

No to FDI in Retail, No to Wal-Mart

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The ceaseless craze of the ardent advocates of the Fund-Bank prescribed imperialist globalisation for Foreign Direct Investment (FDI) has been constantly heightening even under the changed political regime in the country. At the same time, while clearly opposing unconditional open access to FDI, the Left political forces have been consistent in their resolute demand that latest developed technology and technical know-how; green-field manufacturing ventures ensuring generation of employment must be the pre-conditions with FDI.

FDI in Retail Sector

Prime Minister Dr. Manmohan Singh while speaking on the occasion of the Mid Term Appraisal of the tenth Five Year Plan of the Government announced that his Government has been considering permitting FDI in retail sector ostensibly to attain the target of employment generation! Revelation of certain facts pertaining to the period prior the Prime Ministerial statement and also the subsequent developments are worth having a look under a magnifying glass.

By now it is widely circulated public news that the US retail giant Wal-Mart has been demonstrating extra ordinary eagerness to open retail chain throughout India. But prior to their entry into the Indian market, the company has done everything possible to see that the Government of India becomes inclined to liberalise FDI in retail sector. The retail MNC has been employing all kinds of powers at their disposal to accomplish their mission. "The world's largest company, Wal-Mart, is leaving no stones unturned to lobby for its entry into India" (Businessworld)

The President of Wal-Mart John B Menzzer visited India in the second week of May 2005. To prepare the ground to Menzzer's visit, according to the media report, David Mulford, Ambassador of the United States in India, met the Prime Minister, the Finance Minister and the Commerce Minister. Thus even before the arrival of the Wal-Mart President in India, the Government of the day came out publicly with their intent to liberalise FDI in retail sector. The purpose and outcome of the visit of Menzzer is clear from the report published by the media.

A report published in The Financial Times, London said, "Prime Minister Dr. Manmohan Singh said the country would soon allow foreign direct investment in an industry still dominated by small family-owned businesses." The newspaper has quoted the prime minister, "There are many fears particularly among small traders and small shopkeepers, but I believe we can soon move forward." Based on the statement of a bureaucrat the paper has said that, "the cabinet might lift the foreign direct investment ban before Mr. Singh (the Prime Minister) flies to the US for as meeting with President George W. Bush in July."

In the meantime, the confident Wal-Mart chain has swung into action to rope in the Indian partner. Obviously it has to be from amongst the big business houses of the country. Silent competition is sweeping the country. The names of the business houses doing the round, as appeared in the press, are Anil Ambani, Mahindra group, Godrej etc. Such developments only testify as to how swiftly but silently things are moving.

The Wal-Mart Profile

The debut of Wal-Mart was as a “tiny variety store” in Arkansas, a small town in the southern United States in the 1962. However, it is rather intriguing to note that within a surprisingly brief period the company has amassed so much of fortune that today Wal-Mart the No. 1 of the fortune 500 companies in the world. It is the top retail chain in the world and even bigger than the giant MNCs like ExxonMobil, General Motors and General Electric. The sky-high profit lust of the company can be imagined from the report that in Canada Wal-Mart “earns three times as much revenue per square foot of store space as Zellers Inc., its nearest competitor”

The huge multinational retail chain has got around 5000 retail outlets throughout the world. It operates in more than a dozen countries. More than 138 million customers per week visit Wal-Mart stores worldwide. The monstrous monopoly stature of the company within the United States itself has been narrated thus: “It is America’s largest employer with nearly 1.5 million workers ... The company accounts for 9 cents of every US retail dollar and sells around 20 per cent of the nation’s groceries and pharmaceuticals. Last year 82 per cent of American households bought at least one item at a Wal-Mart” (Times News Network). The experience with Wal-Mart in Canada is, “since entering the country 11 years ago by buying the failing Woolco chain, Wal-Mart Stores Inc. now takes 52 percent of the retail market share in Canada.”

Ferocious anti-trade union character

“Wal-Mart has built up an expertise, like a Labour Relations team, whose entire job is to frustrate registration of trade union and employ terror with employees not to join trade union.” The “skill” of blocking formation and busting of trade unions has been a crude curriculum for training schemes for the managers of the company. In the company’s parlance it codified as “A Manager’s Toolbox to remaining union free”

Now in the land of Uncle Sam itself trade union is totally prohibited in Wal-Mart stores. Out of 3,600 stores with 1.5 million workers not a single trade union exists. The avowed anti-trade union onslaught of Wal-Mart has been focused in a report published in ‘The Washington Post Foreign Services’ - “The world’s largest retail chain has fiercely and successfully resisted unionization attempts at its 3,600 stores in the United States” However, the report further continues to say - “The Food and Commercial Workers is mounting a fresh campaign to organize Wal-Mart workers in the United States, a push, it says, has been given impetus by recent legal action and a former company vice president’s confession that he surreptitiously organized anti-union activities”

How the Government of a country succumbs to the dictate of powerful foreign multinational companies is once again demonstrated by Wal-Mart in Canada. At the instance of the company the Canadian Labour Law has been amended to deny trade union right to the workers. These changes, often referred to in Canada as, "The Wal-Mart amendment", imposed severe restrictions on registration of trade unions and stripped the registrar of trade unions of its official authority drastically. Tom Coughlin Wal-Mart's former Vice President has written that, "on behalf of Wal-Mart, he used company funds for undercover union-busting operations and for paying informers who report on pro-union workers."

In a letter dated 19th May, 2005 addressed to the Premier of Ontario, Toronto, the president of National Union of Public and General Employees (NUPGE) has, *inter-alia* raised two very shocking questions - (a) "Wal-Mart's ability to influence the rewriting of Ontario's labour laws to suit themselves is an affront to all Canadians." (b) "But what is in question, and what all citizens of Ontario have the right to know, is whether there is a connection between Wal-Mart, the former Premier's office and the change in the Ontario Labour Relations Act to make it easier for Wal-Mart to engage in the wholesale denial of workers rights."

Considered from commercial point, obviously, the "trade union free company" is rather the corner stone of Wal-Mart's business strategy. This unethical and inhuman labour exploitative policy has contributed the most in pushing the company to the position of top retail chain in the world and No.1 fortune 500-company. Extreme cost cutting credo is the tool for grabbing the customers at the shortest possible time wherever the chain opens their outlets. "Cut costs (*read wages of labour*) to the bone and keep cutting, so you can offer the competitive prices." Take for instance the Canadian experience. There Wal-Mart paid to the workers US \$ 6.20 per hour against the "union wages of US\$21 to \$35 an hour found in the paper and aluminum plants." The consequence was "In an area built on union jobs with higher wage scales, it wasn't long before some employees tried to organize." Soon 51 percent of the workers of the given retail outlet of Wal-Mart signed the union cards and the authorities declared the legal existence of the union in that store of Wal-Mart. But how can Wal-Mart tolerate a trade union. They campaigned that the store is incurring loss and ultimately closed down the stores throwing the workers on to the street. The media reported, "... the chain sacrificed the store to make a point to its employees across Canada and the United States, where union organizers are involved in dozens of organizing drives and court battles."

U.S. House of Representatives on Wal-Mart

The US House Committee on 'Education and the Workforces' prepared and published a review report on Wal-Mart's labour practices in 2004. Some of the observations of the Committee are really jittering. The Committee recorded that, "Wal-Mart's record on the right to organize recently achieved international notoriety ...Wal-Mart's labor law violations range from illegally firing workers who attempt to organize a union to unlawful surveillance, threats and intimidation of employees who dare to speak out." In the concluding chapter the report noted, "Wal-Mart's success has meant downward pressures on wages and benefits,

rampant violations of basic workers' rights and threats to the standard of living in communities across the country. The success of a business need not come at the expense of workers and their families. Such short-sighted profit-making strategies ultimately undermine our economy.”

No FDI in Retail, No Wal-Mart

The moot point is that FDI in retail sector shall harm and not help the economic interest of the country. There cannot be any justification in allowing FDI in retail business in our country. It is a matter of serious concern that Dr. Manmohan Singh Government finds merit in it and gives priority to entry of Wal-Mart over everything else that concerns the interest of the country and the people. The message of the last general elections that the rural India needs crash priority attention of the Government seems forgotten by the UPA.

Retail markets in our country are dominated by small business. The entry of Wal-Mart will have bull-doing effect on our retail market. The vast numbers of self-employed small owners run retails shops shall be perished. Lakhs and lakhs of people connected with retails business shall be rendered jobless.

The liberalization of FDI and entry of 'Wal-Mart' in the retail sector in the country must be stopped. Because such a suicidal step will not only be the beginning of another dark chapter of the imperialist onslaught against our economic sovereignty but the political sovereignty shall also come under evil influence of the notorious US originated MNC. It is a subject predicate debate – Wal-Mart is subject and FDI liberalization is predicate or the other way round – time shall find the truth, people shall give the answer.

The Canadian experience noted above and the current conflict against contemplated anti-workers changes in labour laws must be considered as enough input for the working class movement in the country to go for movement to stop the Government to liberalize FDI and facilitate the entry of Wal-Mart in India.