

J102 Annotated Bibliography Project and Research Paper

Wal-Mart: Rolling Back A Lot of Things

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J102 Information Gathering
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Preface

Original Question: Should corporate superstore franchises, such as Wal-Mart, be limited in their growth in order to protect local communities from the often negative economic and societal effects of mass retailing?

Current question: Should Wal-Mart work to counter the accused negative effects that its presence creates in communities across the country?

Immediately after leaving from the first meeting of my J102 class, I began questioning my ability to manage the class and the project that I have heard so much about. The problem was, and remains to this moment, that I am taking 24 hours at Ball State University this semester. Yes, 24. If any J102 student ever had reason to be worried about the class, it was me. It also didn't help that I was scheduled for a cartography class (GEOG 340) which I knew was going to require multiple hours of homework time outside of class each week. This day was the only day, however, that I ever seriously considered dropping the class. I'm not going to say that I haven't thought about it any time since then, but before I walked back in the door on the second day of class, I had made up my mind that I was going to sink myself in and get this class past me so I could move along in the journalism program.

It is not that I don't appreciate the concepts of information gathering and I'll be the first one that will tell you that I enjoy writing, but I am a Journalism Graphics major. It is not too often that any employer confuses "graphics" with "endless pages of text." I create graphics (though it may not be apparent based on this paper, because I had to spend all of my time typing), and I create *them* well. Not "endless pages of text." But nevertheless, I decided to engage myself in this class at the same level that I tend to exert my enthusiasm in all of my other classes. I would later find out, much to my dismay, that this wasn't quite possible.

As the beginning of the semester flew by, I found myself strangely on top of everything that I needed to be with this project. I had a topic that interested me and that I actually didn't mind researching for an entire semester. I knew that it wasn't going to be a particularly hard topic to find information on, because *everyone* hates Wal-Mart. The hard part was finding people who liked Wal-Mart. But I was doing it. I had all of my sources and understood what the project wanted each week and was getting high scores on all of my Warm-Up assignments. I even worked a little bit on the project during spring break. Then we came back after that week off and all hell broke loose.

Suddenly, the 24 hours I was taking became what I had originally envisioned it to be: challenging. The problem was that I now was having to keep up with all of the other assignments that appeared to be absent during the first half of the semester, so I couldn't dedicate as much of my time to my project. This trend continued exponentially and I slowly fell behind on the project. Not the Warm-Up assignments, but just the background progress that was supposed to be taking place, and to make things worse, I was discovering that there was much, much more to the Wal-Mart issue than I ever thought possible. The topic was not necessarily infinitely broad, but there are just many different reasons that people tend to hate the company. Unfortunately due to my other classes' obligations I was largely unable to document them all here, and this should be taken as only as the tip of the iceberg. There are some serious problems with the way the retail world works, mostly in the economics of it, and I often found dealing with sources that support Wal-Mart quite difficult, because I knew that they were just glossing over the issue, whether they understood what was happening under the surface. Yet I continued on; a "balanced" journalist.

Everything has been rushed lately and, no offense is meant to the journalism program or the instructor, but I will be soooooo glad to be done with this project. Unfortunately it is not representative of the quality of my usual work, and I regret not having more time to devote to it.

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- (2) Books (2 required)
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- (4) Government documents (4 required)
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- (3) Interviews (3 required)
- (4) Others (4 required)
- (25) Total sources (Min of 25 required; Min of 30 required to be considered for an A)

For Wal-Mart	Neutral/Balanced	Against Wal-Mart
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[1] Book

Vance, Sandra S. and Roy V. Scott. *WAL-MART: A History of Sam Walton's Retail Phenomenon*. New York: Twayne Publishers, 1994.

In 1949, Twayne Publishers began its business in New York to publish translations of Chinese classics in English. It eventually expanded into the publication of poems and other literature from American authors. It has published pieces across the spectrum of writing and are thus not expected to exhibit any bias in its choice of texts to publish.

Sandra Vance is a professor at Hinds Community College in Raymond, Mississippi and has published several articles about retailing history. Vance has written both this book and a 22-page article, "Sam Walton and Wal-Mart Stores, Inc.: A Study in Modern Southern Entrepreneurship," for the *Journal of Southern History* concerning Wal-Mart's past. The article appears to be a precursor to the book, as it was co-authored by Scott as well. Reviews of the book have cited its academic presentation of information, so it is expected that Vance is, for the most part, without bias.

The main assertion is that the wealth of Wal-Mart is due to the marketing and economic genius of Sam Walton. Vance traces the history of commercialism in the United States' and detailing the changes to the business model that retailing necessitated. By looking at various trends in history, such as the progression of the trade from general stores to department stores, and later to discount superstores, she places Walton in context historically as an engaged member of the early mass-retailing movement of the 1960s, emphasizing the seemingly futuristic predictions and judgments that he made to help him grow his business. Vance draws from exchange reports disclosing profit and merchandising figures, provided by the federal government, as well as from annual

business reports from the company itself, to stress the effectiveness of Walton's early financial moves. She argues that it was good judgment on his part to capitalize on small town markets during the early years of Wal-Mart. The use of accurate economic data clearly illustrates that the rapid spread of the Wal-Mart corporation in the mid-1960s allowed it to establish its credibility and quality long before other chains were developed, and thus lead the market. The evidence supports the main assertion.

Vance and Scott's look at Wal-Mart's progress over time is a strength due to the extensive use of factual chronological information in detailing the company's history. They also provide numerical data with which the other articles can be compared to and checked against. Another strength comes from their general holding of Sam Walton (Wal-Mart's founder) in high esteem. Vance and Scott discuss the financial and managerial moves Walton made and how those decisions guided his company to its status as the leading retail chain. The only weakness is that the source might be slightly biased towards favoring superstores, because when the problems and bad choices come up in this book, they tend to be passed over without any acknowledgement of wrongdoing.

This source provides some of the historical same information as Dicker [2] does in his book, but is positive about both the takeover of the worldwide market and the current state of the company's dominance. The book contrasts with many of the sources' claims, such as the report by Liveable City [13] and Neumark's [14] article, by offering the suggestion that the coming of a superstore provides both economic stimulation and job creation.

I plan to use this source in the history and background and issues section of my paper.

[2] Book

Dicker, John. *The United States of WAL-MART*. New York: Penguin, 2005.

Penguin publishing company is now a conglomerate of different book companies but started as Penguin Books in 1935. During its early growth, it raised quality standards for paperback books and brought a focus to book design. The company publishes a wide variety of books on many different subjects, and due to its role solely as a provider of information, the company is not expected to be biased for or against Wal-Mart.

John Dicker is a freelance author for *Salon* magazine and *The Nation*. Several articles available online that he has written deal with the subject of the high costs to towns that accompany Wal-Mart and other large stores. Based on his previous writings and the straightforward slant that can be determined from reading even the first pages of the book, Dicker is expected to be heavily biased against Wal-Mart.

Throughout the book, the author provides the reader with a slew of facts that illustrate the market dominance of Wal-Mart in the United States and the world. Dicker draws from various periodicals to attack the marketing strategies of the company, sometimes going as far as to imply that Wal-Mart branded items are of inferior quality due to the extreme methods used to cut costs: e.g., not spending money on a graphical logo and packaging. Dicker also briefly tells the story of Sam Walton's life and how his business decisions affected the growth of the corporation. Though the source is biased, it bases itself on credible knowledge and can thus be taken seriously. The evidence supports the main assertion.

What makes this source unique is that it relays this information from a cynical view, often using first-person accounts to discredit the early company and suggest that its growth is bad for the nation. It also provides a window into how the popular media

supports Wal-Mart and other superstores through their portrayal in commercials and editorials as the saviors of the common people. Though the source's bias is obvious, but it does present information that some of the more Wal-Mart friendly viewpoints would never disclose. There are no weaknesses in this source because while Dicker is biased, he still addresses the purported good traits of the company and presents information that effectively counters each point.

Dicker shares some of the same views as all of the activist sources, such as Liveable City's [13] publication, Neumark et al. [14], Farmer [8] and Mitchell [20]. Though he does not go as far in-depth into an economical analysis as Goetz and Swaminathan [7] and Farmer, Dicker covers every activist viewpoint at a level unmatched by other sources. This book will contrast with every pro-Wal-Mart source, but in particular Vance and Scott [1] and Wal-Mart itself [18] about the effectiveness of the company's policies.

I plan to use this source in the history and background information and issues section of my paper.

[3] General Periodical

Gimbel, Barney. "Attack of the WAL MARTYRS." *Fortune*. Dec. 11, 2006: Pages 125-130.

Fortune magazine is the second longest published business magazine in America. Its primary readership base includes business people and investors. Each year it reviews numerous companies throughout the nation, as well as worldwide, providing details about earnings and policies. It is best known for its annual issue that ranks the 500 most profitable businesses. Due to the largely statistics-based reporting necessary for these features, the magazine is expected to be unbiased concerning the issue of superstore low prices.

Barney Gimbel has been a staff reporter for *Fortune* since 2004. He holds a B.A. in political science from Emory University and a M.S. in journalism from Columbia University. Previously he worked at several newspapers across the country and won two Society of Professional Journalist awards. His reporting occasionally focuses on air travel, but also covers a wide spectrum of topics. As a result of his extensive journalism experience, Gimbel is expected to have a neutral viewpoint regarding superstore growth.

Gimbel's main assertion is that the organizations opposing Wal-Mart's business decisions and practices are influential to the public and pose a threat to the company. During the 2006 holiday season, of two activist groups, Wake Up Wal-Mart and Wal-Mart Watch, which seek to destroy Wal-Mart's public image through the use of public relations, both campaigned in attempts to change Wal-Mart's policies. Wake Up Wal-Mart hopes to organize a grassroots movement that will force the nation's biggest private employer to support unionized labor forces and provide its workers with higher wages and benefits. Gimbel uses private interviews and similar successful, historical campaigns

to portray the two organizations as leaders in the fight for better lives for the American workforce. The message is clear that the associations either want the company's business model to change drastically, or fail. The main assertion is supported by the evidence presented.

The efforts by the groups documented in this article are some of the only large group efforts that are working to find a solution to what their members consider Wal-Mart's problems, thus this overview strengthens the understanding of what the widespread issues are. It discusses common claims of the activists and thus will serve to give a broad overview of the opinion of the majority of citizens across the country that feel this way are concerned with. The existence of these groups shows that there is a large enough constituency to lead effective campaigns against the company. The article's highlighting of how the struggle is often similar to political campaigns, due to the use of constant public relations attacks strengthens the article by drawing real-world comparisons. Another strength comes from Gimbel's admittance that the activist groups are radical and often go to extremes to realize their cause(s). There are no weaknesses in this article.

Gimbel's summary of the activist groups' movements and efforts compares to many sources, because they often derive their motivation from some of the issues discussed in other authors' works. The fight for better employee treatment correlates directly with the arguments presented by Goetz and Swaminathan [7] and Neumark et al. [14], which indicate the negative issues faced by most of Wal-Mart's employees. No other articles contrast with Gimbel's piece due to the groups' widespread interest.

I plan to use this source in the issues section of my paper.

[4] General Periodical

“America the creative.” *Economist*. Dec. 23, 2006: Pages 41-42.

The *Economist* is owned by The Economist Newspaper Ltd., based in London and has been published since 1843. Subject matter includes various business articles, general economic, banking and trade-related topics. It has published several articles about Wal-Mart, due solely to the company’s high ranking in the business world. The magazine is written anonymously, often as a group effort, and according to its Web site, it “speaks with a collective voice...because what is written is more important than who writes it.” This notion implies that published articles undergo extensive revision and collective peer-review before publication, and as a result of such review, the magazine should be free of any bias.

In this article, suggestions are provided, based on various success stories across the country, for the revitalization of small town economies. To avoid becoming forgotten due to new highway and interstate routes diverting passerby traffic, small communities increasingly must find a way to escape from the seemingly never ending spiral of economic depression. Opportunities exist across the spectrum, but typically involve switching the town’s main source of productivity to service industries, such as bed-and-breakfast style lodging to complement tourism attractions. By capitalizing on their past and what makes them unique, small towns can avoid being left behind after periods of little economic productivity. The article cites interviews with citizens of the communities described and members of various state organizations. Based on the towns’ successes, the information relayed by the interviewees supports the main assertion.

This article's strengths lie in its presentation of the creative solutions that small towns across America are doing to prevent falling off of the map in the wake of superstore takeovers. The means taken often begin as local-interest attractions, but eventually expand and become the subject of regional attention. The conclusions provided in the article show that there is hope for communities that have fallen victim to mass retailing and that alternative markets, no matter how unlikely, can always be found. The only weakness is that it does not directly focus on Wal-Mart, but broadly cites many reasons for the fading of small towns.

This article is largely unique and stands alone when compared to the other sources. It does correlate some of the claims of Dicker [2] about the negative effects that the establishment of a Wal-Mart can have on a small town. Aside from this indirect comparison, there are no articles which directly contrast it.

I plan to use this source in the issues section of my paper.

[5] General Periodical

Greenhouse, Steven. "Mixed Grade for Wal-Mart on Report Card." *The New York Times*. Nov. 4, 2005: Page 4.

The New York Times was founded in 1851 and is the largest city newspaper in the United States. It is sold and distributed across the country and is currently the third most widely distributed newspaper in the country. The paper publishes articles covering a wide range of subjects and has received more Pulitzer prizes than any other newspaper. Based on its reputation as a professional news organization, the paper is not expected to show any bias for or against superstores.

Steven Greenhouse is a reporter for *The New York Times* and has written hundreds of articles about business and labor. Based on the sheer number of stories that he has published, it is safe to say that he is a full-time reporter with the paper. His articles appear to deal primarily with company to union relations which may indicate a slight bias against Wal-Mart, since it does not support unions. However, this article appears to be neutral in its presentation of facts.

As Greenhouse reports on the varying points about Wal-Mart, there appears to be conflicting assertions in the article, but upon closer inspection, it can be judged that Greenhouse is attempting to not only present the information in a fair and balanced way, but to show that there are both good things and bad things about the economics of Wal-Mart's industry dominance. The economists and researchers he quotes come from both sides of the debate, and thus serve to support the main assertion.

This article appears to be only reporting on a conference, but this is where its strengths lie. By streamlining the topics covered there, the information about Wal-Mart's overall impact on the American economy becomes rather apparent. It also presents both

sides of the argument fairly, as opposing viewpoints and numbers are stated. The presentation of factual numbers clears up any question of the neutrality of the article and provides a picture that everyone needs to be aware of: nearly every survey and analysis will result in different, sometimes disparaging conclusions depending on what is set out to prove. This concept strengthens the article's significance and will serve as a constant reminder that nearly everyone has an agenda and will find, through numbers, support to prove their argument above all else.

The varying viewpoints in this article argue both sides of the issue. The positive reviews of Wal-Mart support Vance and Scott's [1] claims of good that the company brings to its customers. Their godlike image of Sam Walton (Wal-Mart founder) and his genius ideas about retailing seem to be supported. Walton wanted to help his customers, and by increasing their buying power, his vision has been realized. However, the several negative reviews of the company seem to be more along the line of Levinstein. [6] The claim by Levinstein that Wal-Mart has had a rough few years financially and is failing abroad correlates with some of the industry reporters' opinions, as presented by Greenhouse.

I plan to use this source in the issues section of my paper.

[6] Type of Source

Birger, Jon and Joan L. Levinstein. "The Unending Woes of Lee Scott." *Fortune*. Jan. 22, 2007: Pages 118-122.

Fortune magazine is the second longest published business magazine in America. Its primary readership base includes business people and investors. Each year it reviews numerous companies throughout the nation, as well as worldwide, providing details about earnings and policies. It is best known for its annual issue that ranks the 500 most profitable businesses. Due to the largely statistics-based reporting necessary for these features, the magazine is expected to be unbiased concerning the issue of superstore low prices.

Joan Levinstein is a reporter associate for *Fortune* magazine who has been contributing to articles since 2001. She is a staff researcher trained as a librarian and has assisted several journalists from *Fortune* with the research for articles covering a wide variety of subjects. She should have no bias in either way regarding the subject of superstore growth.

In this article, Levistein discusses the bleak outlook that can be forecast for the 2007 fiscal year based on Wal-Mart's losses in 2006. The main assertion is that the woes of the company can be attributed to several problems: troubles with their sister chain Sam's Club, worldwide losses and negative PR attributed to union-supported advocacy groups. These issues, as well as the corporate losses to stockholders they have brought, might threaten the job security of Wal-Mart's CEO, Lee Scott. Levistein stresses the losses of the company, supporting the abstract pitfalls with investor information and stock rates; though she does stop to mention the positive response that the corporation's

new environmentally friendly policies have received. She suggests things Scott should consider implementing in his company in 2007. Included in her proposals are independence for Sam's Club, the dampening worldwide efforts while focusing on American retailing, reconciling differences with public enemies (such as the negative PR groups) and working to correctly diagnose and take responsibility for the problems facing the company. The article draws from interviews and opinions gathered from financial experts at *Fortune* magazine. The research effectively supports the main assertions.

Of the many strengths presented in this article, the biggest conclusion is that not all of Wal-Mart's efforts work out profitably. The international relations of the company also are discussed and accompanied with tactics that will help Wal-Mart be more successful abroad in the future. From these recommendations, the weaknesses and poor business decisions, across the chain, can be extrapolated. Levinstein cites the potentially unstable future of the current CEO of Wal-Mart, Lee Scott, to argue that he and his company need to reach out to communities and workers to end unfavorable relationships. Another strength comes from more than adequate background information about the causes of problems the company currently faces.

Levinstein's article that discusses the financial failures of Wal-Mart in past years is well supported by some of the negative data Greenhouse also presents. [5] This view is directly in contrast to Vance and Scott [1] who seem to only be able to see Wal-Mart's dominance over the industry and Vedder [19] who believes that in certain areas, Wal-Mart is prospering.

I plan to use this source in the issues section of my paper.

[7] Scholarly Journal

Goetz, Stephan J., and Hema Swaminathan. "Wal-Mart and County-Wide Poverty." *Social Science Quarterly* 87 (June 2006): 211-226.

The *Social Science Quarterly* is the journal of the Southwestern Social Science Association. The publication is owned by Blackwell Publishing. It is a peer-reviewed journal covering various topics across the field of the social sciences. The journal contains articles that deal with social issues facing communities, such as race, gender, and occasionally financial matters. The findings are research-based and should thus present no bias for or against the growth of superstores.

Stephan Goetz is a professor of agricultural and regional economics at Pennsylvania State University. He obtained his Ph.D. in agricultural economics from Michigan State University in 1990. He previously taught at the University of Kentucky. Goetz is the director of the Northeast Regional Center for Rural Development, a foundation established to ensure that natural resources in the New England area are used in the best way possible to support local businesses and economic growth. Nearly all of his published articles deal with economic issues facing rural towns, which might indicate a slight bias in favor of preserving these communities and their economic structures.

The main assertion of this piece is that when new superstores are built in small, rural (and often poor) communities, the standard of living actually decreases in tandem with a direct increase in the number of families below poverty level. Goetz et al. use a variety of sources, such as journal articles and reports about the causes of county poverty, and their own research and calculations to come up with an unbiased (numerically speaking) report which directly connects the poverty increase with increased numbers of Wal-Marts. The evidence supports the main assertion.

A strength presented by Goetz in this article is an in-depth focus on the causes and effects of the addition of a superstore to a small community. It highlights the problems caused by wage reduction by competing stores to remain competitive, as well as exposing the problems created by employing members of the community in the superstore that result in fewer working hours, and thus, lower overall income. Goetz does not stop there in his analysis (as most other articles do), but extends the examination of the effects to all members of the community. He concludes, from a well-supported method, that service-based employees of the superstore (through outsourcing), such as lawyers and bankers, would not necessarily be troubled with income problems, but would perhaps leave the community in search of better opportunities. Finally the article effectively examines the apparent contradiction of the promise of increasing one's living standard by working for low pay, a large problem with the company's business model.

This report strengthens the argument against Wal-Mart by almost exactly duplicating Farmer's [8] claims. Farmer deduces an economic theory concerning small towns and superstores which can only indicate that poverty and community economic levels will decrease in the event of the introduction of a superstore. The Goetz et al. provides a numerical basis for Farmer's theory and thus certifies it as fact. Vance and Scott [1], lacking the deep economical insight possessed by Farmer and Goetz, would refute this claim, saying that superstores create jobs and thus provide income for families at county levels.

I plan to use this source in the issues section of my paper.

[8] Scholarly Journal

Farmer, David John. "WAL-MART: NEO-FEUDAL (K)NIGHT?" *Administrative Theory & Praxis* 28 (March, 2006): 148-161.

The *Administrative Theory & Praxis* is the journal of the Public Administration Theory Network, whose goal is to advance and promote public administration through the use of social theory. It deals with issues in political and social mindsets that influence the policy and development of communities. The journal is peer-reviewed and is assessed by leading scholars before publication. This fact, coupled with the frequency with which the journal analyzes different viewpoints and theories, should ensure that the association has no bias for or against the development of superstores.

John Farmer, professor of political science and public administration, is an esteemed educator holding two doctoral degrees, in addition to two M.A. degrees. He currently teaches at Virginia Commonwealth University and has been employed there since the 1980s. Farmer has published several books and articles dealing with social theory and public administration and their use in politics. His expertise in the field seems to suggest that he will be neutral regarding the spread of superstores, though his knowledge of governing tactics might present a negative bias towards the way that the retail industry administratively conducts itself.

The main assertion presented by Farmer is that the mere size and weight of Wal-Mart, on a buying and purchasing scale, can account for the pricing power that corporation has. By dealing in such large quantities, Wal-Mart has the ability to buy its goods from manufacturers at lower prices, as not filling an order of this size would be more fiscally irresponsible than compromising on the price. Wal-Mart then has unlimited ability to determine the markup on each item, as almost any price will make them a

profit. Farmer uses books about economic and retailing theory as well as some of the more popular documentaries about Wal-Mart to make his argument, and based on this and his business background, the evidence supports the main assertion.

This article draws its strength from its use of both macro and regular economic theories in explaining the overpowering dominance of Wal-Mart in the market. Farmer argues that by abusing its status as both an oligopoly and an oligopsonist (one of a group of few sellers and buyers, respectively), it can influence market prices to the extent of controlling its own profitability. The article's observation that this technique not only gives its employer an unfair advantage in the market, but also leads to price distortion is an obvious strength that can only come from deep understanding of the economic forces driving the market for Wal-Mart's expansion and success.

Farmer's conclusions about the price-setting power afforded to Wal-Mart through its size reflect the concerns of Dicker [2] and Mitchell [20] about the consequences that unchecked growth will have on the company. This power can also be attributed as a partial reason that Wal-Mart has had such an impact on consumer buying power, as suggested by Vance and Scott [1] and Greenhouse. [5] There are no sources that contrast with this article, as the information regarding the power with which Wal-Mart controls prices is true.

I plan to use this source in the history and background information section of my paper.

[9] Government Document

Smith, Neal. U.S. Congress. House. Committee on Small Business. "Future of Small Business in America." Report. 96th Congress, 1st Session.

Neal Smith was the Democratic representative for Iowa's 5th District, and later the 4th District, during the span of years from 1959-1995. Smith is a decorated WWII Air Force veteran, having received a Purple Heart and nine Battle Stars. He attended the University of Missouri and Syracuse University to earn his undergraduate degree and went on to earn his law degree at Drake University. During his terms in office he was a major supporter of the advancement of agriculture and secured several million dollars for Iowa State University. He also championed small businesses through the several small business development centers he secured congressional support for. His background may indicate a slight bias as to his favoring of small business, but the effect is negligible due to his primary concern being in conjunction with agribusiness.

This report's main assertion is that small businesses are the most important form of commerce in society and strengthen both local and national economies. The committee's findings come from data provided by the U.S. Census Bureau and are supported by testimonies at committee hearings on the subject. This source is from 1979, so neither the data nor the conclusions are valid in today's superstore driven market, but the information provided shows the strength of small businesses and exactly how much the country depends on them. The conclusions data and hearings support the main assertion.

This report's strength is that it will provide a good picture of the state of the United States economy before the widespread growth of retail superstores. This data will be useful in determining the history of the retail market in America and can therefore be

used to observe the differences between the present and the time period immediately before superstore dominance. The age of the document largely predates any thoughts and/or attitudes that are held about the current (2007) leading companies, and thus looks at the trends in the market in an objective manner, taking into account the role of small businesses across the whole of America. It discusses a wide variety of topics that are assisting large stores (including suburban shopping malls, as they were booming at this time) including advertising, prices and other advantages that large businesses have over local shops, and focuses on why the presence of those assets will eventually overshadow and impale small businesses. The only potential weakness is that Smith might be slightly biased towards favoring small businesses, but, coming from Iowa, was primarily concerned with agribusiness rather than retail sales.

The conclusions drawn by this report support the results determined in Liveable City's [13] report about the advantages small communities receive from increased spending at small business as compared to larger chain stores. Being an older report, this document contrasts with several other documents, not for opinionated viewpoints, but for its lack of timeliness. The positive results of superstores presented by Greenhouse [3] are contrary to the data here, but that can be attributed to the age difference of the documents.

I plan to use this source in the history and background information and solution sections of my paper.

[10] Government Document

Urban Land Institute. U.S. Department of Housing and Urban Development. Office of Community Planning and Development. "Revitalizing Downtown Retailing: Trends and Opportunities." Report. April 1983.

At the time that this report was published, Congress consisted of a republican majority in the Senate and a democratic majority in the House. The publishing of this report just preceded the reelection of Ronald Regan as president. Based on the basic knowledge of the political mindset at that time, this report's emphasis on the local community went along with the popular voter trends. The report mainly gives encouraging numbers regarding retailing and promises that there is more growth ahead. The document is obviously biased for the development of retail stores, but for not Wal-Mart specifically.

The main assertion of this piece is that if local governments properly plan their cities in order to facilitate economic growth, they will prosper and forever have secure funding. The report draws from other governmental reports published near this time period and the assumption that retailing, albeit mainly in malls, was ready to explode in American culture. This trend turned out to be true, so the evidence supports the main assertion.

This report was written to advise governments at the local level about the proper planning of their downtown areas in order to maximize their retail profitability. Its strengths lie in the encouragement towards the use of facts and numbers to achieve this. The objective manner by which the piece is written specifically suggests discarding any feelings of nostalgia and sentiment, in favor of realistic expectations. This document shows how economically driven communities were during the beginnings of the retailing

craze, due to the competitiveness of the new businesses, and can give implications into why the trend has been allowed to continue into current days.

This source can compare to the planning for the maximizing of profitability that Sam Walton pioneered during the early years of his company, as described by Vance and Scott. [1] The message that local governments should attempt to entice new businesses to build, no matter the cost, contrasts sharply with the message of Nordquist [23], as the people often have other interests than governmental profit. This report could also be seen as a forerunner to the forgotten towns discussed by the *Economist* [4] because it is encouraging urban sprawl and essentially declaring an all-for-one melee war in the name of capitalism.

I plan to use this source in the history and background information section of my paper.

[11] Government Document

U.S. Environmental Protection Agency. Office of Noise Abatement and Control. "Noise and Urban Pedestrian Areas." Report. November. 1980.

The United States Congress at this time was made of a democratic majority in the House and a republican majority in the Senate. The information should not be biased as there is nothing to be gained politically from the publishing of this report, and as there are very few people who would advocate noise pollution.

The main assertion of this report is that it is possible for cities to build urban retail establishments and still maintain the same city standards. It says that if landscaping techniques are used properly, the retailing can benefit the community both economically and aesthetically. The report cites various other government documents and reports, as well as architectural techniques that will help to curb the noise pollution which abounds at high traffic areas. The evidence supports the main assertion.

This text, though dated, will correlate with reports on Wal-Mart's current efforts to build community friendly shopping centers and plazas in certain upscale areas of the country. The suggestions provided in the report indicate the problems that communities with large shopping centers face, and will be evidence to determine the difference and escalation between 1980 and the present. Another strength is the different perspectives presented by looking at the issue from both an architectural and city planning point of view.

This report's mention of the noise and traffic problems caused by the high numbers of people shopping at retail centers is nearly the same as the arguments in Nordquist's [23] documentary. Mitchell [20] also cited this as a problem with urban retail

development. The report does not contain any information that contrasts with any other sources.

I plan to use this source in the history and background information section of my paper.

[12] Government Document

U.S. Congress. Congressional Budget Office. "Troubled Local Economies and the Distribution of Federal Dollars." Report. Washington: Government Printing Office, 1977.

During 1977, the U.S. Congress was composed primarily of democratic party candidates. This report is based on census data which would not reflect the political mindset of the time, and thus the report is not expected to be biased for or against Wal-Mart.

This report's main assertion is that the poorer regions of the country should receive aid from the government at higher rates than the more well-to-do areas. It provides a breakdown for the distribution of wealth across the United States and identifies areas with little money that would need federal assistance to help themselves. The report draws largely on census data and the analysis and interpretation of those numbers. Based on the credibility of the U.S. Census, the evidence supports the main assertion.

This report's focus on how federal aid should be distributed to communities throughout the United States is one of its strengths. The use of economical reasoning concerning survey fiscal figures allows the issue to be interpreted well and informatively portrays the information through graphs, charts and maps. The maps are a welcome addition and quickly show the economic distribution of the wealth of the communities across the nation. The dated information may be a weakness, but when applied in context, the message of financial aid dispersal will still be relevant. This report also indicates offices in the different branches of government that are responsible for providing this aid to communities and an approximate breakdown of the importance of each office in the process. The sources for the data come from federal expenditure records and reports. This

is a strength because there is little chance of error or fabrication having been checked by various offices.

This source ties together Holmes's [24] video showing the openings of new Wal-Mart stores and Vance and Scott's [1] insistence that Wal-Mart helped poor communities when it was first being formed and owes its success to the towns that helped give it its start. This source does not contrast with any other sources.

I plan to use this source in the history and background information section of my paper.

[13] Institutional Source

Liveable City. "Economic Impact Analysis: A Case Study – Local Merchants vs. Chain Retailers." December, 2002. Available from <http://www.liveablecity.org/lcfullreport.pdf>. Internet: Accessed Feb. 25, 2007.

Liveable City is a nonprofit public interest group based in Austin, Texas that attempts to influence the way of life in Austin and in the surrounding area. Its website state that it is "working to improve the quality of life for all of Austin." The group tries to change the way of thinking about specific issues, for example, views about the economy and its relationship to the environment, by informing the public about the issues at hand. The group is made up of individuals with a wide array of background experience, from politicians to professors, and is expected not to have any specific bias on the parts of the individuals. There may be a bias as a group against Wal-Mart, as the group recently campaigned to restrict the company from building there.

The main assertion of this publication is that when chain-based stores enter new communities, they end up generating limited additional economic activity and taking away money from small businesses that would have largely been reinvested into the community. By simulating hypothetical situations using real life monetary numbers and figures, the company makes accurate predictions with suggest that smaller businesses are better at keeping local money in the local system. By using calculated numbers from the simulated experiment which can easily be duplicated, the evidence provided supports the main assertion.

This article provides information which suggests that Wal-Mart's are not good for small towns as opposed to existing local businesses and can place [simulated] real world data showing how Liveable City's theories are correct. The article fails to address any

external causes or driving forces that may affect either large stores or small businesses, and instead decides to pretend that the world works in a perfect, theory-based place.

The research in this report provides clear evidence of the enhanced economic stability that only local stores can provide to a community and goes about explaining this in a similar way that Goetz and Swaminathan do. [7] Goetz and Swaminathan focus on jobs and higher income opportunities lost by communities is based on economic principles, and is validated through this report's results. The data presented here goes directly against Vance and Scott's [1] arguments for the improvements that Wal-Mart has provided in the employment field.

I plan to use this source in the issues section of my paper.

[14] Institutional Source

Neumark, David, Junfu Zhang and Stephen Ciccarella. Public Policy Institute of California. "The Effects of Wal-Mart on Local Labor Markets." April 2006. Available from <http://www.newrules.org/retail/neumarkstudy.pdf>. Internet: Accessed Feb. 26, 2007.

The Institute for Local Self-Reliance is an organization which helps to empower small communities in the fight against big businesses. The institute was founded in the mid 1970s and has since enabled towns across the country to counter business proposals from large retailers. Based on the type of work it does, the institute is expected to be naturally biased against Wal-Mart from its very foundations.

Dr. David Neumark is a professor of economics at the University of California. He also works with the New Rules Project for the Institute for Local Self Reliance and is a senior fellow at the Public Policy Institute of California. Neumark graduated from the University of Pennsylvania in 1982 and received his Ph.D. in economics from Harvard University in 1987. Neumark has published numerous economic papers in the past, but this is the only recent one that discusses Wal-Mart, thus Neumark is not expected to be biased for or against the company.

Neumark's main assertion is that the coming of a Wal-Mart or other large retailing store to any community, not just small ones, provides a negative job gain. Contrary to the benefits often boasted about by the corporate owners behind a new store proposal, Neumark proves that the company actually affects the job market in the opposite way than expected. The report relies heavily on mathematical calculations of census data and revenue reports from a wide variety of areas. This data is reliably available, so the evidence supports the main assertion.

The greatest strength of Neumark's analysis of the market comes from the extra work that was done during the initial researching that neutralized each area's job growth potential and could thus compare every city with a new store against each other fairly. The only weakness is that the math needed to calculate and account for the inequality of each city in relation to job growth is rather complex and the data could have perhaps been analyzed in another such way to end up with the same numbers.

Claims by Neumark et al. deal with the low wages paid to the majority of Walmart employees due to reduced competition in the local economy. The data presented by Bernhardt et al. [16] comes from a study of employees in the state of New York and fits well with the Neumark's arguments. The study's data surveyed the average differences in salary between a position at a superstore and its equivalent in a typical retail store, and validates Neumark's theories about wage differences. Vance and Scott's [1] would argue against this claim, stating that this kind of reduction is acceptable because expenses of living for the local community would be driven down by the competitive pricing at Walmart.

I plan to use this source in the issues section of my paper.

[15] Institutional Source

Kastel, Mark Alan. The Cornucopia Institute. "Wal-Mart: The Nation's Largest Grocer Rolls Out Organic Products - Market Expansion or Market Delusion?" Sept. 27, 2006. Available from <http://cornucopia.org/index.php/wal-mart-white-paper/>. Internet: Accessed Feb. 27, 2007.

The Cornucopia Institute is a farm advocacy lobbying group located in the small town of Cornucopia, Wis., which strives to shape policy in the favor of small family and organic farms. The company was founded by two farm policy advocates, Mark Kastel and Will Fante, to ensure that small farmers were represented in the national and world market. The very nature of the institute indicates that any published work stemming from it will be heavily biased for the consumption and sale of organic foods. This might have led them to scrutinize some of the minute details about Wal-Mart's organic food naming system.

Mark Kastel is the co-founder of Cornucopia Institute and is currently the director of the organization's Organic Integrity Project. Before forming the institute, he was the president of his own farm lobbying firm, M.A. Kastel and Associates Inc., where he fought for support for small farming families. He has worked for many other farm organizations in the past, including Farmers Union. All of his recent writings concern the use of organic foods and the problems associated with distributing them to the public. This can be a sure sign that Kastel is biased towards the production of organic foods and will be an opponent of any misuse of the term. This bias could have led him base his research for this article solely on a small technicality, rather than from a sampling of the company as a whole.

Kastel's main assertion is that by knowingly mislabeling only partially organic products as being fully organic, Wal-Mart is deceiving its customers in an attempt to

increase revenue. His data comes from both direct studies of local Wal-Marts and his and his associates' expert knowledge on the field of organic farming. Though they do not necessarily have a background in marketing, they take the fact that the so called "organic" foods were partially organic in the first place and assume that the food was marketed this way intentionally. Their data and evidence support their main assertion.

This article's strength comes from the raw accusation made by Kastel stating that Wal-Mart is cheating its customers by purposefully mislabeling only partially qualified foods as being organic. This assertion shows that Kastel does not want to sugarcoat the issue and is willing to provide a factual discourse of the matter. The obvious weakness stems from the fact that Kastel is biased in his constant support of the organic food industry. His attack on Wal-Mart might stem from his anger at a large corporation misleading the public about his industry. The only other weakness would be the narrowness of this article, as it discusses this advertising tactic specifically and does not focus on the many other techniques brought forth by more inclusive reports, such as the one by Dicker. [2]

The organic food sales tactics of Wal-Mart as analyzed by Kastel are very similar to Dicker's [2] explanation for the role of psychological marketing in the company's success. Both discuss how the corporation occasionally misleads customers in hopes of commercializing new markets. Vance and Scott [1] disagree, stating that market research Wal-Mart conducts determines which products are sent to each store.

I plan to use this source in the issues section of my paper.

[16] Institutional Source

Bernhardt, Annette, Anmol Chaddha and Siobhán McGrath. The Brennan Center for Justice. "What Do We Know About Wal-Mart?" August. 2005. Available from http://www.brennancenter.org/stack_detail.asp?key=97&subkey=8025. Internet: Accessed Feb. 26, 2007.

The Brennan Center for Justice is a branch of the New York University School of Law. It describes itself on its website as a "non-partisan public policy and law institute that focuses on the fundamental issues of democracy and justice." The center was founded in 1995 to honor a retired Supreme Court justice, William J. Brennan, Jr. The organization now lobbies for proper justice for everyone by supporting the upholding of the democratic rights given to all of us. The center has written many articles about Wal-Mart, but this is most definitely due to the company's high profile and frequent injustices over the years. This should mean that the source is not biased towards Wal-Mart.

Annette Bernhardt, is the Deputy Director of the Poverty Program at the Brennan Center for Justice at NYU School of Law. Bernhardt has published numerous works in the *American Journal of Sociology*, the *American Sociological Review* and the *Journal of Labor Economics*, and the book *Low-Wage America: How Employers are Reshaping Opportunity in the Workplace*. She is an expert on low-wage work and is interested in deconstructing how management in large companies makes decisions that eventually affect thousands of workers. Given her knowledge about low-wages, it is expected the Bernhardt will be biased against Wal-Mart, who often pays low wages.

This article shows actual numerical data that proves the main assertion of Bernhardt et al. The main assertion is that Wal-Mart consistently pays its workers less than competing brand and that the health care policies offered by the company are not affordable to average employees. The data used to support the assertion comes from

financial and payment data gathered from the Wal-Mart corporation and other large retailers in New York during the time between 2004 and 2005. This data should be very accurate, so Bernhard's main assertion is supported by the evidence provided.

This source primarily presents hard data for analysis. The information is organized in many ways and calculated at many different levels to present the data in a way to maximize the number of conclusions that can be made. Another strength also comes from the extensive data that comes from selected states, which gives a better picture of how the figures are spread throughout the country. The only weakness that this article may have would be the lack of data about small businesses, such as mom-and-pop type stores. This information would have allowed the reader to see more differences in wages for different employers.

The survey and analysis conducted by Bernhardt et al. proves that Wal-Mart's employees are paid less than their equivalents in other, smaller retail stores. Their data verifies the theories presented by Neumark et al. [14] in their report concerning the job loss brought about by the opening of a superstore. In their steadfast support of the company, Vance and Scott [1] would argue to the contrary, citing instead the job opportunities that are created by new stores. Bernhardt et al. also discuss the flaws of Wal-Mart's employee health care coverage, which is cited by Levinstein [6] as one of the most prominent issues that needs to be addressed by the company.

I plan to use this source in the issues section of my paper.

[17] Institutional Source

Uldrich, Jack. The Motley Fool. "Wal-Mart's Green Goal." Available from <http://www.fool.com/investing/value/2007/01/31/wal-marts-green-goal.aspx>. Internet: Accessed March 7, 2007.

The Motley Fool is an online company that provides stock, business and finance advice. It was founded in 1993 by David Gardner and Tom Gardner. The company is noted for its investment advice as it advocates a self-managed portfolio, rather than letting an investment firm manage it for you. The company has written several articles and recommendations about Wal-Mart, but from a strictly business side. This indicates that the source will not be biased for or against superstores.

Jack Uldrich is a business speaker and columnist who has written multiple best-selling books. His latest work, *The Exponential Executive: Eight Essential Elements for Exploiting the Emerging Economy*, is due out in Fall 2007. Uldrich is an expert investor and futurist in the field of nanotechnology and typically covers that sector of industry, so he is not expected to be biased for or against Wal-Mart.

Uldrich's main assertion comes when arguing that Wal-Mart is taking steps to do a number of things to help the environment and its efforts will have a major effect on the rest of the country, as others will follow along. He cites the first steps that company is taking, such as reducing emissions by improving its shipping fleet's vehicle efficiency and looking at installing solar panels on a massive scale. These will set trends in the industry and encourage other companies to follow suit. Uldrich cites the information released by Wal-Mart as his evidence for his assertion, and seeing how these policies are in the process of being implemented, the evidence supports the main assertion.

This article highlights the trends that Wal-Mart is getting on board with and makes note of how powerful of a market influencer it is. The hope that these steps could

potentially influence consumers across the country is justified through Uldrich's knowledge of Wal-Mart's influence. The only weakness with this article is that he may not have fully taken into consideration the reasons behind this transformation and thus he fails to effectively realize the chance that these efforts could simply be public relations tactics and marketing.

This article points out the same thing that Vedder [19] did about the influential power of the giant retailing companies: by starting new trends and giving customers ideas about how to effectively save energy, retailers can reach a much larger audience than can be reached by conventional educational programs. The proposed plans and the said environmental reasons behind them would not be accepted by Dicker [2], Kastel [15] or Mitchell. [20] The activists tend to believe that any efforts attempted by the companies are merely facades taken to make themselves look better in the public's eye.

I plan to use this source in the issues section of my paper.

[18] Institutional Source

Wal-Mart Stores, Inc. "Wal-Mart Experimental Stores." Available from:
<http://view2.fatspaniel.net/Wal-Mart/Aurora/HTML/>. Accessed March 7, 2007.

Wal-Mart was founded by Sam Walton during the 1960s and has risen to become the United States' largest commercial employer, as well as the world's largest mass retailer. During the early years of its existence, the company was heralded as a boon to consumers, and was generally well liked across the industry. After Walton's death, the company began to come under criticism for some of its business tactics. It goes without saying that Wal-Mart will be biased for the support of itself in the controversies regarding big box stores.

The main assertion presented by Wal-Mart on this site is that it is progressively working to counter the environmental effects of its company without having any of those changes affect its prices. The company argues that through its efforts, the effects on the area surrounding its stores can be minimized and provide more local jobs through the use of local resources. To justify all of the benefits that can come from the increased use of environmentally friendly materials during construction and operation of a store, Wal-Mart cites information from various recycling organizations and provides animations and descriptions which show, on a mechanical level, how the new methods work. The evidence presented to confirm that Wal-Mart is actively pursuing policy change supports the main assertion.

This source's strengths lie in its proof that Wal-Mart is taking initiative and doing something about its effect on the environment. The evidence is non-disputable, as both stores documented here are completely operational with no indication of shutting down in the future. The methods being taken to reduce the stores' environmental footprints are

new and experimental and counter activists' claims effectively. The obvious weakness comes from the bias that Wal-Mart has toward protecting its interests and defending its company. The intention for the creation of this website was, without doubt, self-promotion and will not address any problems with either of the stores nor will it mention any of the rest of its company.

The information presented by Wal-Mart coincides with the information presented by Uldrich [17] and by Greenhouse [6] suggesting that Wal-Mart is, in fact, working to form better relationships with environmental activists. The necessity for the site could be seen as proof for Pearl's [21] theory about the constant use of marketing to improve consumer opinion. While neither would disagree about the benefits of the use of local resources, both Nordquist [23] and Kastel [15] would both cite arguments similar to Pearl's, claiming that the campaign is solely a public relations strategy.

I plan to use this source in the history and background information and issues sections of my paper.

[19] Interview

Vedder, Richard. Adjunct scholar. American Enterprise Institute/Ohio University. Telephone interview by author. March. 16, 2007. Athens, Ohio. Notes. (740) 593-2037.

The distinguished professor of economics at Ohio University, Dr. Richard Vedder, works at a variety of institutional organizations, including the Public Interest Institute, American Enterprise Institute, Virginia Institute for Public Policy, The Independent Institute and is on the Board of Directors of the National Taxpayers Union. He received his bachelor's degree in economics from Northwestern University in 1962, and a master's degree and doctorate, also in economics, from the University of Illinois in 1963 and 1965, respectively. He has published numerous papers about the state of the United States economy and, more recently, has been documenting the effects of large corporations on the nation. He is also the author of *The Wal-Mart Revolution: How Big Box Stores Benefit Consumers, Workers, and the Economy*. Based on his previous articles, and his book, Vedder is expected to be biased in favor of Wal-Mart on all issues surrounding the corporation.

Vedder's main assertion indicated the strength of the Wal-Mart corporation and discussed future actions that will be taken by the company, including globalization and the spread into larger cities, that will most likely be successful. He commented on the current state of the economy and noted that the growth of Wal-Mart has drastically increased the average consumer's purchasing power. He also feels that globalization of the company will do the same on a much larger scale for the rest of the world. He indicated that efforts need to be taken to improve company policy before expansion into cities will even be an option. His information comes from the many articles and other

books he has used to research the company for the writing of his book. The evidence Vedder used for information supports the main assertion.

The major strength was that Vedder's interview provided some predictions for the future of Wal-Mart. He stated his views about the company's global expansion and the tests that Wal-Mart faces in the coming years. The bias inherent in Vedder's view of Wal-Mart is not a weakness, and though his many publications and recent book herald the many good things Wal-Mart has done for the nation, he also remains mindful of the reputation that the company has and the many unfavorable things that come along with its benefits.

Vedder's interview compared with the mixed views held by Levinstein [6] about the apparent good things that Wal-Mart does for the United States economy, and the changes that need to be acted upon in order to progress further for any more penetration into the American market. Vedder holds a different view about employee wages than Bernhardt et al. [16] Vedder argues that Wal-Mart does pay its employees fair wages for the skill levels necessary to do their jobs.

I plan to use this source in the issues and solution sections of my paper.

[20] Interview

Mitchell, Stacy. Researcher. Institute for Local Self-Reliance. Telephone interview by author. March 26, 2007. Minneapolis. Notes. (612) 379-3815.

The Institute for Local Self-Reliance is an organization which helps to empower small communities in the fight against big businesses. The institute was founded in the mid 1970s and has since enabled towns across the country to counter business proposals from large retailers. Based on the type of work it does, the institute is expected to be naturally biased against Wal-Mart from its very foundations.

Stacy Mitchell currently works as a researcher for the branch of the Institute for Local Self-Reliance called the New Rules Project and the Big Box Tool Kit. In this position she has advised numerous cities and towns about the issues presented by proposals for new, local Wal-Marts, and encouraged them to support and strengthen local businesses. Miller is a board member of the American Independent Business Alliance (AMIBA) and travels the country to inform communities of the advantages that local businesses offer. She is also the author of the book *Big-Box Swindle: The True Cost of Mega-Retailers and the Fight for America's Independent Businesses* and *Hometown Advantage: How to Defend Your Main Street Against Chain Stores and Why it Matters*. Based on her past work which touts the problems with large, corporate retailers, Miller is expected to be heavily biased against Wal-Mart.

The main assertion presented by Mitchell is that any community can be self-sufficient, in a business sense, and that large retailers are bad for not only local communities, but for surrounding areas as well. Mitchell used information gathered during the researching of her book, including other written pieces and knowledge from

other experts on the topic from her organization. The evidence provided supports Mitchell's main assertion.

Mitchell's information provided simple, straightforward advice as to why retailers are bad for communities, focusing on how their presence is bad for small businesses. She typically presents this information in ways that allow local elected representatives to understand and determine what is best for their communities, so the advice was simple and to the point. Unfortunately, her known bias indicates that she may be focusing all of her energy on the negative effects that arise from small town development and in doing this, she may be excluding positive points about the businesses.

Mitchell's message was very similar to Nordquist's [23] about how local officials often fail to understand the consequences that come with the promises that often accompany new retailing business propositions. They both discuss the lack of effectiveness of government subsidies in generating additional municipal revenue and the challenges that local businesses face when trying to compete with unfair advantages. Vance and Scott [1] would argue the exact opposite from Mitchell states, as they cite the effectiveness of Wal-Mart in revitalizing local communities and the respect with which it operated during its early years.

I plan to use this source in the issues section of my paper.

[21] Interview

Pearl, Richard. Instructor of marketing and management. Ball State University. Interview by author. April 11, 2007. Muncie, Ind. Notes. (765) 285-5140.

Ball State University is a state institution located in Muncie, Ind. It has undergone several administrative and ownership changes since its initial founding as Eastern Indiana Normal School in 1899. Ball State is a research-based university and has academic programs spanning a wide range of knowledge. Due to the university's nature as an educator it is expected to be unbiased about any subject, including superstore growth.

Richard Pearl, instructor of marketing and management at Ball State University, is an expert in business marketing and customer relations. He holds two degrees from Pace University, one in marketing management and labor/management relations and another in international business. Pearl graduated in 1968 and 1982, respectively. Before working at Ball State, Pearl was self employed as a musician for nearly forty years. During his classes, Wal-Mart and other large retailers often become topics of discussion, but based on his previous work experience and its lack of relation to box store retailing, he is expected not to be biased for or against Wal-Mart.

Pearl's main assertion is that Wal-Mart and other large retailing stores have always been using marketing and subliminal messages to influence the consumer's buying attitudes from the very time that they started to dominate the retail world. Pearl thinks that every business decision is can be traced back to having been influenced, in part, by the hope of using the predicted outcome as a part of a company's marketing strategy. Pearl draws on his long history in marketing and the self-promotion experience he gained during his forty year period of self-employment to make these claims, and feels that his theory holds true for any business, large or small. The evidence Pearl presented to

defend his views support his main assertion about the influence of marketing in everyday decisions.

Pearl's knowledge provided interesting viewpoints about the world of marketing and how companies must partake in it to remain successful. His information about how retail outlets are classified helped to clarify why Wal-Mart's available product range is as large as it is, and why it spans so many areas. His insights also provide a prediction for the future worldwide growth of the company and how it will use its size as an advantage in overcoming legal obstacles. The information presented by Pearl contains no weaknesses.

While Pearl's views about the influence of marketing in business decisions largely stand on their own, they are somewhat similar to the claims made by Kastel [15] that decisions are made in the interests of the company instead of its customers, but without the negativity.

I plan to use this source in the history and background, issues, and solution sections of my paper.

[22] Other

Siegel, Jeremy J. "In praise of WAL-MART." *Kiplinger's Personal Finance*. Opinion. January. 2007: Pages 75-76.

Kiplinger's Personal Finance has been providing the United States with "sound, unbiased advice in clear, concise language" since 1947. It is an investing and financial planning magazine geared toward the average citizen, offering money management tips telling how to secure future fiscal security. The magazine covers a broad spectrum of topics, published in the interest of its readers, and should therefore be neither for nor against corporate superstore growth.

Jeremy Siegel, Ph.D., is a professor of finance at the University of Pennsylvania. He previously taught at the University of Chicago. In 1994, he was voted Best Business School Professor worldwide and has won several other notable awards since then. To date, he has published two books and hundreds of articles for numerous publications. His writing typically focuses on the world of investing and stock trading, along with both the historical and present growth of national economies. Due to his esteem in his field and the level of respect he receives from the community, Siegel is expected to be neutral concerning the topic of superstore growth.

This article explains why the criticism of Wal-Mart and other superstore chains is largely irrelevant: people need both the companies' low prices and the jobs they create. Citing national unemployment rates and figures from recent Wal-Mart store openings, Siegel argues that people generally want, even need, the jobs that these large stores provide, both in rural and urban environments, as evidenced by the nearly 25,000 applicants for the 325 available jobs at a recent opening in Chicago. The jobs are not only welcomed in the United States, but around the world as well, leading to Wal-Mart being

one of the highest creators of new jobs in developing nations. Siegel supports his claim for the need for low prices across the country by reminding the reader that many Wal-Mart customers shop at Wal-Mart simply because their economic status demands it. It is this group of people, he assesses, that appreciate the value of low prices the most, not the wealthier groups who are fighting for higher pay standards and benefits. Siegel's cites the opinions of several authority figures, such as the mayor of Chicago, and several periodical articles to support his main assertion.

The main strength in this article is Siegel's straightforward explanation of why poorer neighborhoods need low-priced retail stores and why people still want to take jobs at Wal-Mart, even when they know about the potential problems with working there. Weakness comes from his simplified assumption that stores come promising new jobs and economic activity, and his lack of understanding some of the economical concepts presented by other sources explaining why these things cannot be guaranteed.

This source is similar to Vedder's [19] reasoning about why underprivileged people still desire low paying jobs and to his realistic belief that despite what activists say, the building of a store still creates some new jobs for people who may not have been employed before. Liveable City's report [13], Neumark et al. [14] and Goetz and Swaminathan [7] would all disagree with Siegel, as they all believe that the creation of new jobs resulting from a new superstore is only an illusion.

I plan to use this source in the issues section of my paper.

[23] Other

“Bigger boxes: the battle over America's superstores.” Produced, directed, and edited by Nick Nordquist. 2003. DVD. Industrial Strength Television, 2003.

Nick Nordquist is a documentary filmmaker just starting out in the moviemaking industry. His only other credit includes editing, producing and directing “Reclaiming Your American Dream” which documents people working to restart their chances to live the American Dream. The combination of that film and the documentary about Wal-Mart might suggest that Nordquist is slightly biased against Wal-Mart, as it is a large entity which could be seen as standing in the way of personal gain.

The main assertion in Nordquist’s documentary is that local governments do not know enough about the problems that can result from building a Wal-Mart or other large retailing store. The film documents the city of San Marcos, California as the townspeople try to convince their elected officials not to build a second Wal-Mart in town. The leaders can only see the promise of economic gain and end up voting to build the store.

Nordquist uses interviews with economists and businesspeople to attempt to show how the development of the store will eventually destroy the town. He also uses footage from the town council meetings to show the citizens’ frustration. Based on the knowledge of the people interviewed for this documentary, the evidence supports the main assertion.

This film had only strengths, as it addressed the issue in a fair and balanced way. The points made about health care and how the costs of the Wal-Mart employees using Medicaid were eventually absorbed by the taxpayers were eye-opening, as was the extent to which the lawmakers were oblivious about the issues. There were no weaknesses in this source.

Nordquist's film made the point that the majority of Wal-Mart employees cannot afford the health care offered to them by Wal-Mart, which is similar to the claims of Levinstein and Birger [6], Greenhouse [5] and Bernhardt et al. [16] The film's argument that the employees that are forced out of local businesses and will end up working for lower pay contradicts Vedder's [19] statement that workers are paid roughly equal amounts for the same jobs at similar businesses.

I plan to use this source in the history and background information and the issues sections of my paper.

[24] Other

“Wal-Mart Store Openings.” Created by Thomas J. Holmes. 2006. Electronic Animated Information Graphic. Available from:
http://www.econ.umn.edu/%7Eholmes/papers/Wal1962-2004_nov_05.wmv.
Internet. Accessed April 4, 2007.

Dr. Thomas J. Holmes is a professor of economics at the University of Minnesota. He received dual bachelor’s degrees from the University of Pennsylvania in 1981 in mathematics and economics, and later went on to earn his master’s and doctoral degrees in economics from Northwestern University in 1983 and 1985, respectively. He also works as a research associate for the National Bureau of Economic Research. He has published a number of papers covering a variety of economic themes but aside from the paper accompanying this video, Holmes has never published anything about Wal-Mart specifically. This means that he will not be biased for or against large retailers.

The main assertion of this piece is to make known the rapid expansion and growth that has made Wal-Mart able to claim its title as the largest corporation and retailer in the world. Based on a report by Holmes, also available at his web site, this video can also show how Wal-Mart was able to grow successfully and profitably by centering its early stores in order to provide a constant source of supplies from its warehouses. The data comes from historical records Wal-Mart’s growth and thus the evidence supports the main assertion.

This video has its strength in the presentation of a vast amount of data in a concise method. By seeing the progress that the company has made over time, it is easy to see how and why it controls the retailing market. There are no weaknesses in this source.

This source agrees with Vedder [19] and Pearl’s [21] statements that the company is reaching market saturation in the United States and will have to expand worldwide to

grow much larger. This also supports Vance and Scott's [1] note that Sam Walton wanted to saturate the market to bring low priced items to everyone. There are no sources that contrast with this one.

I plan to use this source in the introduction and the history and background information sections of my paper.

[25] Other

Mitchell, Stacy. ReclaimDemocracy.org. "Celebrating Independents: America's Independent Businesses Have Reasons for Optimism." Opinion. Available from http://reclaimdemocracy.org/independent_business/mitchell_independents_week.html. Internet: Accessed April 10, 2007.

The Institute for Local Self-Reliance is an organization which helps to empower small communities in the fight against big businesses. The institute was founded in the mid 1970s and has since enabled towns across the country to counter business proposals from large retailers. Based on the type of work it does, the institute is expected to be naturally biased against Wal-Mart from its very foundations.

Stacy Mitchell currently works as a researcher for the branch of the Institute for Local Self-Reliance called the New Rules Project and the Big Box Tool Kit. In this position she has advised numerous cities and towns about the issues presented by proposals for new, local Wal-Marts, and encouraged them to support and strengthen local businesses. Miller is a board member of the American Independent Business Alliance (AMIBA) and travels the country to inform communities of the advantages that local businesses offer. She is also the author of the book *Big-Box Swindle: The True Cost of Mega-Retailers and the Fight for America's Independent Businesses* and *Hometown Advantage: How to Defend Your Main Street Against Chain Stores and Why it Matters* and writes for several online opinion sites. Based on her past work which touts the problems with large, corporate retailers, Miller is expected to be heavily biased against Wal-Mart.

Mitchell's main assertion is that in today's world of retail competition, small businesses and independents have little or no chance to survive and little hope of prospering. She likens the current situation to the monopoly that the East India Tea

company had before the American Revolution. This is an opinion piece, so Mitchell is most likely drawing from her previous knowledge of the subject to make these claims, though due to her extensive knowledge of the situation, the evidence supports the main assertion.

This piece is short, but it effectively characterizes the impossibility facing small businesses. The comparison to the earlier world shows how giant a corporation like Wal-Mart is to a local store. The only weakness in this piece is that Mitchell fails to realize that Wal-Mart started out this way too, as it faced gigantic competition from well-established, large department stores during the 1960s.

This piece is not very similar to any of the other sources, but it could be assumed that Mitchell is arguing for government assistance, as that would be the only way that the small companies would have even a chance at surviving. If she believes this, Nordquist [23] would disagree as the message presented in the documentary was that government subsidies just end up losing money for the community, and thus are not the way to go.

I plan to use this source in the issues section of my paper.

Outline

I. Introduction

- A. Wal-Mart and other large retailers often bring unwanted consequences that are sometimes hidden from the average consumer's eye. Most of Wal-Mart's customers don't think critically about the severity of problems that can come from their desires for low prices and are thus not doing anything to stop the problems.
- B. Without considering the economic forces driving the massive popularity of Wal-Mart, reckless overindulgence can gradually bankrupt towns and their citizens, often without either of the two even realizing what is happening.
- C. As the company continues to grow, the accusations of problems potentially caused by Wal-Mart are conflicted by the American people's desire for low-cost goods. This desire has led to claims that low prices result in a negative effects that play into the gradual economic destruction of the surrounding areas of Wal-Mart communities. Opposition argues that the presence of a retail market stimulates economies and promotes empowered consumer spending. As these communities dissolve economically, they are subjected to increased needs to supply the company, and some argue that Wal-Mart is often irresponsible with regards to its large economic footprint. Wal-Mart has formulated policies to deal with this, but critics disagree, saying that the company's efforts are merely a public relations scheme. Company image is damaged even more as the integrity of promises of job creation that accompany the opening of new stores often end up in questionable states. Despite evidence of the unfair policies and low salaries that are tethered to the stores, supporters of Wal-Mart argue that the company's employee benefits and salaries compare to those of similar stores.
- D. **Thesis:** To counteract the problems that arise from current consumer spending habits and the prices they necessitate, a combination of effort from the corporate and customer levels is required. Shoppers need to think about the consequences that their actions have on themselves and their towns, while employers need to do their part to reduce the consequences they bring as much as possible.

II. History and Background Information

- A. As Wal-Mart quickly has become the largest retailer in the nation, its spread has been subject to ever-increasing scrutiny as it becomes more entwined into the everyday lives of the American people.
 1. As more and more superstores are built, their effects on small town economies are becoming more apparent, as local retailers and mom-and-pop stores are forced to close due to the immoderate competition presented by large discount stores, such as Wal-Mart.
 2. The growing acceptance of the threat of global warming has encouraged citizens to hold large corporations accountable for the large amounts of pollution and resource waste they entail.
 3. The large number of Wal-Mart employees and the groups fighting for them are bringing some of the employee neglect and unscrupulous internal policies to public attention. The activism has stirred calls for change in the structure of the company to make up for the problems in the lives of employees that procedures have brought about.

- B. In the past, the federal government has generally been encouraging of commerce from retail stores citing that they drive the economy and encourage consumers to spend. [9,#10] Local governments and small towns who did not want Wal-Mart to come to their towns were forced to band together in order to resist the construction of Wal-Mart stores, often without the help of higher members of the bureaucracy. [1,#2]
- C. With larger cities being approached by Wal-Mart in hopes of tapping the market presented by their substantial populations, portions of the country and special interest groups have mounted attacks on a national scale in hopes of dethroning the company. The larger cities have often offered compromises, suggesting new laws that would require stores with large numbers of employees to offer health insurance and employee benefits. Critics argue that these regulations would be unfair as their terms would only affect a store on the scale of Wal-Mart and are thus directed unabashedly and solely at controlling new stores. [19]

III. Issues

- A. The introduction of a Wal-Mart often heralds the eventual economic destruction of the surrounding area due to a variety of causes.
 - 1. Economic downturns can be explained by a number of economic theories and thus the many promises that are touted during the initial phases of the store introduction often turn out to be on a much smaller scale than promised.
 - a. Job creation that results from a new store usually consists primarily of the addition of low-paid, part-time workers. Wal-Mart favors using part-time employees to cut costs on insurance and benefits and to preserve employee morale in areas that require little skilled training and thus kindle boredom. [2]
 - b. By offering such low prices, Wal-Mart drives the competition's prices down, which results in lower earnings for local businesses. Lower earnings lead to either reduced salaries or firings for employees of these stores.
 - c. One of the primary ways that Wal-Mart reduces its costs is through the outsourcing of work from individual stores to higher levels in the hierarchy, such as through the use of small numbers of regional accountants (or their equivalent) to manage the finances of many individual stores. Outsourcing causes reduced job creation, as the jobs that would have been available to local businesses are merged with jobs from many other stores. [14]
 - d. When Wal-Mart stores are built in partially rural areas, as they typically are, towns in the surrounding area are often pushed off of the map due to a migration of commerce to the vicinity of the new store. Increased economic pressure on these towns threatens survival and offsets the purported benefits of the coming of the superstore. [4]
 - 2. Wal-Mart helps to protect consumers from unfair prices and ensures that they receive the maximum quantity of goods possible for their money.
 - a. The competition from Wal-Mart ensures that local stores will not be able to overcharge for their goods. [1]

- b. By eliminating the middleman and selling goods for their direct-from-factory prices, Wal-Mart helps customers to buy more and has increased the average American's purchasing power. [5]
- B. By thinking in terms of corporate issues and revenue, large retail stores often disregard their responsibilities to the environment and their communities' landscape.
 - 1. Wal-Mart often scars the land in exchange for promises of profits for investors and of low prices for customers.
 - a. The business of retail often glazes over the effects that a large store will have on the environment. The stores cause massive energy costs for their communities and often have no respect for aesthetic qualities of the land.
 - b. The policies that Wal-Mart touts as its effort to reduce global warming and save energy costs are little more than policies. They represent the company's desire to return to a favorable position in the nation's eyes. [19]
 - 2. Wal-Mart is pursuing new environmentally friendly policies and encouraging their customers to participate as well.
 - a. In Texas and Colorado, Wal-Mart is experimenting with pilot stores that are energy efficient, using renewable power and rely on local natural resources to operate. [18]
 - b. Wal-Mart is pushing eco-friendly technology on its customers and storeowners. A plan to educate consumers about the benefits of florescent light bulbs and install solar panels at certain stores will help to reduce the United States' spending costs. [17]
- C. To allow their prices to be as low as they are, large stores are often forced to make up for the lack of revenue by undercutting their employees. Disgruntled workers feel that they are not treated with fairness in proportion to the importance to the company that they constitute.
 - 1. Employees are often the first people to feel the effects that low prices bring, due to their poor treatment that is seemingly impossible for even the world's largest employer to endow.
 - a. Wal-Mart pays its employees much less than similar stores, such as Target and Costco and pays its corporate executives a vastly disproportional amount. The company's loyalty is then subject to question: should they support the individual employees who supply the labor for their stores, or the managers who make financial decisions.
 - b. Lower-level Wal-Mart employees are often neglected in the compensation they receive for their work. Christmas bonuses and incentives for long-term employees are meager at best and pale in comparison to the lucrative equivalents for corporate level employees. [6]
 - c. Wal-Mart offers health insurance to its employees, but often at prices that will not allow them to survive financially after paying for it. [2,#6,#16]
 - 2. Wal-Mart provides more jobs than anyone else to the country and therefore helps families to earn income that they would not have been earning otherwise. Wages paid at Wal-Mart are often on par with local retailers who

provide the exact same services. Employees are paid what is expected across the nation for the demographic of unskilled laborers. [19]

IV. Solutions

- A. One way to reduce the surge of public outcry about the company's policies would be to reconcile with its workers and offer either more affordable health care or higher wages. Affordable health care would allow the workers to better support themselves financially and receive what is available to similar workers from different companies. [6]
- B. To satisfy critics who argue about the problems with low prices and thus refuse to shop there, Wal-Mart could create a branch that sells upscale merchandise at standard prices in hopes of profiting from this market they have been unable to grasp. [19]
- C. Wal-Mart, having grown too large, should be split into separate entities to control and reduce the chances of the company forming monopolies across the market and a monopsony with suppliers and buyers. [2 6]

V. Conclusion

- A. There are many critics and supporters of the American superstore. Some of the proposed effects can only be observed over a long time period and this latency has led to varied opinions and a general confusion about whether the stores' presence actually benefits or damages both the American economy and people.
- B. The effects of Wal-Mart span across the spectrum and affect a large amount of people. By briefly examining each of the areas where there appear to be contradicting opinions, it becomes apparent that there is no immediate solution that will satisfy everyone.
- C. There is no easy solution to the many problems that are presented by large retailers. After looking at the benefits and costs brought about by the emergence of large, retail superstores as a dominant force in the U.S. economy, the only solution that is obviously apparent is the need for compromise. Being aware of both sides of the argument will help ease negotiations and lead to regulations and policies that will hopefully change the company for the better.
- D. **Thesis:** To counteract the problems that arise from current consumer spending habits and the prices they necessitate, a combination of effort from the corporate and customer levels is required. Shoppers need to think about the consequences that their actions have on themselves and their towns, while employers need to do their part to reduce the consequences they bring as much as possible.

Wal-Mart: Rolling Back a Lot of Things

Introduction

Everyone enjoys low priced goods, and for nearly the past 50 years, Wal-Mart has been providing that very thing to the American consumer. What could be bad about lower prices? Lots, or at least that is what some people say. Though the list of benefits for communities and their citizens contains many good things, the list of the negative effects that come to town along with a superstore is just as long and sometimes even longer. The problem is that the coming of retailers to an area often brings unwanted consequences that are sometimes hidden from the average consumer's eye. Most of Wal-Mart's customers don't think critically about the severity of problems that can come from their desires for low prices and are thus not doing anything to stop the problems.

These problems can have drastic effects on the home community of the store as well as the surrounding areas. The presence of a retailer of the scale that is common in today's world is can effect every aspect of the locale that it is located it. In tandem to the obvious economic and environmental effects that will result from the addition of a 261,000 square foot megastore, there are hidden problems that will eventually affect the residents who rush to fill the new job slots. There are problems that will affect the town's well being as well. Unfortunately, most people do not know enough about the many processes that are working behind the scenes to drive the market. Without considering the economic forces driving the massive popularity of Wal-Mart, reckless overindulgence can gradually bankrupt towns and their citizens, often without either of the two even realizing what is happening.

Each year, Wal-Mart grows considerably larger and it has been ever since its Sam Walton founded the first store in 1962. As the company continues to grow, the accusations of problems

potentially caused by Wal-Mart are conflicted by the American people's desire for low-cost goods. This desire has led to claims that low prices result in a negative effects that play into the gradual economic destruction of the surrounding areas of Wal-Mart communities. Opposition argues that the presence of a retail market stimulates economies and promotes empowered consumer spending. As these communities dissolve economically, they are subjected to increased needs to supply the company, and some argue that Wal-Mart is often irresponsible with regards to its large economic footprint. Wal-Mart has formulated policies to deal with this, but critics disagree, saying that the company's efforts are merely a public relations scheme. Company image is damaged even more as the integrity of promises of job creation that accompany the opening of new stores often end up in questionable states. Despite evidence of the unfair policies and low salaries that are tethered to the stores, supporters of Wal-Mart argue that the company's employee benefits and salaries compare to those of similar stores.

Thesis: To counteract the problems that arise from current consumer spending habits and the prices they necessitate, a combination of effort from the corporate and customer levels is required. Shoppers need to think about the consequences that their actions have on themselves and their towns, while employers need to do their part to reduce the consequences they bring as much as possible.

History and Background

Wal-Mart is the world's largest company and the second largest employer in the United States, after the federal government. It has been ranked at the top of the Fortune 500 and serves over 127 million people per week. [3] That equates to roughly one-third of the U.S. population. Wal-Mart was not always this prominent in the American retail business, as even its founder had to start somewhere.

Sam Walton first entered retailing on June 3, 1940, at the J.C. Penny store in Des Moines, Iowa immediately after graduating from the University of Missouri with a degree in economics. He eventually left his job at Penny's and purchased his own store to become a part of the Ben Franklin franchise. It was the experience gained here that led Walton to take a risk and offer goods for lower prices than his competition, a Sterling store just across the street, in hopes of attracting customers. Business boomed and Walton found that by working with manufacturers and warehouses, he could purchase goods for lower prices, and thus be free to set the prices at significantly lower rates than he would have otherwise had to.

After selling the store and purchasing existing others one at a time over the years, he eventually decided to start his own store in Bentonville, Arkansas. The store was named Walton's 5 & 10 (or five and dime). Walton expanded his line over the years and began to build stores all over the region. The first store branded with the familiar name of today was Wal-Mart Discount City, in Rogers, Arkansas. The chain began to grow. [1]

Wal-Mart continued to expand greatly in the 1970s and 1980s as the federal government encouraged towns to welcome the economic potential of retailing stores, shopping malls and locally run businesses in particular, citing their nature as a driving force of the economy and that they encouraged consumers to spend. [9,#10] Local governments and small towns who did not want Wal-Mart to come to their towns due to noise and traffic congestion. The government offered help and most of these problems were overcome. [11]

As Wal-Mart quickly has become the largest retailer in the nation, its spread has been subject to ever-increasing scrutiny as it becomes more entwined into the everyday lives of the American people. As more and more superstores are built, their effects on small town economies

are becoming more apparent, as local retailers and mom-and-pop stores are forced to close due to the immoderate competition presented by large discount stores, such as Wal-Mart.

The growing acceptance of the threat of global warming has encouraged citizens to hold large corporations accountable for the large amounts of pollution and resource waste they entail.

The large number of Wal-Mart employees and the groups fighting for them are bringing some of the employee neglect and unscrupulous internal policies to public attention. The activism has stirred calls for change in the structure of the company to make up for the problems in the lives of employees that procedures have brought about.

Initially Walton envisioned his store as being able to increase the purchasing power of the consumer, which is why many of the early stores were strategically located in poorer areas of the nation. [12, #24] Selling items at lower prices allowed the citizens to be able to purchase more with their dollar. This trend has continued, but has come under scrutiny recently. The prospect of tapping the large markets of highly populated cities has started to change Wal-Mart's attitudes about which markets to target.

Now larger cities are being approached by Wal-Mart in hopes of profiting on the revenue sure to come from their substantial populations, portions of the country and special interest groups have mounted attacks on a national scale in hopes of dethroning the company. The larger cities have often offered compromises, suggesting new laws that would require stores with large numbers of employees to offer health insurance and employee benefits. Critics argue that these regulations would be unfair as their terms would only affect a store on the scale of Wal-Mart and are thus directed unabashedly and solely at controlling new stores. [19]

Since the United States economy is based on the capitalism, the government is somewhat limited in what steps it can take to check the growth of Wal-Mart, and as long as the company does not create a monopoly, there is little that can be done on a nationwide scale.

Issues

Theme 1 – Pros Downturns in local prosperity can be explained by a number of economic theories and thus the many promises that are touted during the initial phases of the store introduction often turn out to be on a much smaller scale than promised.

Job creation that results from a new store usually consists primarily of the addition of low-paid, part-time workers. Wal-Mart favors using part-time employees to cut costs on insurance and benefits and to preserve employee morale in areas that require little skilled training and thus kindle boredom. [2] Many studies have been published that indicate that Wal-Mart's wages are lower than its competitors.[16] This leads to additional issues that will be addressed later.

By offering such low prices, Wal-Mart drives the competition's prices down, which results in lower earnings for local businesses. Lower earnings lead to either reduced salaries or firings for employees of these stores. These employees often end up either working for the same wages that the larger store pays, or occasionally, working at the larger store themselves. Also, small businesses are often at a disadvantage from the start, as government subsidies are offered to large stores. This often leaves local retailers out of luck and in a position where they have no chance of competing with the larger store. [20, #23, #25]

The addition of a retail store to a community does not equate to increased money for the entire community. This problem is summed up by Stephan J.Goetz and Hema Swaminathan in their report "Wal-Mart and County-Wide Poverty:"

“However, retail stores have a much smaller net economic impact on local economies than do manufacturing firms, for example. In particular, retail stores are usually part of what economists call the nonbasic sector, which exists solely to serve the so-called basic sector. The basic sector commonly includes agriculture, mining, and manufacturing, and it is responsible for exporting goods and services that bring “new money” into a community. As this new money is spent and respent in the community, economic growth occurs. Although important (because it supports the basic sector), the nonbasic sector does not play this role of bringing in new money and it therefore makes a much smaller contribution to local economic growth over time than does the basic sector.” [7]

One of the primary ways that Wal-Mart reduces its costs is through the outsourcing of work from individual stores to higher levels in the hierarchy, such as through the use of small numbers of regional accountants (or their equivalent) to manage the finances of many individual stores. Outsourcing causes reduced job creation, as the jobs that would have been available to local businesses are merged with jobs from many other stores. [8, #14]

When Wal-Mart stores are built in partially rural areas, as they typically are, towns in the surrounding area are often pushed off of the map due to a migration of commerce to the vicinity of the new store. Towns are disappearing across the nation due to the location choice of Wal-Mart store. This problem is further complicated by the fact that approximately one new Wal-Mart is built every day and a half. Increased economic pressure on these small towns threatens survival and offsets the purported benefits of the coming of the superstore. [4, #23]

Theme 1 – Cons The competition from Wal-Mart ensures that local stores will not be able to overcharge for their goods. [1, #19] This is especially important for poor families, as

their purchasing power is dramatically increased during the introduction of a Wal-Mart store. [5,#22]

By eliminating the middleman and selling goods for their direct-from-factory prices, Wal-Mart helps customers to buy more and has increased the average American's purchasing power. [5] Wal-Mart is part of an oligopoly (group of few sellers) of retailers. Wal-Mart is the largest company in this group, so by far so it is in control. It is also nearly a monopsonist (single buyer) due to its large influence in buying goods. This means that it can set prices wherever it wants to help the consumer. [8]

Theme 2 – Pros By thinking in terms of corporate issues and revenue, large retail stores often disregard their responsibilities to the environment and their communities' landscape.

The business of retail often glazes over the effects that a large store will have on the environment. The stores cause massive energy costs for their communities and often have no respect for aesthetic qualities of the land.

The policies that Wal-Mart touts as its effort to reduce global warming and save energy costs are little more than policies. They represent the company's desire to return to a favorable position in the nation's eyes. [19]

Theme 2 – Pros Wal-Mart is pursuing new environmentally friendly policies and encouraging their customers to participate as well. Products and methods are to include advocating florescent light bulbs and promoting the use of solar energy. This will lead to increased consumer awareness and will help to lower the energy costs of the nation. [17]

In Texas and Colorado, Wal-Mart is experimenting with pilot stores that are energy efficient, using renewable power and rely on local natural resources to operate. The stores have greatly reduced overhead and operate largely on renewable energy. [18]

Theme 3 – Pros To allow their prices to be as low as they are, large stores are often forced to make up for the lack of revenue by undercutting their employees. Disgruntled workers feel that they are not treated with fairness in proportion to the importance to the company that they constitute. Employees are often the first people to feel the effects that low prices bring, due to their poor treatment that is seemingly impossible for even the world’s largest employer to endow.

Wal-Mart pays its employees much less than similar stores, such as Target and Costco and pays its corporate executives a vastly disproportional amount. The company’s loyalty is then subject to question: should they support the individual employees who supply the labor for their stores, or the managers who make financial decisions. [16]

Lower-level Wal-Mart employees are often neglected in the compensation they receive for their work. Christmas bonuses and incentives for long-term employees are meager at best and pale in comparison to the lucrative equivalents for corporate level employees.[6] The average Wal-Mart worker would need to work 1,000 years before he would even approach the amount made by Lee Scott, the CEO.

Theme 3 – Cons Wal-Mart offers health insurance to its employees, but often at prices that will not allow them to survive financially after paying for it. This leads to the employees depending on Medicaid and other government sponsored programs which take away tax funding from other projects.[2,#6,#16,#23]

Wal-Mart provides more jobs than anyone else to the country and therefore helps families to earn income that they would not have been earning otherwise. Wages paid at Wal-Mart are often on par with local retailers who provide the exact same services. Employees are paid what is expected across the nation for the demographic of unskilled laborers. [19]

Solutions

One way to reduce the surge of public outcry about the company's policies would be to reconcile with its workers and offer either more affordable health care or higher wages. Affordable health care would allow the workers to better support themselves financially and receive what is available to similar workers from different companies. [6]

To satisfy critics who argue about the problems with low prices and thus refuse to shop there, Wal-Mart could create a branch that sells upscale merchandise at standard prices in hopes of profiting from this market they have been unable to grasp. [19]

Wal-Mart, having grown too large, should be split into separate entities to control and reduce the chances of the company forming monopolies across the market and a monopsony with suppliers and buyers. [26]

Conclusion

There are many critics and supporters of the American superstore. Some of the proposed effects can only be observed over a long time period and this latency has led to varied opinions and a general confusion about whether the stores' presence actually benefits or damages both the American economy and people.

The effects of Wal-Mart span across the spectrum and affect a large amount of people. By briefly examining each of the areas where there appear to be contradicting opinions, it becomes apparent that there is no immediate solution that will satisfy everyone.

There is no easy solution to the many problems that are presented by large retailers. After looking at the benefits and costs brought about by the emergence of large, retail superstores as a dominant force in the U.S. economy, the only solution that is

obviously apparent is the need for compromise. Being aware of both sides of the argument will help ease negotiations and lead to regulations and policies that will hopefully change the company for the better.

Thesis: To counteract the problems that arise from current consumer spending habits and the prices they necessitate, a combination of effort from the corporate and customer levels is required. Shoppers need to think about the consequences that their actions have on themselves and their towns, while employers need to do their part to reduce the consequences they bring as much as possible.

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