

The Worker

Knowledge is power



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WHEN WALMART COMES TO SOUTH AFRICA. . .

Recently the media gave much attention to the Walmart saga. It was in the process of taking over Massmart. What is it all about and how does it affect the people of South Africa?

Walmart is an American company. It is the world's largest retailer. Massmart is a South African retailer, which includes local retailers such as Makro, Game and Builders' Warehouse. The takeover of Massmart by Walmart must be seen against the backdrop of globalisation and the re-colonisation of the Third World countries. It must be seen as the latest step in the quest to conquer the South African economy and to secure its total domination.

Opposition

The takeover bid was clouded in controversy from the beginning. It was hauled before the Competition Tribunal to test if it constituted a violation of the provisions of the Competition Act. The outcome of the case was predictable. The Competition Tribunal approved the takeover but included a number of conditions in order to sugar-coat its decision. One condition was that Walmart would not be allowed to retrench workers within two years of the takeover. And after the two years...? (Also, it should be remembered that in June 2011, that is, just before the takeover was announced, Massmart retrenched more than 250 of its workers)

There has also been opposition to the takeover from Cosatu, Saccawu and the Department of Economic Development, all of whom lodged an appeal with the Competition Tribunal. They felt that the "public interest", especially job losses, had not been taken into consideration sufficiently. Some cabinet ministers, including Tina Joemat-Petterssen (Agriculture, Forestry and Fisheries), Dr Rob Davies (Trade and Industry) as well as Ebrahim Patel (Economic Development) have also lodged a motion to review with the Competition Tribunal with regard to the takeover. They are of the opinion that they were prevented from expressing their opposition to the takeover.

Impact on the South African workers

The impact that the takeover will have on the South African economy is potentially devastating.

- Walmart buys its merchandise from the cheapest sources, such as China and Bangladesh. This means that most of the local suppliers (previously of Massmart) will have to close down or scale down, causing huge job losses to South African workers.
- In addition to this, the competitors of Walmart in South Africa will have to follow suit, because if Walmart sells cheaper products its competitors will be forced to match them. By implication the (local) suppliers of Walmart's competitors will ultimately also be forced to close down, causing even more unemployment to South African workers.
- The impact on the economy will be made more severe by the multiplier effect. A small initial withdrawal of money from the economy will lead to a reduction in demand. That is, fewer people will have enough money to buy goods and services. In addition, Walmart will naturally be transferring their profits to their owners overseas, which means a further reduction of money in our economy.
- The downward slump will gain huge velocity because of such things as rising electricity and fuel prices.
- Walmart's international track record does not inspire any confidence either. In the USA Walmart adopted a fiercely anti-trade union policy. By taking away union protection, Walmart has been able to force its employees to work overtime without any remuneration.
- In order to hide its presence in the South African economy, Walmart plans to operate under the name of Massmart, not under its own name.

Capitalism at its best – or worst!

Walmart epitomises the very essence of the capitalist system. This is a most important point that we must be very clear on: Walmart displays capitalism at its best or, depending on your position in society, capitalism at its worst. Every aspect of the existence and operation of Walmart represents everything that is vile and destructive in the capitalist-imperialist system. Let us try, in simple terms, to make our point clear.

Capitalism is a highly destructive system that is destroying the lives of literally billions of people, mainly in Africa, South America and Asia. This is a matter that we do not need to justify in argument since it is abundantly revealed in every country of the world, rich and poor. The final proof, the incontestable evidence, is the huge slums – here in South Africa called “informal settlements”.

Billions of people are being driven into these slums. The slums are the result of the enormous problem of poverty, which in turn is the result of unemployment. In numerous cases, even where people are employed their pay is so low that their lives inevitably disintegrate. The unemployment and low wages along with the rapidly increasing cost of living result directly from the operation of the capitalist system.

In these slums are concentrated the worst evils of human experience: crime, violence, hunger, starvation, disease, squalor, constant conflict, xenophobia, etc, etc. This is why the settlement of Khayelitsha was described as “hell on earth” by the Rev. Skosana when he led a march in that area.

Slum existence is growing all the time. 70% of the people of Africa live in slums today and more than one billion people in Africa will live in slums by the year 2020. (Information from Lindiwe Sisulu, when she was Minister of Housing)

Capitalism has many supporters. In other words, there are many who benefit from it. In order to expose the lies of those capitalist apologists and to reveal the truth, we here give just a few of its destructive features, using Walmart as a shining (?) example:

CAPITALISM DOES NOT CREATE EMPLOYMENT BUT DESTROYS IT!

Wherever Walmart opens its doors, smaller, local businesses are driven bankrupt. Jobs are lost. The factories that supplied the goods to the former local businesses also close down as Walmart now imports goods from foreign countries, e.g., China and Bangladesh. Jobs are lost.

The foreign workers are forced to work long hours without overtime pay. In this way they do up to double the work of the normal worker. In this way employment is effectively halved or considerably reduced. Jobs are lost.

WORKERS ARE ROBBED OF THE FRUITS OF THEIR TOIL!

The workforce of Walmart, like those of the entire capitalist system, are disempowered and marginalised. They receive a tiny part of the value of the goods they produce. The rest of the value that they produce goes into the pockets of upper management, the shareholders and the owners.

CAPITALISM DESTROYS THE EARTH'S RESOURCES

Assessing Walmart's Environmental Impact

Walmart has paid numerous fines over the last decade for violating air and water pollution rules in America. Its green initiatives, enforced by their acts of non-compliance in the past, will easily be erased by the sheer growth of Walmart, the world's largest retailer. Whilst Walmart, as a retailer, cannot directly bear responsibility for the full brunt of global warming and its destructive effects, it can indirectly be held responsible for the carbon footprint and other forms of environmental destruction by its suppliers. The suppliers are compelled to ignore environmental concerns in order to meet Walmart's demand for the cheapest possible products.

Walmart must be recognised as a new and massive threat to our marine life. A recent article in Die Burger, "Walmart bestel Oceanfresh vis vir 500 takke", carried frightening details of overfishing of South African waters and the probability of the dying out of the hake fishing industry. Oceanfresh will initially export hake to 500 Walmart branches. We remember that the local fishermen were denied permits on the grounds that the resources have to be protected. We now know why the prices of the local fish stocks have continued to rise and to become unaffordable to very many poor South African families whose children are so badly in need of nutrition.

Beside the exploitation of the oceans for which Walmart provides a very lucrative market, this global capitalist giant is in all likelihood both directly and indirectly (through its suppliers) responsible for more than the accepted levels of: carbon emissions, greenhouse gases, energy usage, water pollution, wastage, packaging, deforestation and landfill waste. Walmart must be seen in the same light as big business and all its companies that exploit, pollute, and abuse the natural resources of countries around the world in pursuit of company policy of providing the cheapest products (from China and Bangladesh, etc) for the dominant purpose of profit maximisation.

Walmart is indeed a company whose policies and operations are deeply rooted within the capitalist system. Capitalism is a highly destructive system that will gradually destroy the planet's natural resources, which in turn is destroying billions of human lives around the world.

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