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Wal-Mart and the Race to the Bottom in the North Bay

by Martin J. Bennett

Wal-Mart has again submitted a proposal to expand its existing discount store in Rohnert Park into a supercenter, selling both general merchandise and groceries. In 2010, widespread organized opposition across Sonoma County and a successful lawsuit derailed the project.

Much has changed since Wal-Mart first proposed a supercenter five years ago in Rohnert Park--and the ongoing campaign by a broad coalition of labor, faith, environmental, and community-based organizations to oppose the project has implications for the entire state, if not the nation.

For the past five quarters Wal-Mart has experienced falling sales. The retail giant is desperate to expand its market share in large metropolitan regions like the greater San Francisco Bay area.

To penetrate metro regions Wal-Mart seeks to increase both the number of supercenters with groceries and to construct 40,000-square-foot 'Neighborhood' grocery stores—as Wal-Mart's grocery sales climbed from 7 percent nationwide in 2002 to 18 percent in 2011. Hence, in addition to proposing the first supercenter in the North Bay (i.e. Marin and Sonoma counties), Wal-Mart is building a 'small mart' grocery store in Rohnert Park, also the first in the two counties.

Who are the winners in the recovery?

A stunning 95 percent of income gains went to the richest 1 percent during the Great Recession recovery from 2009-2012, according to UC Berkeley economist Emmanuel Saez. In fact, the economic recovery has benefited only big business and the very wealthy: 2013 corporate profits reached record highs and have increased by 20 percent annually since 2008. In 2012, the top 1 percent of American families received 22 percent of national income--almost three times more than their share in 1979.

In contrast, even in a recovery, working people's wages and incomes are going nowhere.

The Economic Policy Institute calls the 2000s a "lost decade" for low and middle-income working families. The bottom 70 percent of all workers saw their 2002-2012 wages fall. The Census Bureau reports that median household income in 2012 was \$51,017, about 9 percent lower than its postwar peak in 1999, when adjusted for inflation.

Wal-Mart (the nation's largest employer) and the Wal-Mart family (the nation's wealthiest) are driving a recovery characterized by new jobs that do not provide living wages or benefits, or offer career mobility to most employees. Wal-Mart is leading a 'race to the bottom' that destroys good jobs, widening the gap between rich and poor and increasing taxpayer costs.

What are the facts about Wal-Mart and the recovery?

A wave of one-day strikes by Wal-Mart workers last November, plus strikes against McDonald's by fast food workers in May and December, raised public awareness about the recovery and low-wage jobs.

According to the National Employment Law Project, 22 percent of the jobs lost in the recession were low-wage, paying less than \$14 an hour in the food service, retail, hospitality and temp industries. Yet, from 2010 to 2014, 44 percent of new jobs created were low-wage. Mid-wage jobs, paying \$14-\$20 dollars an hour, in the manufacturing, construction, and high-tech sectors, accounted for only one in five of the jobs added.

The Bureau of Labor Statistics projects that six of the ten top-growth occupations over the next decade will be in low-wage service sectors.

An ever-greater share of these new jobs will be part-time. The percentage of people working part-time jumped from 16 percent prior to the recession to 19 percent in 2013.

The Wal-Mart and McDonald's strikes also revealed that many workers in retail and food services are not teenagers, new to the workforce. The Demos "Retail's Hidden Potential" report found that workers in large retail firms average 37 years of age, and a majority of year-round retail employees provide more than half their family's total income.

Wal-Mart is the largest employer of low-wage workers in the nation!

According to IBISWorld, a market research organization, in 2011 the average wage of all full-time and part-time Wal-Mart workers was \$8.81 an hour. The Huffington Post obtained internal company reports revealing that half of all Wal-Mart workers earn less

than \$10 an hour. Wal-Mart's CEO, Bill Simon, recently stated that two thirds of the company's 1.3 million U.S. workers earn less than \$25,000 annually.

Wal-Mart's 'always lower prices' are based on low employee compensation, which forces competitors to slash wages and benefits, too. A 2007 UC Berkeley Center Labor Center study found that Wal-Mart workers earned 17 percent less than employees of other large retailers, and concluded that the opening of one supercenter lowered total earnings of a county's retail workers by 1.5 percent.

According to UC Irvine economist David Neumark, for every two jobs Wal-Mart creates in a county, three jobs are lost in grocery and retail sectors. Wal-Mart opened sixteen supercenters in Southern Nevada in the 1990s, forcing the loss of 1400 good union grocery jobs when Raley's had to close eighteen stores.

Wal-Mart fiercely resists any pressure to raise wages. Last year, the Washington, D.C., city council mandated a \$12.50-an-hour minimum wage for all workers at large retailers with annual sales of more than \$1 billion dollars. Wal-Mart threatened to abandon plans for three new stores, and D.C.'s mayor vetoed the legislation. However, a city council majority recently enacted a citywide \$11.50-an-hour minimum wage affecting all employers, as did two neighboring Maryland counties.

Wal-Mart can pay higher wages! How much is enough for the Waltons?

A 2011 UC Berkeley Labor Center study concluded that Wal-Mart could easily boost wages to \$12 an hour, raising payroll costs by just 10 percent. Lower turnover and increased training and productivity of employees would help Wal-Mart absorb part of the wage increases. If Wal-Mart passed the entire wage increase on to their consumers, none would pay more than an additional 46 cents per shopping trip.

Wal-Mart earned \$17 billion in profits in 2012, much of it passed on to the Walton family, the company's largest shareholders. The six Walton heirs' 2013 net worth was \$144 billion, more than the combined wealth of the lowest-earning 42 percent of Americans.

Another Demos report, "A Higher Wage is Possible," showed that raising the annual wages of full-time workers (employed at least 32 hours a week) to nearly \$15 an hour and \$25,000 a year, would cost the Wal-Mart family no more than \$7 billion--a fraction of their total wealth.

Why should the taxpayers subsidize Wal-Mart?

Finally, Wal-Mart's low wages place a substantial burden on the public sector--particularly since nearly half of Wal-Mart workers are not provided with health care benefits, according to a 2011 Kaiser Family Foundation report. A recent report, issued

by the U.S. House of Representatives Committee on Education and the Workforce, concluded that Wal-Mart workers must seek government assistance such as food stamps, rental assistance, Medicaid and other state-subsidized health care services to make ends meet. The committee calculates that each new supercenter with 300 employees costs the taxpayers nearly \$1 million annually.

Here in Sonoma County, we currently have a growing crisis of low-wage employment. A 2013 North Bay Jobs with Justice (formerly the Living Wage Coalition) report found that 28 percent of residents are in working-poor families, receiving less than \$44,000 annually from wages and other income. The California Budget Project calculates that a 2013 self-sufficiency wage for Sonoma County is \$20.51 an hour for each of two parents working full-time to support two children.

Approval of the Wal-Mart supercenter will only add to the ranks of working poor in this county and impose increased public costs on federal, state and local governments. Across the Bay Area residents must oppose the Wal-Mart family's naked greed, and Wal-Mart's race to the bottom.

The Rohnert Park City Council will consider the revised EIR for the Wal-Mart super center in September or early October. A Bay Area wide mobilization to oppose the super center is planned.

For more information go to: <http://northbayjobswithjustice.org> or call [707-346-1187](tel:707-346-1187).