

Wal-Mart Epitomizes Crisis of Work

Times Union

Friday, November 18, 2005

Wal-Mart epitomizes crisis of work

By Annette Bernhardt

Across the country this week, communities are holding town hall meetings and other public events to talk about what Wal-Mart means for America. It's a watershed moment that signals a distinct turn in the debates about the company.

For years, Wal-Mart has been assailed for paying low wages and providing less than half its workers with health insurance, and for just as long, the company has responded with stony silence. But the giant retailer has recently shifted course, saying that it intends to make some changes in its employment and business practices and acknowledging in a company memo that "our critics are correct in some of their observations."

That's both good news and bad.

The good news is that the country's biggest low-wage employer is responding to a groundswell of voices who are exposing a very real crisis, three decades in the making, of declining living standards and growing economic insecurity for millions of working families.

It's an urgent crisis that Wal-Mart epitomizes and in fact has played a central role in shaping -- but many other companies have followed suit. In industries as diverse as retail, nursing homes, call centers, hotels,

construction, poultry processing and janitorial services, employers are choosing to take the low road by freezing or cutting wages, eliminating health insurance and pensions, outsourcing or subcontracting what used to be good jobs, and even resorting to illegal practices such as not paying overtime.

The result, according to a new study by the Center for Economic and Policy Research, is that only 25 percent of American workers have a good job -- one with decent pay (\$32,000 a year or more), employer-paid health insurance and a pension.

On the ground, communities have been responding for some time now -- witness the highly successful living wage movement and the recent advocacy to make health insurance accessible to all. But Wal-Mart's direct recognition of its critics potentially signals a new phase in the debate about how to address the proliferation of low-wage jobs in the U.S.

The bad news is that Wal-Mart clearly has no interest in making anything except cosmetic changes, as demonstrated in a callous company memo leaked to the press two weeks ago. In the memo, company analysts fret that their work force is aging, sicker, staying on the job too long and becoming too expensive -- thereby cutting into the company's bottom line.

Among the proposed solutions, three are considered especially promising: cutting the number of jobs in the stores, demanding more hours from full-timers and increasing the number of part-timers (who are more flexible and cost less). Other proposed measures include cuts to the company's 401(k) program and a thinly veiled desire, running throughout the memo, to find ways of increasing turnover. Perhaps most pernicious, the memo suggests designing all jobs to include some physical activity, in part to "dissuade unhealthy people from coming to work at Wal-Mart."

All this came to light just days after Wal-Mart tried to win over critics with a much-publicized press release announcing a "more affordable" health insurance plan. Others have already dissected the plan to show that it is hardly more affordable and actually imposes several new burdens on workers. But what the internal memo makes clear is that any increased spending on health care will be paid for by employees, either through a loss in full-time jobs, a loss in other benefits, or both.

So, clearly, Wal-Mart isn't getting religion on equity in the workplace anytime soon.

But what it has done is open the door for a sustained national discussion about how our country will value and reward work in the 21st century.

What constitutes a living wage and affordable health insurance? What can and should we expect from U.S. employers, especially those that, like Wal-Mart, don't have competition from overseas? What is the right distribution of responsibility between our government and the private sector in ensuring the economic security of working families (because when companies don't pay health insurance, the public picks up the tab)?

And finally, when do we recognize that an economy with 30 million people stuck in working poverty is morally bankrupt as well as economically unsustainable? That's the conversation we are starting this week, and now that Wal-Mart has been forced into the arena, let's make sure we are ready to go the distance.

ABOUT THE WRITER

Annette Bernhardt is deputy director of the Poverty Program at the Brennan Center for Justice at New York University School of Law.

She co-edited "Low Wage America: How Employers Are Reshaping Opportunity in the Workplace" (Russell Sage Foundation, 2003).