

Wal-Mart has hit the front page of the New York Times once again. Nineteen thousand dollars a year is six thousand dollars below the poverty line and is the top salary “most” of Wal-Mart workers are paid. Wal-Mart refuses to provide new media its actual wages to its various employee categories;

"Wal-Mart should pay people at a minimum enough to go above the U.S. poverty line," said Andrew Grossman, executive director of Wal-Mart Watch, the coalition of community, environmental and labor groups running the series of ads criticizing Wal-Mart. "A company this big and this wealthy has the ability to pay higher wages."

New York Times

At Wal-Mart, Choosing Sides Over \$9.68 an Hour

By [STEVEN GREENHOUSE](#)

Published: May 4, 2005

BENTONVILLE, Ark. - With most of [Wal-Mart's](#) workers earning less than \$19,000 a year, a number of community groups and lawmakers have recently teamed up with labor unions in mounting an intensive campaign aimed at prodding Wal-Mart into paying its 1.3 million employees higher wages.

Is It a Living?

Larry W. Smith for The New York Times

Jason Mrkwa, who stocks food at a Wal-Mart in Kansas, says he cannot afford more than an old Dodge truck. A new group of Wal-Mart critics ran a full-page advertisement on April 20 contending that the company's low pay had forced tens of thousands of its workers to resort to food stamps and Medicaid, costing taxpayers billions of dollars. On April 26, as part of a campaign called "Love Mom, Not Wal-Mart," five members of Congress joined women's advocates and labor leaders to assail the company for not paying its female employees more. And in a book to be published this fall, a group of scholars will argue that Wal-Mart Stores, having replaced [General Motors](#) as the nation's largest company, has an obligation to treat its employees better.

Among workers at Wal-Mart's 3,700 stores across the United States, the debate is also heating up. Frances Browning, for example, once earned \$15 a hour, but now at Wal-Mart, where she is a cashier in Roswell, Ga., she is paid \$9.43. She says she is happy to

have the job. "I was unemployed for two and a half years before I found my job at Wal-Mart," Ms. Browning, 57, said. "Like everybody else I'd love to make a lot more, but I have to be realistic."

But Jason Mrkwa, 27, a high school graduate who stocks frozen food at a Wal-Mart in Independence, Kan., maintains that he is underpaid. "I make \$8.53, even though every one of my evaluations has been above standard," Mr. Mrkwa (pronounced MARK-wah) said. "You can't really live on this."

Labor groups and their allies are focusing on Wal-Mart because they say that the campaign will not just benefit its workers but also reduce the existing pressure on unionized competitors to reduce their own wages and benefits.

"Wal-Mart should pay people at a minimum enough to go above the U.S. poverty line," said Andrew Grossman, executive director of Wal-Mart Watch, the coalition of community, environmental and labor groups running the series of ads criticizing Wal-Mart. "A company this big and this wealthy has the ability to pay higher wages."

H. Lee Scott Jr., Wal-Mart's chief executive, vigorously defends his company, arguing that wages are primarily determined by market forces and that Wal-Mart pays more than most retailers and provides better opportunities for advancement.

"If people tell you that Wal-Mart is leading the so-called 'race to the bottom' in terms of job quality or pay, they're not only wrong, they're dead wrong," he said to journalists at a company-sponsored conference here in April, the first time Wal-Mart has gone out of its way to invite a number of reporters to its headquarters to hear its views. "We are instead creating a better workplace with more opportunity and more benefits than have been available in retail."

Mr. Scott contends that the critics, including competitors, are defenders of an outdated status quo, intent on upholding a retailing system full of inefficiency and inflated prices.

He said that if Wal-Mart were as greedy as its detractors say, it would never have attracted 8,000 job applicants for 525 places at a new store in Glendale, Ariz., or 3,000 applicants for 300 jobs in outlying Los Angeles.

Michael T. Duke, chief of the company's stores division, said, "Wal-Mart is a very good place to work for our associates, and every day we make it even better."

Mr. Mrkwa, the food stocker, does not see it that way. With pay that brings him about \$20,000 a year, he said he could not afford a decent apartment or a vehicle better than his 1991 Dodge Dakota. "I don't see why Wal-Mart can't pay more," Mr. Mrkwa said. "Unfortunately, in the market we live in there just aren't many jobs available."

Wal-Mart says its full-time workers average \$9.68 an hour, and with many of them working 35 hours a week, their annual pay comes to around \$17,600. That is below the \$19,157 poverty line for a family of four, but above the \$15,219 line for a family of three.

Wal-Mart critics often note that corporations like [Ford](#) and G.M. led a race to the top, providing high wages and generous benefits that other companies emulated. They ask why Wal-Mart, with some \$10 billion in profit on about \$288 billion in revenue last year, cannot act similarly. "Henry Ford made sure he paid his workers enough so that they could afford to buy his cars," said William McDonough, executive vice president of the United Food and Commercial Workers union. "Wal-Mart is doing the polar opposite of Henry Ford. Wal-Mart brags about how its low prices help poor Americans, but its low wages are helping increase the number of Americans in poverty."

Is It a Living?

Mr. Scott argues that retailers, with narrow profit margins, face a different competitive situation and cannot afford to be as generous to their workers as automakers and other capital-intensive companies.

"Some well-meaning critics," he said, "believe that Wal-Mart, because of our size, should

play the role that General Motors played after World War II, and that is to establish the post-world-war middle class that the country is so proud of. The facts are that retailing doesn't perform that role in the economy as G.M. does or did. Retailing doesn't perform that role in any country in the world."

Many of those assailing Wal-Mart argue that the company can, and should, pay its workers at least \$2 more an hour and add \$1 or \$2 an hour beyond that to improve its health benefits. A Harvard Business School study found that Wal-Mart paid \$3,500 a year for each employee for health care, while the typical American corporation paid \$5,600.

If Wal-Mart spent \$3.50 an hour more for wages and benefits of its full-time employees, that would cost the company about \$6.5 billion a year. At less than 3 percent of its sales in the United States, critics say, Wal-Mart could absorb these costs by slightly raising its prices or accepting somewhat lower profits.

But company executives dismiss such proposals, saying they would largely wipe out Wal-Mart's profit or its price advantage over competitors. Wal-Mart had a profit margin on sales last year around 3.5 percent. If "we raised prices substantially to fund above-market wages, as some critics urge," the company argued in a recent two-page ad in *The New York Review of Books*, "we'd betray our commitment to tens of millions of customers, many of whom struggle to make ends meet."

Here in Bentonville, Mr. Scott pursued that theme. "If you're telling me because you're Wal-Mart and you're going to pay \$12 an hour and this other retailer is going to pay \$5.15 an hour, the federal minimum wage, and they're not going to provide any benefits at all and somehow the consumer is rewarded in all this, all you're doing is perpetuating the status quo," he said. "You're driving inefficiencies into the system. It doesn't make any sense."

Wal-Mart argues that, as retailing companies go, it treats its workers better than average. It says 74 percent of its employees work full time, compared with fewer than 40 percent

at many other retailers. But critics note that a leading competitor, Costco, pays \$16 an hour - 65 percent more than the average wage at Wal-Mart stores and 33 percent more than the \$12 average at its Sam's Club stores. At Costco, 82 percent of the workers are covered by company health insurance, compared with 48 percent at Wal-Mart.

George Whalin, president of Retail Management Consultants in San Marcos, Calif., said that Wal-Mart should ignore the attacks. "Retail has always paid poorly and it probably always will," he said. "Wal-Mart has a responsibility to serve their customers - to give them a good product - and to their shareholders. They don't have a responsibility to society to pay a higher wage than the law says you have to pay."

But Burt Flickinger, another retailing consultant, said it would be in Wal-Mart's long-run interest to pay better. "Wal-Mart's turnover will be close to half a million workers this year," he said. "By paying higher wages, Wal-Mart will make its employees happier and will reduce turnover. A lot of its new workers, for instance, don't know where to stock things. Higher wages will mean more productivity per person, and that should help raise profits."

The debate is far from over. LaTasha Barker, a single mother who worked for two years as a cashier at a Sam's Club in Cicero, Ill., said she earned so little that she could not afford the \$1,860 a year for family health insurance.

"They don't pay a living wage," said Ms. Barker, who quit her \$8.40-an-hour job in 2004 to take a \$15-an-hour social work job. While at Sam's, she said, she qualified for Medicaid and \$139 a month in food stamps.

By contrast, Jamie Schifferer, manager of the health and beauty aids department at a Wal-Mart in Algonquin, Ill., said Wal-Mart was a terrific employer. She quit her \$25,000-a-year post running a Cingular wireless shop to go to Wal-Mart.

After 20 months, she earns \$12.50 an hour - close to her previous pay - but now works 40 hours a week rather than the 60 hours at Cingular.

"I was very miserable," she said. "As soon as I heard about this store opening, I jumped. It's perfect for me right now."