

Walmart closes 63 Sam's Club locations, lays off thousands of employees

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Walmart, which owns Sam's Club, is closing 63 Sam's Club stores across the country, reducing the number of stores from 660 to 597. According to *Business Insider*, 12 of the units will be converted into eCommerce distribution centers. Some stores have already closed and others will be closed within the next few weeks.

Many employees were not informed that their store had closed before showing up to work Thursday morning. Employees arrived at their stores only to find the doors locked and a notice posted announcing the closing. According to *Business Insider*, police officers even turned away workers at some stores.

Sam's Club CEO John Furner notified employees of the closures in a company-wide email sent Thursday.

"After a thorough review, it became clear we had built clubs in some locations that impacted other clubs, and where population had not grown as anticipated," he said. "We will be closing some clubs, and we notified them today. We'll convert some of them into eCommerce fulfillment centers—to better serve the growing number of members shopping with us online and continue scaling the SamsClub.com business."

Some employees were told of the closings via notices that were sent through FedEx on Thursday.

"FedEx showed up at my door with a package from Sam's Club and I was thinking that maybe it was my W-2," Nic Townsend, an employee of a Sacramento, California Sam's Club, told *Business Insider*. "It was a letter saying they are closing down. ... I'm unsure of what to do. I have a baby and a mentally sick mother. I'm lost. I'm heartbroken. I'm scared."

A Walmart official has stated the closures will affect approximately 9,400 employees. Three of the locations being closed are in Puerto Rico, leaving hundreds without jobs in the wake of the devastation wrought by

Hurricane Maria.

The closures were announced on the same day Walmart said its minimum wage for hourly employees would increase from \$9 an hour to \$11 an hour, following the passage of the Trump administration's legislation slashing the corporate income tax. The company also promised its employees a one-time bonus of up to \$1,000 based on tenure, and a number of benefits such as increases in paid maternal and parental leave.

The claim that Walmart deserves praise for the small bump in its starvation level wages is little more than depraved. The new pay scale leaves workers' income far below the federal poverty level for a family of four, itself an absurdly low number.

Nevertheless, the media fueled excitement and praise for Walmart's wage increases, portraying the move as a win for workers and a precursor to greater economic growth. Walmart's decision was cynically credited to the Trump administration. "Trump's Tax Bill Prompts Walmart To Raise Starting Wage, Give \$1,000 Bonuses To Some Employees," *Newsweek* declared in its headline. *CNBC* stated, "Walmart's workers will soon reap the benefits of the recent tax law changes."

White House press secretary Sarah Huckabee Sanders celebrated the company decision, while Donald Trump's daughter Ivanka tweeted, "Thanks to the passage of historic tax cuts, American workers and their families are winning!" Trump shared a video of *Fox Business* discussing the wage increase and declared, "Great news, as a result of our TAX CUTS & JOBS ACT!"

Multiple companies have announced increases in wages or benefits to their employees since Congress passed the tax bill last month. The hike in wages is a ploy used to divert attention from the right-wing, anti-

working class tax plan and “trickle down tax reform.”

The mass layoff of Sam’s Club employees exposes the ruthless character of corporate management and its utter disdain for the rights of workers. According to Fox Business, Walmart is also expected to cut 1,000 corporate jobs this year. Indeed, any additional costs incurred as a result of the pay increases being doled out by Walmart will likely be more than offset by the cost savings achieved through store closures and mass layoffs.

Walmart, the largest private employer in the world, with 2 million employees, received one of the largest tax breaks under the new Trump administration tax plan that cut the corporate tax rate from 35 percent to 21 percent. Despite the closure of stores across the country, Walmart shares have gained about 60 percent in the past two years.

By one estimate Walmart stands to benefit to the tune of \$2.2 billion a year from the cut in the corporate income tax rate. Walmart said its planned wage increases would cost \$700 million annually.



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