



REP. TERESE BERCEAU PRESS RELEASE

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Contact: Rep. Terese Berceau
Phone: (608) 266-3784 or 225-8193

Rep. Berceau: Thank Wal-Mart for the Loss of 240 Madison-based Rubbermaid Jobs

Wal-Mart's Cut-Throat Tactics Forced Rubbermaid into an Economic Tailspin from Which It Never Recovered

MADISON—State Rep. Terese Berceau (D-Madison) decried the decision by Newell Rubbermaid to end 240 Madison jobs as part of a three-year plan to shed 5,000 workers and close one-third of its factories, but placed much of blame squarely on Wal-Mart.

Rubbermaid's economic problems date from 1994, when the cost of resin (a key ingredient in its plastic containers) rose suddenly by 80 percent, costing the company an additional \$250 million. In response, Rubbermaid sought to raise the price of some of their products to compensate for the loss, and pleaded with Wal-Mart headquarters (which was then the largest retail outlet for Rubbermaid) to allow them to do so. Wal-Mart steadfastly refused, and responded by pulling Rubbermaid products off their shelves, and replacing them with those of Sterlite.

Rubbermaid saw its yearly earnings drop by 30 percent, before finally succumbing to Wal-Mart's demands. However, it never financially recovered. Nearly in bankruptcy, Rubbermaid was absorbed by its rival, Newell, Inc., in 1999 — a mere three years after Fortune magazine named Rubbermaid its "most admired company." Since then, Newell Rubbermaid has been shedding plants and jobs to keep afloat. Since 2001, Newell Rubbermaid has shut down 69 of its 400 facilities, and fired over 11,000 of its employees.

"Here is a stark example of how Wal-Mart's rapacious corporate appetite resulted in the loss of good local jobs," said Rep. Berceau. "Wal-Mart's obsession for ever lower cost, came at a dear cost to Madison jobs," she added. "Wal-Mart has grown from an economic player into an economic plague. Sure, you can buy some cheaper plastic item at Wal-Mart, but the lower cost results in lower wages and fewer benefits for their employees, and the loss of Main Street businesses and American jobs, as larger competitors and suppliers are forced to ship jobs overseas in order to compete. As a community, we end up paying for Wal-Mart's low cost in other costly ways.

C. Mark Heaseldon, the equity research director at Associated Trust & Co., claims that Newell Rubbermaid will have to "shift about 50% of production to low-cost countries," which could force an additional 131 Rubbermaid plants to close, and 20,000 workers to lose their jobs.

"Government and business leaders need to get serious about dealing with the harmful effects on our economy, our communities, and our citizens as a result of Wal-Mart's corporate bullying and monopolistic muscle," said Berceau. "It's time to quit blaming government regulation, taxes, unions and worker demands for the loss of local jobs. Here, we can place the blame where it truly lies —Wal-Mart."