

**SECTION:** BUSINESS MATTERS

**LENGTH:** 5481 words

**HEADLINE:** COVER STORY The **Wal-Mart** SUCCESS IN **MEXICO** PUTS THE BIG-BOX GIANT IN THE THICK OF ARGUMENTS OVER WHETHER LARGE RETAILERS PAY WORKERS ENOUGH.

**BYLINE:** BY LYNDA EDWARDS ARKANSAS DEMOCRAT-GAZETTE

**BODY:**

A Wal-Mart de **Mexico** cashier would have to work eight hours to be able to buy a loaf of bread, a gallon of milk and toilet paper on a starting salary of \$7.45 per day.

A Walmex security guard would have to work longer to buy the same products, since he earns just \$6.63 per day.

The Minneapolis-based Resource Center of the Americas gathered the prices of ordinary items such as bread, toilet paper, milk and deodorant in Nuevo Laredo, **Mexico**. The prices of those products were about the same as prices in Minneapolis. A dozen eggs, beef, potatoes and cornflakes were more expensive in **Mexico**.

The average U.S. **Wal-Mart** worker earns \$10 per hour, according to Bentonville-based **Wal-Mart** Stores Inc.

The Walmex salary is far more generous than many U.S. retailers pay south of the border and higher than Mexico's lowest minimum wage. But as Wal-Mart expands across the globe, it finds itself in the thick of an argument familiar in the United States, over whether employers pay workers enough to feed, clothe and house themselves.

Wal-Mart's international division faces widely varying laws and conditions for workers in the countries in which it operates. Its chains in Mexico and the United Kingdom, for instance, have had to adapt to hugely different salary and benefits requirements in those nations.

Penn State University professor Paul Clark believes the question of worker pay is increasingly urgent as the retail sector supplants technology and manufacturing as a source of jobs worldwide.

"The minimum wage in most countries was not intended to be a living wage," said Clark, who studies global industrialization. "I think most global companies, including Wal-Mart, can probably afford to pay their workers more than the minimum. There's an enormous debate about how far above the minimum is a reasonable wage." Chris Tilly, a University of Massachusetts-Lowell economics professor, and Jose Luiz Alvarez Galvan, a London School of Economics sociologist, published a study of Mexican retail workers' wages and benefits in May.

Their research was supported by the Fulbright Program and the Rockefeller Foundation.

WAL-MART DE MEXICO Mexico City-based Walmex employs 130,000 workers, making it Mexico's biggest private employer. Walmex gives department managers and assistant managers free medical insurance with up to \$90,000 annual coverage.

Walmex operates more than 818 stores and restaurants, and plans to open 120 more in the next year. Walmex total sales grew almost 15 percent last year to \$15.5 billion.

Mexico has three minimum wages. In big cities, the minimum wage is \$4.36 per day. It drops to \$4.23 per day in the Mexican state of Sonora, which borders Arizona. It is \$4.11 per day in some rural states.

Mexican presidential candidate Andres Lopez Obrador won followers, and nearly won this summer's razorclose election, when he reminded workers the minimum-wage hodgepodge resulted from political favortrading, not logic.

Low national wages make Walmex's retail success even more stunning.

"Although Walmex trumpets everyday low prices, for the average consumer a trip to a [Walmex] supercenter is a high-end experience," Tilly and Alvarez reported.

Mexican law requires employers to provide paid vacation, annual bonuses and medical coverage for full-time workers. Those laws are widely broken, Tilly observed.

Walmex and two Mexican chains, Comercial Mexicana and Gigante, offer full-time workers 30 days' pay as an annual bonus. Wal-Mart International spokesman Amy Wyatt said the bonus is twice what Mexican law requires.

Thousands of Walmex baggers work for tips only, no salary.

"This may seem like rank exploitation, but our research showed the baggers often earn more than the full-time salaried clerks next to them," Tilly said. "Baggers are mostly high school students." The highest-paid retail worker Tilly and Alvarez found in Mexico was a department store clerk earning \$3.50 per hour. The lowest paid was a "meat promoter" earning 58 cents hourly.

The promoter works for a meat supplier. His job is to roam supermarket aisles and try to convince customers to buy his bosses' products.

Mexican employers view a high school education as imperative for managerial work. Mexicans can earn their diploma via an online "Open High School" program. Mexico also will give a nationwide exam, the equivalent of a GED, on Aug. 20.

"We will pay the cost of the exam for any of our workers who wish to take it," Walmex spokesman Antonio Ocaranza said. "We pay for Open High School tutoring and book supplies." Students pay a fee for every Open High School subject they take. If they pass the subject exam, Walmex reimburses the fee.

"So far in 2006, our associates passed 773 subjects and we reimbursed them the fees," Ocaranza said.

Walmex also negotiated tuition discounts for its workers with individual Mexican universities.

BEST JOB HOPE Ocaranza pointed to Timoteo Alvarado as a retail success. Alvarado was a cashier in a Mexico City store. Walmex paid for his high school exam in 2005. He was soon promoted to store operations manager, with a raise and free health insurance.

Wal-Mart is poised to be a major employer across Central and South America. Last year, Wal-Mart bought 150 stores in Brazil. In March, Wal-Mart acquired a 51 percent share of Central American Retail Holding Co., a chain of 363 stores. Wal-Mart recently opened its first new Argentina store in five years, bringing its total number of stores in that country to 12.

Argentina also has multiple minimum wages: The lowest is \$3.34 per day. Wal-Mart's wages for Argentine workers start at double that.

Political scientist Andy Hira studies the South American economy at Simon Fraser University in British Columbia, Canada. He realizes the alternatives to retail work can be grim.

"Keep in mind, Argentina's unemployment rate is around 18 percent," Hira said.

When night falls on Buenos Aires, Hira said, garbage pickers take over, eating from trash and harvesting metal scraps to sell.

Hira said prices for rent and clothing would break most retail workers' budgets. But Hira priced a hamburger in Buenos Aires at 65 cents and a soda pop at 33 cents.

Retail may be the best hope for many workers as lucrative factory jobs become a barely remembered dream.

"A number of workers took over factories after the 2000 to 2002 depression when official poverty levels reached half the population," Hira said. "Some are limping along. Many shut. It is extremely difficult for them to succeed given the total lack of financing."

‘CHEEKY CHAPPIES’ World Cup Leave is one of several unusual benefits at Asda, Wal-Mart's subsidiary in the United Kingdom. Between June 9 and July 9, Asda's 140,000 workers can take up to two weeks unpaid leave to attend World Cup soccer matches.

Parents also get a half-day paid holiday on their child's first school day. Asda spokesman Jennifer England said workers get paid leave in addition to vacation to undergo fertility treatments, a perk that may seem revolutionary to many Americans.

"I think we're seen as the cheeky chappies of retail, with our tongue in cheek," England said. "Wal-Mart allowed us to keep our personality." She said Wal-Mart adjusted rapidly to a nation that requires employers to give 20 annual vacation days.

"When we look at hours Americans work, crikey! We don't know how you guys do it," England said, laughing.

Asda's starting wage is \$10.34 (U.S. dollars) per hour. Wyatt said the wage will increase to \$10.59 hourly in October. Britain's

minimum wage is \$9.36 hourly.

"The introduction of an effective national minimum wage in the [United Kingdom] has gone a long way to improve poverty pay in supermarkets," said Matthew McGregor, senior campaign officer for the British charity War on Want.

But McGregor said many Asda workers claim only workers with graduate school degrees ascend to lucrative top management jobs.

The second biggest retailer in Britain, Asda averted a strike just before England played in the World Cup finals by recognizing GMB, a British union, as a negotiating representative. GMB organizer Eddie Gaudie said Asda made \$1.43 billion in profit last year yet 100,000 workers contend Asda did not pay them promised annual bonuses.

England said Asda and GMB will meet in coming weeks to discuss workers' concerns.

The U.K.'s National Health Service gives citizens free medical care except for regulated prescription drug, optician and dental fees. Asda offers health insurance for \$16 monthly to cover those fees and a separate policy for special cancer treatments.

Asda workers and their spouses get a 10 percent discount card for store purchases. Asda negotiated discounts for its employees at travel agencies, gyms, car rentals, youth hostels and attractions such as Blackpool Pleasure Beach amusement park.

THE WORKER'S VOICE Wyatt said 93,000 Asda workers own stock options. Asda's Sharesave plan encourages workers to save \$9 to \$465 monthly.

After three years, workers get a tax-free bonus 1.8 times their total contributions. They can take it in cash or use the money to buy Wal-Mart shares at a 20 percent discount. Workers can sell shares whenever they like.

Asda's Sharesave plan has been praised as unusually generous by British newspapers The Guardian, The Telegraph and The Times of London - on the left, right and middle, respectively.

The Guardian noted U.S. and Mexican workers may never have such a chance because their governments don't goad companies to create such plans.

Wal-Mart has often argued it cannot resolve critical social issues because it is government's role and duty to legislate wages and benefits for the good of all citizens. Economist Annette Bernhardt says Wal-Mart makes a fair argument. She also said it's fair play to change the law so bigbox discounters must pay higher wages.

Bernhardt works for New York University's Brennan Center for Justice. She helped draft an ordinance passed by the Chicago City Council last week requiring big-box retailers with more than \$1 billion in annual sales to pay a minimum wage of \$10 hourly. She said 22 states, including Arkansas, require employers to pay more than the \$5.15-per-hour federal minimum.

"More states and cities will pass wage laws because the federal government refuses to do something to help blue-collar workers," Bernhardt said. "Thirty years ago, department stores offered many career ladders into the middle class. Big-box discounters offer fewer ladders.

"Retail is the main destination for American workers without a college degree," she added. "Retail jobs are among the few jobs companies can't outsource overseas."

This article was published 08/06/2006