

Blowing the Whistle

on a

Neighbourhood

Bully

A workbook for social activism from UFCW Canada.



***What makes Wal-Mart
such a bad neighbour?***

So, what do we have against Wal-Mart?



Hi. I'm Michael Fraser, Canadian Director of the UFCW.

We're the union that represents your neighbours in most supermarkets and other retail outlets. We also have members in most food production

and distribution facilities, as well as in many other service, manufacturing, and caregiving workplaces across Canada.

So what do we have against Wal-Mart?

Quite simply, Wal-Mart is a bad neighbour.

It is one of the richest global businesses in history, yet it treats employees, their communities, and suppliers with outright contempt. U.S.-owned Wal-Mart waves the maple leaf as a symbol of its participation in our community, when as much as 80% of its apparel lines, for example, comes from offshore, often from countries with terrible records on child labour and human rights abuse.

I hope you will read the rest of this document in detail, and give serious consideration to what Wal-Mart is doing and what it means to you and

those close to you. As the biggest representative of workers in these sectors, you could say our union has a vested interest in calling Wal-Mart to task. But we also believe that everyone in the community is affected by Wal-Mart's actions, and, together, we can make a difference in the

Ask Wal-Mart yourself!

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way Wal-Mart operates. *And you don't have to take our word for it* – you can challenge Wal-Mart on its record yourself. The response can be very interesting.

When a bully moves into a community, it's up to all of us to help one another. By questioning, listening, and taking action, we can turn a bad neighbour into a good neighbour.

Thank you.



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What makes Wal-Mart such a bad neighbour?

Behind that smiley-face at your neighbourhood Wal-Mart store lies a greedy, corporate giant, and a smokescreen of misrepresentations designed to get you in and out of the store with less money than you came in with. But that describes most big department stores, doesn't it?

Not really, not when you look at Wal-Mart's record of discrimination, harassment, and consumer rip-offs. For the record, here's a sampling.



Wal-Mart's Wall of Shame

- A judge fined Wal-Mart \$27-million* because the company provided incomplete and false evidence in a lawsuit brought by a woman who had been abducted in a Wal-Mart parking lot and later raped.
- Upholding a \$3.5-million verdict awarded to two women sexually harassed by a Wal-Mart manager, the judge said the manager's conduct was *"outrageous and apparently Wal-Mart was aware of this since his conduct was witnessed by high-level supervisors"*.
- U.S. federal judges have fined Wal-Mart as much as \$180,000 for destroying evidence, withholding documents, and other procedural violations in cases where Wal-Mart shoppers were either injured or crime victims at Wal-Mart stores.
- A federal judge ruled that Wal-Mart violated labour laws by failing to pay pharmacists overtime, paving the way for a possible \$225-million back-pay settlement.
- A jury found that Wal-Mart fired a white

female employee – in 1998 – because she was dating a black man.

- A 14-year-old Wal-Mart worker was awarded \$4.2-million after a jury decided store officials wrongly accused her of stealing.

- Wal-Mart sold fake Tommy Hilfiger apparel to its customers after a judge ordered the company to stop.

- After the U.S. Federal Trade Commission charged Wal-Mart with failing to identify the country of origin on items listed on its internet sales site, Wal-Mart removed the items, apparently preferring not to disclose where the clothing was made.

- A jury found Wal-Mart's termination of a hearing-impaired employee violated the Disabilities Act and awarded the man nearly \$180,000.

- In January 1999, a court entered a \$30-million judgement against Wal-Mart

for wrongfully firing four store clerks for eating candy and nuts from damaged packages. The jury found Wal-Mart guilty of intentionally inflicting emotional distress, slander, and invasion of privacy, and awarded each worker \$7.5-million. The workers had been



berated and reduced to tears during accusatory interviews, then marched through the store, past customers and co-workers, and escorted out the front door. Evidence presented at the three-day trial indicated that 90% of workers at this Wal-Mart store, including managers, had also consumed the same kinds of damaged snacks.

For more true stories from Wal-Mart workers themselves, check out www.walmartyrs.com. Information about Wal-Mart can also be found at www.ufcw.ca and www.ufcw.org.

**Dollar figures throughout this document are expressed in Canadian dollars; when necessary, U.S. dollars have been converted to Canadian at US\$1.00=CA\$1.50.*



Where did Wal-Mart come from?

Depending on your point of view, Wal-Mart might be described as either one of the biggest business success stories of all time, or a dangerous corporate predator threatening our way of life.



In reality, it's probably a bit of both.

What began in 1950 in Bentonville, Arkansas – a stone's throw from the Oklahoma and Missouri state lines – as a humble “Walton's five-and-dime” general merchandise store, has grown into a big-business behemoth.

Wal-Mart was founded by Sam Walton (*right*), and the business is still run by a group that includes his family, heirs, and friends. In less than 50 years, Wal-Mart has grown from a small-town store to the largest retail enterprise on earth, with more than 4,000 stores in 10 countries – including Canada, Mexico, and even China – and 1.14-million employees worldwide*.

Its annual sales in fiscal 2000 topped \$247-billion, more than the Gross National Product of developed countries like Denmark and Norway. Its annual profit *exceeds* that of its three closest general merchandise competitors *plus* the three largest food retailers *combined*, and summer 2000 sales reports show record sales with an astounding 20% year-to-year growth rate.

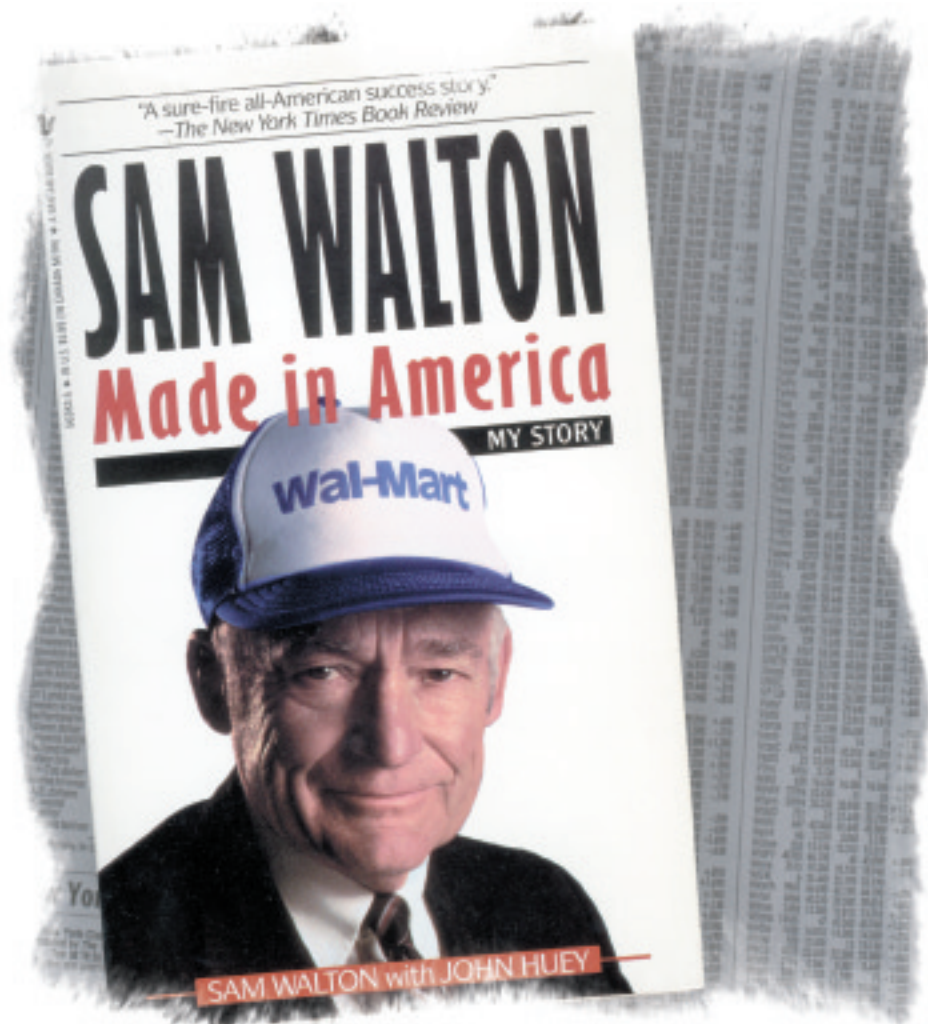
**Corporate data quoted from Wal-Mart Annual Report 2000, and walmartstores.com.*

What makes Wal-Mart so dominant?

On the face of it, Sam Walton's formula for success is a simple one that consumers like to hear: offer lots of products at the lowest prices going.

But that simple approach belies the aggressive and unfair tactics that Wal-Mart has consistently used to become the giant it is today. Wal-Mart has capitalized on modern shoppers' combined mobility and time constraints. By opening huge "big box" operations in industrial-zoned areas on the outskirts of urban areas, it holds down the cost of the stores, while increasing the value of the land by having it rezoned commercial.

Meanwhile, attracted by heavily-promoted low prices, shoppers travel from surrounding communities to the big-box outlet, draining income from local, often long-established, businesses. Demands on local infrastructure, for increased traffic to the Wal-Mart location, for example, create further problems for surrounding communities.



How did Wal-Mart come to Canada?

Wal-Mart's reputation as an aggressive and predatory mass-merchandiser preceded its entry into Canada, and its move into Canada in the early 1990s did nothing to



allay fears of how it operates. Taking over the floundering Woolco (formerly Woolworth's) chain of 122 stores in Canada, Wal-Mart refused to buy any of the nine stores where workers enjoyed UFCW union contracts and benefits. Not included in the sale, Woolco simply closed those stores and left hundreds of workers without jobs.

Wal-Mart has continued its growth since, now with some 166 stores across Canada. Meanwhile, it continues to launch new concept stores in the United States, including banners such as *SAM'S Club*, a member-

ship-only discount store; *Wal-Mart Supercenter*, mega-stores including supermarket, garden centres, and automotive sections; and *Wal-Mart Neighborhood Market*, a traditional grocery store in more urban locations.

Most industry observers feel it is only a matter of time before Wal-Mart begins exporting its most-successful new formats to Canada, and the danger to existing Canadian jobs is very real.

Isn't Wal-Mart creating new jobs?

One of the biggest myths surrounding Wal-Mart is the concept of job-creation.

Of course, any new store opening is going to create "new jobs". But studies have shown consistently that for every two jobs Wal-Mart "creates", three jobs are lost elsewhere in the community. That's *one-and-a-half established, full-time jobs lost* for every *minimum-wage, part-time job* that Wal-Mart creates.

Traditional small businesses in the community tend to hire workers with the long-term in mind. They pay fairly, generally above the minimum wage. They offer benefits such as health-care packages and pensions. They represent opportunities for young people, where they can actually learn *about* working. They provide skills.

Working at Wal-Mart, on the other hand, is often a question of survival. Low wages, co-pay requirements for some benefits, long qualification periods for others, and a high-pressure working environment mean many workers are soon looking for other alternatives.

What makes Wal-Mart a “bad neighbour”?

A good neighbour is someone who contributes to the community in which they reside. They get along with others in the community, and they are not an irritant or a burden.

Wal-Mart invades communities by setting up shop in a ruthless fashion. Many communities today are “forewarned and forearmed” about Wal-Mart’s tactics – buying up cheap parcels of industrial-zoned land, then converting them into suburban, big-box eyesores that drain the lifeblood of a community.

So Wal-Mart has resorted to new “jack-in-the-box” tactics. Instead of openly applying for re-zoning so that everyone is aware of the corporate giant’s intentions, Wal-Mart now plays the trick of having “developers” front for it, buying the land outright or securing an option for it, then seeking zoning changes on their own without dis-

closing who their client is. In cases like this, once Wal-Mart’s intentions become known, it’s already too late.

But that’s just the beginning. To secure a toe-hold in each new community, Wal-Mart undercuts other retailers. Low prices attract customers, and Wal-Mart’s size means it wields tremendous clout with its suppliers. An independent shopkeeper doesn’t stand a chance when Wal-Mart can sell butter, for example, at a price lower than the local grocer can get it from the supplier. That’s not competition, that’s bullying.

As recently as September 2000, Wal-Mart Germany was ordered under that country’s tough consumer-protection laws to stop illegally selling staple foods – including butter, milk, flour, and cooking oil – below cost, unfairly putting the squeeze on small, “mom-and-pop” grocers.



I just want a bargain – who cares who profits?

We should all care. When we buy from local merchants, the money stays in the community and creates jobs for our neighbours. When shoppers go to Wal-Mart, the money is being siphoned out of the community and into the pockets of some of the wealthiest people in the world, whose only interest is to make money at the expense of others.

Traditionally, retail merchants open stores when they see there is a need for their service, and there is a community that can support the business they intend to maintain.

Wal-Mart is different. It looks for communities where profitable retailers are already established, then moves in to undercut them. Wal-Mart “sells for less ... always,” or at least until the competition has been eliminated. Studies in the U.S., where Wal-Mart’s practices are widespread, show that it takes only about three years for the retail competition to dry up after Wal-Mart moves in.

Where does the competition go? Stores close, and people lose jobs. And when the community has lost so much that it can’t even support a Wal-Mart, they pull up

stakes and move on as well.

Wal-Mart isn’t just harming its competition, it is killing communities.

If Wal-Mart isn’t paying its fair share, who is?

The short answer is, you are!

When Wal-Mart moves into a neighbourhood, it comes with a big price-tag. Infrastructure has to be built, roads maintained, increased traffic handled, policing and fire services adjusted, and so on. Those costs are passed on to the community at large. When other stores close or move away because they are victims of Wal-Mart’s predatory practices, who’s left to shoulder the burden?

Taxpayers in the community not only have higher infrastructure costs to look forward to when Wal-Mart comes to town, but the company has also admitted to shifting health-care costs to taxpayers and other, more responsible employers. Wal-Mart is on record saying, *“employees who choose not to participate in Wal-Mart’s health plan usually get their health-care benefits from a spouse or the government.”*

Once again, Wal-Mart’s interest is in making

money, while passing every possible cost on to someone else – a supplier, a competitor, or you.

You'll find discount goods at Wal-Mart, but you'll pay the price in other ways.

Wal-Mart advertises Canadian-made goods, so I'm supporting my neighbours, right?

You can, indeed, find "Made in Canada" labels on some merchandise at Wal-Mart, but its record on importing goods from overseas, especially from nations with terrible human rights abuses, is well-documented. To make matters worse, Wal-Mart has a history of "wrapping itself in the flag", whether in Canada or the U.S., and being found guilty of lying outright about the origin of some items.

Most recently, the UFCW took Wal-Mart to task for importing garments made in Myanmar (formerly Burma) into Canada despite public outcry against supporting the brutal military regime there. As reported by the *Globe and Mail*, Wal-Mart Canada imported 60.2 tonnes of garments valued at \$1.2-million from Myanmar between December 1999 and May 2000.

In another July newspaper report, this time from Thailand, Wal-Mart is identified as buying garments from a factory owned by Lo Hsing-han, an infamous drug thug in Myanmar.

Wal-Mart's ongoing dealings with suppliers in Myanmar and other countries rife with child labour and other human rights abuses have marked the company as one disinterested in public opinion and the welfare of workers in general. Adding to its unsavoury reputation, Wal-Mart has repeatedly been found guilty of various violations of labelling and advertising laws that give it a record as a retailer not to be trusted.

Past examples include rip-offs such as inaccurate price-comparison ads, product "twinning" (displaying Canadian- or U.S.-made garments side-by-side with, for example, identical products made in El Salvador or the Dominican Republic at a fraction of the cost, and selling them for the same price), and the sale of counterfeit famous-name designer clothes.

During one campaign to promote an "all-American" image in the United States, Wal-Mart promoted its *Faded Glory* private-label brand using patriotic imagery – until, that is, UFCW whistle-blowers discovered only five per cent of the products in the line were actually U.S.-made. Since then, more than 20 U.S. states have launched ongoing investigations into Wal-Mart's "Buy American Program".



Who would want to work at Wal-Mart?

A million people already work for Wal-Mart, and many others have been on the payroll over the years. Like any job, it has its good points, such as the people you work with, and the customers you see every day.

But Wal-Mart is a bad employer as well as a bad neighbour, starting with a tradition of low wages and benefit plans that benefit only a small number of employees. In the U.S., for example, Wal-Mart employees who are covered by the company health-care plan number only 38%, compared with a 61% national average, and an 80% average in retail workers covered by UFCW agreements. On the other hand, Wal-Mart workers pay for 50% of the cost of their own benefits themselves, compared with a 28% national average, and 0% amongst UFCW retail workers.

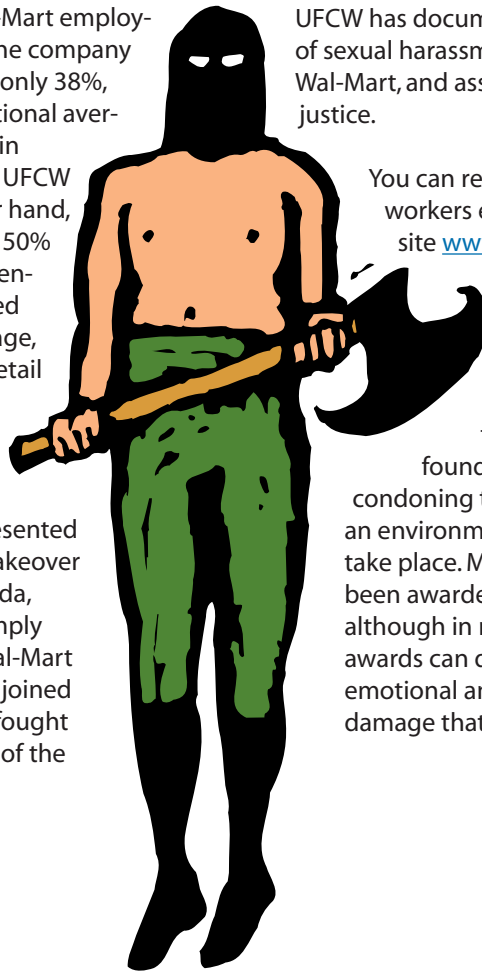
Wal-Mart is also notoriously anti-union, cutting nine existing UFCW-represented Woolco stores out of its takeover bid when it entered Canada, allowing those jobs to simply die. When workers at a Wal-Mart store in Windsor ON later joined another union, Wal-Mart fought those workers every step of the

way. After years of legal battles and pressure tactics, and with few of the original union supporters left at the store, that particular union chose to withdraw rather than continue a seemingly endless battle with the giant.

Perhaps largely because they lack union protection, stories of abuse amongst Wal-Mart workers are rife (*see page 4*). The UFCW has documented numerous cases of sexual harassment and discrimination at Wal-Mart, and assisted in victims' fights for justice.

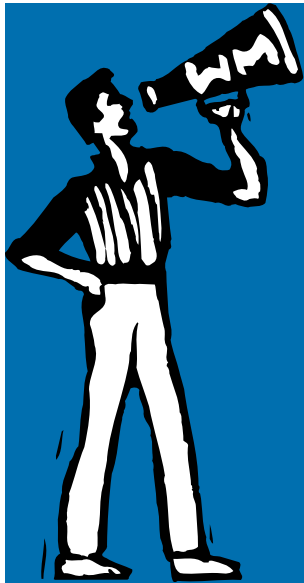
You can read more about Wal-Mart workers experiences on the web site www.walmartyrs.com.

For the most part, these cases are isolated incidents between individuals, but courts and other tribunals have repeatedly found the company guilty of condoning the actions or fostering an environment in which they could take place. Millions of dollars have been awarded to Wal-Mart's victims, although in many of the cases the awards can do little to offset the emotional and sometimes physical damage that has taken place.



How different can life working for Wal-Mart be?

It depends on what you are used to, but the culture imposed by Wal-Mart head office can make working there a trial. From the imposed cheering session with which workers begin their shift, to the meaningless title of “associate” for every worker, Wal-Mart uses artificial devices to create what it considers a “family” atmosphere.



For some, it probably works. But not for everyone. Take for example UFCW member Lance Hindman, who spent several years working as a meat cutter at an expanded-concept Wal-Mart. “I try to remember the friendships I had with co-workers. They were friendly, good people,” he recalls.

“But the atmosphere is full of pressure,” he adds. “If your work was caught up and you were talking to other guys in the backroom, a manager would crack down on you.”

Lance began work at Wal-Mart at \$12 an hour – as an experienced, skilled meat cutter. After just four months at his new, union job, his wages were higher than some Wal-Mart managers.

“I’d never want to move up in that company,” he says. “What they want are yes-men, not problem solvers. Their managers turn over lot, and the ones I had didn’t really know the meat business. So I never had any confidence in them.”

It’s a different story working for a union employer, Lance says. “It’s a lot more fun to show up for work. Everybody takes care of business, working together.”



Most department store jobs aren't unionized anyway – what makes Wal-Mart any different?

Increasing numbers of Canadian retail workers are joining the UFCW in order to improve their jobs in areas of wages, benefits, as well as for better treatment by employers. Even without union membership, many are better off than their counterparts at Wal-Mart stores, and so the impact on the community is already a real one.

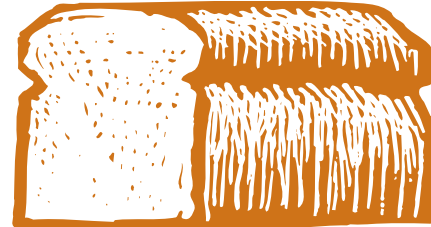
At the same time, Wal-Mart has, in the States, developed a range of retail food outlets, with fully-stocked supermarket sections in its *Wal-Mart Supercenters*, and, more recently, traditional, urban-style grocery stores called *Wal-Mart Neighborhood Market*.

Every indication is that Wal-Mart will soon “roll out” these new store formats in Canadian communities, at the expense of thousands of good, unionized jobs at stores that have been in your community for many years. Already, Wal-Mart has quietly begun to open *Pantry Shop* stores – akin to independent convenience shops – within its

larger department stores. As of July 2000, 17 such shops had been opened, seven of them in Québec alone.

More are planned, yet Wal-Mart responded to industry concerns by saying: *“The Pantry format leads people to believe this is a prelude to our going into the grocery business, but believe me it’s not about that. We feel we have a lot of room to grow our standard format in Canada – which is merchandise-driven – before we begin to look at other formats, such as groceries. We don’t have plans for Canada at this point.”*

Analysts agree, however, that is a question of when, not if, Wal-Mart will become a major player in Canada’s retail-food industry. According to one, “They’ll do what they’ve already done in their economic model in the States.”



What can we do to stop the damage Wal-Mart is causing?

For the majority of UFCW members who work in supermarkets and related workplaces, Wal-Mart's steady growth and expansion into their sector is bad news. And it's equally bad news for their families and communities when the impact on their wages, benefits, and jobs is felt.

Recent events have shown that people in communities that are educated and alerted to Wal-Mart's approach can take effective action to keep the monster at bay. But that doesn't always work, and, besides, Wal-Mart is already a part of thousands of communities.

So how do we go about living next door to the neighbourhood bully? By challenging the bully to become a good neighbour.

Call Wal-Mart to task on its record of abuse against workers. Call it to task on its record of lying about the goods it sells. Call it to task for continuing to sell goods from countries which abuse their citizens, and for wrapping itself in the Canadian flag to disguise its actions.

Convince Wal-Mart that it pays to become a good neighbour. Encourage Wal-Mart to allow workers to join a union and work together for the wages, working conditions, and benefits they deserve.

You can convince Wal-Mart to act responsibly with regard to its workers, and to the community in general.

How? Simple – money talks. Wal-Mart knows that all too well, especially when it uses its financial clout to dominate markets. Similarly, you can make Wal-Mart listen by simply directing your hard-earned dollars elsewhere, to retailers who have worked hard to be a responsible member of your community.



Your money talks.

Make Wal-Mart listen.



Why is the UFCW fighting Wal-Mart?

The main role of a union is to serve its members and to protect them. That often means doing much more than negotiating a contract and settling grievances with employers. It means getting out into the real world and fighting for social justice. By raising standards and protections for workers everywhere, UFCW members secure their own jobs and futures.

Wherever there is a need for action for social justice, the UFCW is sure to be found

at the forefront. The UFCW's ongoing, international campaign to bring justice to Wal-Mart workers and force the corporate giant to end its practices of human rights abuse is one of many programs designed to focus consumer attention on these important issues.

Individually, our voices are rarely heard by the rich and powerful. Standing together, acting collectively, we can bring about change.

Your money talks. Make Wal-Mart listen.