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May 16, 2013

Bill Simon
President and CEO
Walmart U.S.
702 SW 8th Street
Bentonville, AR 72716

Dear Mr. Simon,

Thank you for your April 4th response to my letter to Mr. Mike Duke. In your letter, you mentioned that the average hourly wage of full-time employees at Walmart is \$12.67. If you are in fact already paying your workers well above \$10.50 per hour, why not support a \$10.50 minimum wage increase to that level?

Are you including corporate executives and store managers in this \$12.67 average hourly wage?

You mention that the average hourly wages of *full-time* employees is \$12.67. What does Walmart's average hourly wage come to when you include *part-time* workers in that figure? How many of your hardworking 1.3 million U.S. associates are full-time employees? How many are part-time? How many of your 1.3 million U.S. associates – full and part-time – make under \$10.50 per hour?

In 2012, the Huffington Post obtained and reported an internal Walmart document outlining pay guidelines for its rank and file employees at Sam's Club. I am including a copy of this document with this letter. I understand that the range of hourly wages may fluctuate from one part of the country to the next – but is this document fairly typical of the type of pay structure at Walmarts and Sam's Clubs throughout the country? What is the average hourly pay of your hourly employees (full *and* part-time), or as described in this internal document, your “field non-exempt (hourly) positions”?

As I have mentioned in previous letters to your CEO, Mr. Mike Duke, a 2011 U.C. Berkeley study examined how much of an impact increasing Walmart's minimum wage would have on your company. I included a copy of this report. According to the report, if Walmart absorbed 100 percent of the costs of increasing its wage floor to \$10 per hour, the impact would be relatively small: representing only about 5 percent of Walmart's net income, a 2.7 percent increase in payroll costs, and a miniscule 0.25 percent of annual U.S. sales. Even if Walmart chose to pass some of this cost onto the consumer, the impact would still remain small. Even if you pass 100 percent of the cost onto the consumer it would add just \$0.11 per shopping trip to your average consumer's bill. In light of this, a minimum wage increase would have a negligible impact on either the prices Walmart could continue to offer or your profits.

Not to mention that none of this discussion accounts for the positive effects of higher wages. The minimal added costs are far outweighed by these benefits. These are all things I have said before.

But I will repeat them briefly: Higher wages lead to improved employee satisfaction, and thus, less employee turnover. Several studies have shown that increasing the minimum wage above \$10 per hour would increase consumer spending by as much as \$30 billion in the first year, some of which would be spent in Walmart's stores.

If you remain uncertain about your position on raising minimum wage or on such a policy's potential impact on your company, I would suggest doing something quite simple. There have been several states and localities in the past decade which have increased their minimum wages above that of the federal minimum wage of \$7.25 per hour to as high as \$9.19 in Washington state. Undoubtedly Walmart has a multitude of stores in these locations that have had to deal with these minimum wage increases in the past. What has been their experience? Has it impacted their profits, or have they instead seen an increase in sales to offset any additional costs? Have these stores had happier employees and higher retention rates? If necessary in some places, have they adapted by increasing prices of a few products by just a few cents? Has that harmed their sales or had next to zero impact?

I appreciate the time you took to address the topics in my initial letter. I hope that you will take the time to explore this last suggestion and provide responses to the questions raised above.

Sincerely,



Ralph Nader

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Enclosed:

H.R. 1346, "Catching Up to 1968 Act of 2013," introduced by Congressman Alan Grayson (FL-9)

Time For A Raise – Minimum Wage Fact Sheet

Jacobs, Ken, Dave Graham-Squire, and Stephanie Luce. "Living Wage Policies and Big-Box Retail: How a Higher Wage Standard Would Impact Walmart Workers and Shoppers" *University of California, Berkeley Center for Labor Research and Education*. April 2011.

Hines, Alice and Christina Wilkie. "Walmart's Internal Compensation Documents Reveal Systematic Limit on Advancement." *Huffington Post*. November 16, 2012.
<http://www.huffingtonpost.com/2012/11/16/walmarts-internal-compensation-plan_n_2145086.html>

Sam's Club; Wal-Mart Stores, Inc. "Field Non-Exempt Associate Pay Plan FY 2013" (linked from above Huffington Post story)