding, and women have long excelled in retail sales in part because of the identification between clerk and shopper. Page, who still shops at Wal-Mart, is now a lingerie saleswoman at Mervyn's (owned by Target). "I do enjoy retail," she says. "I like feeling needed and I like helping people, especially women."

Betty Dukes says, "I strive to give Wal-Mart customers one hundred percent of my abilities." This sentiment was repeated by numerous other Wal-Mart workers, always with heartfelt sincerity. Betty Hamilton, a 61-year-old clerk in a Las Vegas Sam's Club, won her store's customer service award last year. She is very knowledgeable about jewelry, her favorite department, and proud of it. Hamilton resents her employer--she complains about sexual harassment and discrimination, and feels she has been penalized on the job for her union sympathies--but remains deeply devoted to her customers. She enjoys imparting her knowledge to shoppers so "they can walk out of there and feel like they know something." Like Page, Hamilton feels she is helping people. "It makes me so happy when I sell something that I know is an extraordinarily good buy," she says. "I feel like I've done somebody a really good favor."

The enthusiasm of these women for their jobs, despite the workplace indignities many of them have faced, should not assure anybody that the company's abuses don't matter. In fact, it should underscore the tremendous debt Wal-Mart owes women: This company has built its vast profits not only on women's drudgery but also on their joy, creativity and genuine care for the customer.

Why Boycotts Don't Always Work

Will consumers return that solidarity and punish Wal-Mart for discriminating against women? Do customers care about workers as much as workers care about them? Some women's groups, like the National Organization for Women and Code Pink, have been hoping that they do, and have encouraged the public not to shop at Wal-Mart. While this tactic could be fruitful in some community battles, it's unlikely to catch on nationwide. A customer saves 20-25 percent by buying groceries at Wal-Mart rather than from a competitor, according to retail analysts, and poor women need those savings more than anyone.

That's why many women welcome the new Wal-Marts in their communities. The *Winona* (Minnesota) *Post* extensively covered a controversy over whether to allow a Wal-Mart Supercenter into the small town; the letters to the editor in response offer a window into the female customer's loyalty to Wal-Mart. Though the paper devoted substantial space to the sex discrimination case, the readers who most vehemently defended the retailer were female. From the nearby town of Rollingstone, Cindy Kay wrote that she needed the new Wal-Mart because the local stores didn't carry large-enough sizes. She denounced the local anti-Wal-Mart campaign as a plot by rich and thin elites: "I'm glad those people can fit into and afford such clothes. I can barely afford Shopko and Target!"

A week later, Carolyn Goree, a preschool teacher also hoping for a Winona Wal-Mart, wrote in a letter to the *Post* editor that when she shops at most stores, \$200 fills only a bag or two, but at Wal-Mart, "I come out with a cart full top and bottom. How great that feels." Lacking a local Wal-Mart, Goree drives over the Wisconsin border to get her fix. She was incensed by an earlier article's lament that some workers make only \$15,000 yearly. "Come on!" Goree objected. "Is \$15,000 really that bad of a yearly income? I'm a single mom and when working out of my home, I made \$12,000 tops and that was with child support. I too work, pay for a mortgage, lights, food, everything to live. Everything in life is a choice.... I am for the little man/woman-- I'm one of them. So I say stand up and get a Wal-Mart."

Sara Jennings, a disabled Winona reader living on a total of \$8,000, heartily concurred. After paying her rent, phone, electric and cable bills, Jennings can barely afford to treat herself to McDonald's. Of a recent trip to the LaCrosse, Wisconsin, Wal-Mart, she raved, "Oh boy, what a great treat. Lower prices and a good quality of clothes to choose from. It was like heaven for me." She, too, strongly defended the workers' \$15,000 yearly income: "Boy, now that is a lot of money. I could live with that." She closed with a plea to the readers: "I'm sure you all make a lot more than I. And I'm sure I speak for a lot of seniors and very-low-income people. *We need* this Wal-Mart. There's nothing downtown."

From Consumers to Workers and Citizens

It is crucial that Wal-Mart's liberal and progressive critics make use of the growing public indignation at the company over sex discrimination, low pay and other workers' rights issues, but it is equally crucial to do this in ways that remind people that their power does not stop at their shopping dollars. It's admirable to drive across town and pay more for toilet paper to avoid shopping at Wal-Mart, but such a gesture is, unfortunately, not enough. As long as people identify themselves as consumers and nothing more, Wal-Mart wins.

The invention of the "consumer" identity has been an important part of a long process of eroding workers' power, and it's one reason working people now have so little power against business. According to the social historian Stuart Ewen, in the early years of mass production, the late nineteenth and early twentieth centuries, modernizing capitalism sought to turn people who thought of themselves primarily as "workers" into "consumers." Business elites wanted people to dream not of satisfying work and egalitarian societies--as many did at that time--but of the beautiful things they could buy with their paychecks.

Business was quite successful in this project, which influenced much early advertising and continued throughout the twentieth century. In addition to replacing the "worker," the "consumer" has also effectively displaced the citizen. That's why, when most Americans hear about the Wal-Mart's worker-rights abuses, their first reaction is to feel guilty about shopping at the store. A tiny minority will respond by shopping elsewhere--and only a handful will take any further action. A worker might call her union and organize a picket. A citizen might write to her congressman or local newspaper, or galvanize her church and knitting circle to visit local management. A consumer makes an isolated, politically slight decision: to shop or not to shop. Most of the time, Wal-Mart has her exactly where it wants her, because the intelligent choice for anyone thinking as a consumer is not to make a political statement but to seek the best bargain and the greatest convenience.

To effectively battle corporate criminals like Wal-Mart, the public must be engaged as citizens, not merely as shoppers. What kind of politics could encourage that? It's not clear that our present political parties are up to the job. Unlike so many horrible things, Wal-Mart cannot be blamed on George W. Bush. The Arkansas-based company prospered under the state's native son Bill Clinton when he was governor and President. Sam Walton and his wife, Helen, were close to the Clintons, and for several years Hillary Clinton, whose law firm represented Wal-Mart, served on the company's board of directors. Bill Clinton's "welfare reform" has provided Wal-Mart with a

ready workforce of women who have no choice but to accept its poverty wages and discriminatory policies.

Still, a handful of Democratic politicians stood up to the retailer. California Assemblywoman Sally Lieber, who represents the 22nd Assembly District and is a former mayor of Mountain View, was outraged when she learned about the sex discrimination charges in *Dukes v. Wal-Mart*, and she smelled blood when, tipped off by dissatisfied workers, her office discovered that Wal-Mart was encouraging its workers to apply for public assistance, "in the middle of the worst state budget crisis in history!" California had a \$38 billion deficit at the time, and Lieber was enraged that taxpayers would be subsidizing Wal-Mart's low wages, bringing new meaning to the term "corporate welfare."

Lieber was angry, too, that Wal-Mart's welfare dependence made it nearly impossible for responsible employers to compete with the retail giant. It was as if taxpayers were unknowingly funding a massive plunge to the bottom in wages and benefits--quite possibly their own. She held a press conference in July 2003, to expose Wal-Mart's welfare scam. The Wal-Mart documents--instructions explaining how to apply for food stamps, Medi-Cal (the state's healthcare assistance program) and other forms of welfare--were blown up on posterboard and displayed. The morning of the press conference, a Wal-Mart worker who wouldn't give her name for fear of being fired snuck into Lieber's office. "I just wanted to say, right on!" she told the assemblywoman.

Wal-Mart spokespeople have denied that the company encourages employees to collect public assistance, but the documents speak for themselves. They bear the Wal-Mart logo, and one is labeled "Wal-Mart: Instructions for Associates." Both documents instruct employees in procedures for applying to "Social Service Agencies." Most Wal-Mart workers I've interviewed had co-workers who worked full time for the company and received public assistance, and some had been in that situation themselves. Public assistance is very clearly part of the retailer's cost-cutting strategy. (It's ironic that a company so dependent on the public dole supports so many right-wing politicians who'd like to dismantle the welfare state.)

Lieber, a strong supporter of the social safety net who is now assistant speaker pro tempore of the California Assembly, last year passed a bill that would require large and mid-sized corporations that fail to provide decent, affordable health insurance to reimburse local governments for the cost of providing public assistance for those workers. When the bill passed, its opponents decided to kill it by bringing it to a statewide referendum. Wal-Mart, which just began opening Supercenters in California this year, mobilized its resources to revoke the law on election day this November, even while executives denied that any of their employees depended on public assistance.

Citizens should pressure other politicians to speak out against Wal-Mart's abuses and craft policy solutions. But the complicity of both parties in Wal-Mart's power over workers points to the need for a politics that squarely challenges corporate greed and takes the side of ordinary people. That kind of politics seems, at present, strongest at the local level.

Earlier this year, labor and community groups in Chicago prevented Wal-Mart from opening a store on the city's South Side, in part by pushing through an ordinance that would have forced

the retailer to pay Chicago workers a living wage. In Hartford, Connecticut, labor and community advocates just won passage of an ordinance protecting their free speech rights on the grounds of the new Wal-Mart Supercenter, which is being built on city property. Similar battles are raging nationwide, but Wal-Mart's opponents don't usually act with as much coordination as Wal-Mart does, and they lack the retail behemoth's deep pockets.

With this in mind, SEIU president Andy Stern has recently been calling attention to the need for better coordination--and funding--of labor and community anti-Wal-Mart efforts. Stern has proposed that the AFL-CIO allocate \$25 million of its royalties from purchases on its Union Plus credit card toward fighting Wal-Mart and the "Wal-Martization" of American jobs [see Featherstone, "Will Labor Take the Wal-Mart Challenge?" June 28].

Such efforts are essential not just because Wal-Mart is a grave threat to unionized workers' jobs (which it is) but because it threatens all American ideals that are at odds with profit--ideals such as justice, equality and fairness. Wal-Mart would not have so much power if we had stronger labor laws, and if we required employers to pay a living wage. The company knows that, and it hires lobbyists in Washington to vigorously fight any effort at such reforms--indeed, Wal-Mart has recently beefed up this political infrastructure substantially, and it's likely that its presence in Washington will only grow more conspicuous.

The situation won't change until a movement comes together and builds the kind of social and political power for workers and citizens that can balance that of Wal-Mart. This is not impossible: In Germany, unions are powerful enough to force Wal-Mart to play by their rules. American citizens will have to ask themselves what kind of world they want to live in. That's what prompted Gretchen Adams, a former Wal-Mart manager, to join the effort to unionize Wal-Mart. She's deeply troubled by the company's effect on the economy as a whole and the example it sets for other employers. "What about our working-class people?" she asks. "I don't want to live in a Third World country." Working people, she says, should be able to afford "a new car, a house. You shouldn't have to leave the car on the lawn because you can't afford that \$45 part."