

Wal-Mart Story

Big and Quintessentially American

Nothing more epitomises the American ideal of 'corporate bigness' than the retail giant Wal-Mart. Yet its critics reveal their political naivete when they limit their criticism to instances of Wal-Mart's exploitation and iniquitous employee policies, while leaving untouched the entire political ideology of bigness that has made American society the most consumerist on earth.

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The American retail giant, Wal-Mart, has set its sights on entering the Indian market. The CEO of Wal-Mart's international division met with prime minister Manmohan Singh, as well as the finance and commerce ministers, last month and went on record to say that "India represents a \$250 billion retail market, growing (at) 7.2 per cent a year, but modern retailing is just starting to emerge. This shows us that India is a huge organic growth opportunity for Wal-Mart." Just what Wal-Mart's appearance would mean in India, where the retailing business accounts for 14 per cent of GDP, is something that many commentators take as self-evident. Some of the 12 million entrepreneurs and shopkeepers who account for 98 per cent of the retail trade in India are under threat, while liberalisation's most vocal advocates have already promised the Indian consumer, who in metropolitan centres has already adjusted to air-conditioned malls and the concept of one-stop shopping, a clean, orderly, haggle-free and 'pleasant' shopping experience. Above all, Wal-Mart thrives on low prices; indeed, the company has declared that it will not be undersold on a vast array of consumer goods, even fruits and vegetables. 'Always low prices' is its enchanting mantra in the more than 3,600 stores it has throughout the US as well as some 1,570 stores in Canada, Mexico, Puerto Rico, Argentina, Germany, UK, China and Korea.

Wal-Mart is no ordinary retailer, however, and in the last couple of years it has come under considerable, if predictable, scrutiny in the US. Something of an opposition has been built around

Wal-Mart, and its putatively singular status is conveyed in the fact that one often hears these days of the 'Walmartisation' of America. Two academic conferences at the University of California have been devoted in recent months to Wal-Mart, a sure sign that 'Walmartisation' is now a social phenomenon worthy of intellectual inquiry. There was a time not so long ago, when the word 'retailer' would have brought to mind the idea of a small shop or a supermarket, at most a department store chain. But Wal-Mart is not only a retailer, it is also a gigantic corporation, the super embodiment of abundance in a country which is itself a monumental shrine to the ideology of 'bigness'. To speak of Wal-Mart is, in the first instance, to be adrift in a sea of numbers. With \$285.2 billion in sales in 2004, Wal-Mart is thrice the size of its nearest retail competitor, Carrefour (France), and larger than all but nine national economies. Originating as a discount store in Arkansas in 1962, Wal-Mart has registered phenomenal growth. By 1979, Wal-Mart had 276 stores across 11 states; and it is in this period, lasting until 1987, that the company grew annually by 35 per cent over 12 years. Between 2000 and 2004 alone, Wal-Mart grew by nearly 50 per cent; overseas, the growth of the company has been slightly less impressive, though the number of its stores increased from 10 in 1993 to 1,170 in 2000. Formidable as are all these figures, the unfathomable place Wal-Mart occupies in American society is more amply conveyed by the fact that 90 per cent of American families shop at Wal-Mart each year, and the company accounts for at least 8 per cent of all US consumer spending. Its profit in 2004 was in excess of \$10 billion. Speaking in another idiom, the

historian Nelson Lichtenstein has characterised this behemoth as a company that 'legislates for the rest of us key components of American social and industrial policy.'

Wealth and Iniquity

Wal-Mart's critics are keen that its success story should be placed alongside another narrative, one that the company vigorously disputes. Since the internet itself has become a space of resistance, one can do no better than to turn to Wal-Mart Watch (www.WalmartWatch.com) though there are two dozen websites devoted to documenting Wal-Mart's excesses and atrocities. (If 'atrocities' seems too strong a word, consider that in 2001 Wal-Mart settled for \$50 million a lawsuit filed on behalf of 69,000 workers in Colorado who had not been paid at all). Much like established NGOs such as Human Rights Watch and Amnesty, Wal-Mart Watch issues an annual report and has won grudging acceptance by Wal-Mart as an opponent worthy of demolition. The indictments proffered in Wal-Mart Watch's annual report for 2005, 'Low Prices at What Cost?', against Wal-Mart are, besides being numerous, widely documented, even by much of the conservative American media. A case in point is the wages paid by Wal-Mart to its 'associates' (as the company's employees are known), a term of some endearment hinting at notions of partnership and equity. Although Wal-Mart's CEO, Leo Scott, took home \$17,543,739 in compensation last year, the average pay of a sales clerk at Wal-Mart was \$8.50 per hour. At a little less than \$14,000 per year, this is substantially less than the \$19,157 poverty level for a family of four – and the American government, it should be added, is overwhelmingly generous in its assessment of how little is needed by have-nots. Scott earned \$8,434 per hour, some 871 times more than the average Wal-Mart clerk; on average, he even earned twice as much as other leading CEOs in the country. Such iniquities, as Mohandas Gandhi reminded the viceroy, Lord Irwin, in 1930 are characteristic of a 'foreign administration', and must be faced by people placed under the yoke of oppressive rule. The British Prime Minister, Gandhi wrote to Irwin shortly before he commenced his march at

Dandi, earned 90 times more than the average British citizen; but the viceroy of India earned well over 5,000 times the average income of an Indian. 'On bended knee' Gandhi asked the viceroy 'to ponder over this phenomenon'. Who, in the land of unbridled capitalism, where those of profligate wealth are set up as 'role models', as worthy of the riches attached to them, will put this question to Scott?

Across a wide spectrum of issues, from its contemptuous violation of American labour laws, zero tolerance for labour unions, and refusal to disclose the names of the 4,000 suppliers it has in China where sweatshop labour predominates, to its abominable record on health care benefits for its employees and its defiance of environmental regulations, Wal-Mart's record remains uniformly deplorable. Since low-income American women are Wal-Mart's single largest customer base, one might innocently expect the company to be generous in its treatment of women employees. One detailed study by the economist Richard Drogin, the findings of which have been corroborated in a dozen other studies and reports, of nearly four million people employed by Wal-Mart between January 1996 and March 2002 shows that at every level of employment and in every region of the country, women earned less, and often substantially less, than men for the same kind of work. Women consistently earned higher performance ratings and had a greater average seniority, but the earnings gap did not diminish; to the contrary, the gap in initial wages between men and women widened considerably over 3-4 years. Though women comprise nearly two-thirds of Wal-Mart's entire workforce, they are concentrated disproportionately in the lower ranks, filling 92 per cent of the cashier positions. Only 15 per cent of store managers are women and promotion comes much more slowly to them. A class-action lawsuit on behalf of 1.6 million present and former women employees of Wal-Mart is now under way, though it should be noted that Wal-Mart is facing 8,000 other lawsuits. 'My morning starts with reading sales,' Wal-Mart's CEO has stated, 'followed by a visit from our general counsel'.

Among its many other distinctions, Wal-Mart was, until recently, known for its indifference to its critics. Its low prices, loyal clientele and sheer dominance of retail markets allowed it the luxury to forgo the media blitz that corporations have generally undertaken in response to social criticism. But in the last few years, as criticism of Wal-Mart mounted, the

company finally went on the offensive and in January 2005 alone it took out over 100 full-page newspaper ads proclaiming itself a good employer and public citizen. To those of its critics who charge Wal-Mart with brazen violations of the Clean Water Act and the Clean Air Act, as well as with more broadly conceived acts of environmental degradation such as urban blight and disregard for city zoning codes, Wal-Mart responded with its 'Acres for America' programme. Wal-Mart's press release of April 12, 2005 grandly describes its 'groundbreaking partnership programme' under which the company pledges \$35 million 'to conserve at least one acre of priority wildlife habitat for every acre developed for common use.' The company's website does not state that this \$35 million committed *over ten years is only twice the amount of CEO Scott's present annual compensation* (not including his stock options of \$10 million or more), or that it is the exact amount paid by Alice Walton, one of the inheritors of the Wal-Mart fortune, for an American painting last month.

Similarly, since 'diversity' is the necessary watchword of every organisation, private or public in the US, the company proudly claims 1,39,000 Hispanics and 208,000 African-Americans among its 1.2 million American employees, doubtless making it one of the largest employers of both these minorities. When Wal-Mart offers below living wages to the bulk of its employees, should we be surprised that it is especially hospitable to Hispanic and black minorities any more than we are surprised to find that prisons, the US armed forces, and numerous hazardous occupations are all generously committed to employing, housing, and otherwise disciplining the most underprivileged minorities in the US? Diversity and multiculturalism have been wonderful assets for the elite, predominantly made up of white males, who are ever in search of more benign, user-friendly ways of consolidating class, gender and racial hierarchies.

Elusive Silver Linings

The optimists are perhaps right in pointing to the silver linings that have appeared recently. One cannot but be heartened by the decisive rejection in April 2004 of a Wal-Mart sponsored ballot measure that would have brought a Wal-Mart supercentre, the size of 17 football fields, to the largely black community of Inglewood in Los Angeles county. Wal-Mart has been similarly unsuccessful

in establishing its presence in New York city.

By the same token, one can only marvel at the political naiveté which enables Wal-Mart's critics to direct their ire and criticism at Wal-Mart while leaving untouched the political ideology of bigness that has created the most permissively consumerist and self-aggrandising society on earth. To suppose that Wal-Mart's competitors are in general more constrained by ethical considerations, or that small town America (whatever its assumed virtues) could be revived if Wal-Mart's relentless quest for markets were checked, is to signal a colossal failure of political imagination. Though ritual claims to reduce the size of government have periodically driven American politics, the American corporation has never been subjected to any such restraints. Among Wal-Mart's lesser known powers is its ability, by virtue of its vast command over the market, to act as a censor and keep its stores free of books, magazines, music, and films that are deemed to offend against 'family values'.

America is still to witness a social and political movement, outside those miniscule enclaves of utopian and counter-culture dissidents to whom E F Schumacher's *Small is Beautiful* (1973) was something of a bible, that would confront the nation's ideology of bigness. America has become proverbial for the gargantuan meals served in its restaurants, its huge and tasteless cups of coffees, and its monstrously oversized parking lots. The US army is itself the most obscene instantiation of obesity. Many Americans fondly believe that their conception of freedom has been revolutionising the world, but the so-called American revolution may be nothing more than the export of its hideous ideology of bigness to a world too small to accommodate such garish conceptions of the good life. **EPW**

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Note: Sources for this article came from www.walmartstores.com; www.walmartfacts.com; www.walmartwatch.org; www.walmartversuswomen.com; Medard Gabel and Henry Bruner, *Global Inc.: An Atlas of the Multinational Corporation* (The New Press, New York, 2003); Nelson Lichtenstein, ed, *Wal-Mart: The Face of 21st Century Capitalism* (New Press, forthcoming, New York, 2006); Barbara Ehrenreich, *Nickel and Dimed: On (Not) Getting By in America* (Henry Holt & Co, New York, 2001); Richard Drogin, 'Statistical Analysis of Gender Patterns in Wal-Mart Workforce' (February 2003).