



*Special issue on:*

**WAL-MART**

*plus*

**KATRINA**

**IRAQ**



# Marching Loud and Proud

By Peter Frase

The September 24th march in Washington, D.C., organized by United for Peace and Justice and International ANSWER, was an important test for the anti-war movement. In recent months, Iraq has continued to look more and more like an unsolvable quagmire, Bush's popularity continues to plummet, and Hurricane Katrina has highlighted his administration's cruelty and incompetence. At the same time, anti-war activists have found an important new symbol in Cindy Sheehan, who now represents the mainstream, patriotic face of anti-war activism. The question was whether activists would succeed in taking advantage of these new conditions.

Estimates of attendance at the DC march ranged from 100,000 to 300,000, and the crowd was more diverse than ever before, in terms of age, politics, region, and race. It was more than the organizers had hoped for. With the exception of Fox, news coverage was good, especially since the march ended up competing with Hurricane Rita. The Cindy Sheehan

phenomenon has given the media a new lens through which to view the anti-war movement: in general, the coverage emphasized the diverse and mainstream attendees, rather than focusing on the fringe politics of a minority.



The official message projected from the stage was somewhat unfocused, and heavy with the sometimes politically questionable speakers from the ANSWER coalition. Most people ignored the speeches, however, and the setup of the rally made it very easy to do so. Just up the hill from the stage was set up was the area where all of the organizations set up their information tables. It was a big lefty carnival—everything from liberals to the sectarian left to single-issue groups to a “Progressive Internet Dating” web site was represented. Nearby, a second stage was set up featuring bands, short

speeches, and veteran punk rocker Jello Biafra.

Overall, it seemed that the march was structured to sideline the speech-making. This is probably a good idea in general, but it was particularly important in this case. No matter what some liberals or radicals might want, it has been hard to banish ANSWER from the movement just yet, for the simple reason that they still do a lot of work turning people out. So it's nice to see their destructive side marginalized as a less-politicized group of people begins to come to these marches.

If you walked through the crowds, you got a sense of the incredible diversity of homemade signs, carrying idiosyncratic messages from “Send the Twins” to “Make Levees Not War” to “Bush is a Fascist” to “Anti-Bush Republican.” Such a variety of signs and slogans overwhelmed those of the march organizers and the organized Left.

Noticeably absent, however, were the liberal mainstream organizations, either in the form of elected officials or the MoveOn.org types. There were a few left-wing representatives like Maxine Waters, but most stayed away. This made sense when opposing the war was a fringe issue, but now a majority of Americans oppose the occupation, and there's an “Out of Iraq” caucus in Congress. It seems to be inertia and cowardice that is now holding liberals back—a failure to recognize that the political terrain has shifted and to move accordingly.

While the work of the Left has been indispensable in building the anti-war movement, at some point mainstream liberals will have to start providing some leadership. If this march, (and its associated days of lobbying and civil disobedience), helps kick-start some into gear then we'll be able to look back on it as a success.

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## From the National Director

The public has started to sour on Wal-Mart. A new poll by Zogby International, a Republican polling firm, found that 56% of American adults agreed with the statement: "Wal-Mart was bad for America. It may provide low prices, but these prices come with a high moral and economic cost." Only 39 percent of American adults agreed with the opposing statement: "I believe Wal-Mart is good for America. It provides low prices and saves consumers money every day." Despite Wal-Mart's millions and millions of dollars spent on two separate campaigns to refurbish its image, Americans are beginning to get it.

This year the UFCW launched Wake-Up Wal-Mart. This month they expect to sign up the 150,000th member. Last May Wal-Mart Watch, started by the SEIU, UFCW, AFL-CIO and non-labor organizations like the Sierra Club and Common Cause, launched a series of full-page ads on Wal-Mart.

The Teamsters union announced a

campaign to organize Wal-Mart drivers. ACORN has launched a campaign to organize an association of current and former Wal-Mart employees.

Local activists around the country organized 7,000 screenings of Robert Greenwald's new film: *Wal-Mart: The High Cost of Low Price* the week of November 13-20. Brave New Films, Greenwald's production company, want his film to be used as an organizing tool for activists and has filled his web site and DVD with tools for activists.

In the next year or two, Wal-Mart will be forced to settle the largest gender discrimination suit in history. And other class action suits are pending.

Of course none of this means that the company is ready to capitulate or that a successful boycott campaign is imminent. What it means is that we are making important strides in educating a section of the public.

Reforming Wal-Mart, changing its  
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### DEMOCRATIC LEFT

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# Film Review: Breaking the Beast of Bentonville

by Michael Hirsch

Outside Trinidad, Colorado, in 1914, militiamen, professional gunmen and street toughs in the employ of John D. Rockefeller's Colorado Fuel and Oil Company erased a striking miner's encampment. In 2005, the Walton family's Wal-Mart is erasing whole towns. Forget King Kong. The most harrowing monster movie of the season is Robert Greenwald's *Wal-Mart: The High Cost of Low Price*. It's also the most encouraging.

This corporation puts Hurricane Katrina to shame. Setting up shop in Middlefield, Ohio, the mega-store proceeds to destroy a viable family business going back generations. Patriarch Don Hunter tells Greenwald how he's "seen a lot of small businesses crucified." Hunter's own H&H Hardware goes belly up even before Wal-Mart opens, when his block-long building is appraised too low to serve as collateral on an expected loan—all because Wal-Mart is expected to knock property values down. In Cathedral City, California, IGA supermarket owner Red Estry tells about the squeeze both he and the town are in, with public services shortchanged because subsidies were lavished instead on attracting Wal-Mart. In Charlotte, North Carolina, improperly stored herbicides and insecticides from Wal-Mart leech into storm drains and creeks and eventually into the drinking water.

Wal-Mart is a company that always feeds on its employees. When Wal-Mart CEO Lee Scott gives his company pitch that store "associates" are well-treated and adequately compensated, a slew of former and present employees (the latter shown in shadow) are there to explain why the job is thankless and how the company even assists in placing full-time employees on public assistance, Medicaid and in Section 8 housing to supplement meager wages and benefits. Ex-managers, some with 17 years company experience, say they were expected to doctor the books to avoid paying overtime and to insist associates work off the books. They all admit that the stores were simply not structured to do the job right.

Class action suits have been filed against the corporation for hiring undocumented workers and for racial and gender discrimination in promotions. A black woman was told by her boss "there was no place for people like me in management." She asked if that meant because she was black or because she was a woman. "Two out of two isn't bad," the boss replied.

Criminal assaults—in numbers not experienced by other retailers—were rife at thousands of parking lots nationwide just because Wal-Mart was too cheap to provide security. In some cases spy cameras were set up, not to protect shoppers,

but to keep tabs on employees; when no union operations were expected, the company even stopped staffing the monitors. They wouldn't even let the cameras do double duty. Union busting is rife, and the company harasses anybody, one associate says, "who even appears to be conspiring to do something."

Wal-Mart may be the most aggressive anti-union company in the nation, so it was bittersweet to hear a German employee of one of two merchandisers swallowed whole by Wal-Mart but still protected by union contracts say she couldn't understand why co-workers stateside "don't have a workers council."

On its face, the film is a marvelous piece of gut-punching propaganda—a 97 minute attack ad that will be hard to refute. And it presents numerous examples of communities that are saying "no" to Wal-Mart. Still, with all this information—and it could do with a little trimming—the film is remarkably one-dimensional. There is little attention to what it would take to unionize Wal-Mart, or even stocktaking of past efforts. There's also little here to distinguish Wal-Mart from a ravening night stalker instead of an (admittedly bloodless) human institution shaped by economic dictates. Is Wal-Mart a rogue corporate elephant, needing to be brought to heel, or, as a socialist would argue, the most egregious and flat-footed example of the corporate need to accumulate? As Marx observed, "Accumulate, accumulate! That is Moses and the Prophets!," and even a boss or a capitalist class must operate instrumentally in order to churn profits into capital.

Certainly there are huge variations in corporate cultures and lifestyles. Steel magnate Andrew Carnegie, hated in his lifetime by his own workers, was a leading philanthropist who liquidated his fortune even as the notorious woolens manufacturer William Wood of Lawrence Strike infamy kept and flaunted every dime. Today Wal-Mart and the Walton family play Scrooge to Bill Gates' Father Christmas. Still, it's the similarities that need underscoring.

Perhaps in an effort to appear topical and non-ideological, Greenwald focused his beam narrowly on the predatory greed of one corporation. Greenwald tells his audience—in one of a number of bonus features on the DVD, the best of which are a set of mordant spoofs on actual Wal-Mart ads—that he meant his film as a "tool to help tell the story of how Wal-Mart impacts people all across the country and all across the world." He does a masterly job of pinning deserved blame on one group of corporate pirates. But with Wal-Mart red in

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# WAL-MART: A TEMPLATE FOR 21ST CENTURY CAPITALISM?

by Nelson Lichtenstein

**W**al-Mart, the largest corporation in the world, provides the template for a global economic order that mirrors the right-wing politics and imperial ambitions of those who now command so many strategic posts in American government and society. Like the conservatism at the heart of the Reagan-Bush ascendancy, Wal-Mart emerged out of a rural South that barely tolerated New Deal social regulation, the civil rights revolution, or the feminist impulse. In their place the corporation has projected an ideology of family, faith, and small-town sentimentality that co-exists in strange harmony with a world of transnational commerce, stagnant living standards, and a stressful work life.

Founded less than 50 years ago by Sam Walton and his brother Bud, this Bentonville, Arkansas, company is today the largest profit-making enterprise in the world. With sales approaching \$300 billion a year, Wal-Mart has revenues larger than those of Switzerland. It operates more than 5,000 huge stores world wide, 80 percent in the United States. In selling general merchandise, Wal-Mart has no true rival, and in 2003 *Fortune Magazine* ranked Wal-Mart as the nation's most admired company. It does more business than Target, Home Depot, Sears, Kmart, Safeway, and Kroger combined. It employs more than 1.5 million workers around the globe, making Wal-Mart the largest private employer in Mexico, Canada, and the United States. It imports more goods from China than either the United Kingdom or Russia. Its sales will probably top a trillion dollars per year within the decade. Sam Walton was crowned the richest man in America in 1985: today his heirs, who own 39 percent of the company, are twice as wealthy as the family of Bill Gates.

The competitive success and political influence of this giant corporation enable Wal-Mart to rezone our cities, determine the real minimum wage, break trade unions, set the boundaries for popular culture, channel capital throughout the world, and conduct a kind of international diplomacy with a dozen nations. In an era of waning governmental regulation, Wal-Mart management may well have more power than any other entity to "legislate" key components of American social and industrial policy. The Arkansas-based giant is well-aware of this leverage, which is why it is spending millions of dollars on TV advertisements that tout, not its "everyday low

prices," but the community revitalization, happy workers, and philanthropic good works it says come when it opens a store.

Wal-Mart is the "template" business setting the standards for a new stage in the history of world capitalism. In each epoch a huge, successful, rapidly emulated enterprise embodies a new and innovative set of technological advances, organizational structures, and social relationships.

Wal-Mart is now the template business for world capitalism because it takes the most potent technological and logistic innovations of the 21st century and puts them at the service of an organization whose competitive success depends upon the destruction of all that remains of New Deal style social regulation and replaces it with a global system that relentlessly squeezes labor costs from South Carolina to South China, from Indianapolis to Indonesia. For the first time in the history of modern capitalism the Wal-Mart template has made the retailer king and the manufacturer his vassal. So the company has transformed thousands of its supplier firms into quaking supplicants who scramble to cut their costs and squeeze the last drop of sweated productivity from millions of workers and thousands of subcontractors.

## Wal-Mart's Asian Empire

One of the most important innovations enhancing Wal-Mart's span of control has been a worldwide "logistics revolution." The retailer tracks consumer behavior with meticulous care and then transmits consumer preferences down the supply chain. To make it all work, the supply firms and the discount retailers have to be functionally linked, even if they retain a separate legal and administrative existence. Wal-Mart is a huge retailer and a manufacturing giant in all but name.

Wal-Mart has installed its Asian proconsul in Shenzhen, the epicenter of Chinese export manufacturing. There a staff of 400 coordinates the purchase of some \$20 billion worth of South Asian products. Because the company itself has an intimate understanding of the manufacturing process and because its purchasing power is so immense, Wal-Mart has transformed its 3,000 Chinese suppliers into powerless price-takers, rather than partners, deal-makers, or oligopolistic price administrators. While many of these suppliers are small and undercapitalized, a growing number of East Asian contrac-

tors manage factories that are of stupendous size. For example, Tue Yen Industrial, a Hong-Kong-listed shoe manufacturer, employs more than 150,000 workers worldwide, most in low-cost factories throughout southern China. A factory complex in Dongguan employs more than 40,000 workers, and its Huyen Binh Chanh mega factory in Vietnam will soon be the largest footwear factory on the planet, employing 65,000. To remember the last time so many workers were assembled in a similarly gigantic manufacturing complex you have to reach back to the armament factories of World War II—to the River Rouge, Willow Run, Boeing-Seattle, and Douglas-El Segundo in the United States, to Gorki and Magnitogorsk in the Soviet Union, and to Dagenham outside London.

The Wal-Mart supply chain is just as tightly monitored within the United States as without. Here those manufacturers that manage to survive do so only by bending the knee to their retail overlord. “If you want to service Wal-Mart you have got to be more efficient,” asserted the retail consultant Howard Davidowitz, “The power will stay with Wal-Mart.”

### **Wal-Mart vs New Deal America**

Wal-Mart’s mastery of information technology and the logistics revolution explain but a slice of the company’s success. Equally important, Wal-Mart has been the beneficiary and a driving force behind the transformation in the politics and culture of a business system that has arisen in a Southernized, deunionized, post-New Deal America. Thus, the controversy sparked by Wal-Mart’s entry into metropolitan markets—Chicago, Los Angeles, the Bay Area—embodies the larger conflict between what remains of New Deal America and the aggressive, successful effort waged by Sunbelt politicians and entrepreneurs to eviscerate it.

Discount retailing depends on continuous, near-obsessive attention to wages and labor costs. Discounters must have two or three times the turnover of traditional department stores, like Sears and Macys, in order to make the same profit. Stock movement of this velocity depends on a low markup, which in turn demands that labor costs remain below 15 percent of total sales, about half that of traditional department stores. And Wal-Mart is clearly at the head of this discount class, with selling and general administration costs—wages mainly—coming in at about 25 percent less than K-Mart, Target, Home Depot and other contemporary big box retailers. In 1958 when manufacturing jobs outnumbered those in retail by three to one, the impact of this downward wage pressure might have been limited. Today, when non-supervisory retail workers compose a larger proportion of the work force than those in the production of durable goods, we get a downward ratcheting of the pay scale for tens of millions.

Of course, Wal-Mart’s success in establishing a pervasive low-wage standard in big box retailing is not just a product of retail economics, Sam Walton’s thrifty ways, or technologically advanced control mechanisms. The company had its origins and began its stupendous growth at a particularly fortuitous place and time. Neither the New Deal nor the civil rights revolution had really come to northwest Arkansas when Walton began to assemble his small town retailing empire. But the agricultural revolution of the early postwar era was in full swing, depopulating Arkansas farms and putting tens of thousands of white women and men in search of their first real paycheck. In the 1950s and 1960s a road-building frenzy in the rural South doomed thousands of hamlet stores sited at the confluence of a couple of dirt tracks. But the new highways and interstates brought a far larger group of potential consumers within reach of the small, but growing, commercial centers, towns like Rogers, Harrison, Springdale, and Fayetteville. And these same interstates enabled non-metropolitan retailers to build and service the large, efficient warehouses necessary for discount operations.

Walton took full advantage of these circumstances. His folksy paternalism was not a new management style, but he carried it off with brio. Meanwhile, like so many Southern employers, Walton frequently played fast and loose with minimum wage laws and overtime standards. And Walton was an early client of the anti-union law firms that were beginning to flourish in the border South. Wal-Mart staunchly Teamster and Retail Clerk organizing drives in the early 1970s by securing the services of one John E. Tate, an Omaha lawyer whose militant anti-unionism had its origins in the racially charged warfare that convulsed the North Carolina tobacco industry in the late Depression era. It was Tate who convinced Walton that a profit-sharing scheme for hourly employees would help the company generate good PR and avoid new union threats, while keeping wage pressures at a minimum. Indeed, profit sharing and low wages are Siamese twins. Low pay generated high turnover and high turnover insured that few employees could take advantage of the profit sharing plan, which required two years to qualify.

Wal-Mart growth after the mid 1970s, when the chain had about 100 stores, was nurtured by the Reaganite transformation of the business environment that relieved labor-intensive employers of hundreds of billions of dollars in annual labor costs. In the immediate post World War II era, when Sears and Montgomery Ward had expanded into the suburbs and exurbs, the threat of unionism forced these companies to pay relatively high wages, especially to the male salesmen who sold the big-ticket stoves and refrigerators. But the failure of labor law reform in 1978, followed by the PATCO de-

back in 1981, meant that unionism would not be much of a threat in discount retailing. Real wages at Wal-Mart actually declined in the years after 1970, tracking the 35% decline in the real value of the minimum wage during the next three decades. The failure of the Clinton health insurance scheme in 1994 made it possible for Wal-Mart to continue to externalize these labor costs, giving the company a \$2,000 per employee cost advantage in the grocery sector that Wal-Mart was just then entering. Free trade legislation, including China's entry into the World Trade Organization, allowed Wal-Mart to easily exploit the global market in sweatshop labor.

One way to recognize the reactionary particularities of the Wal-Mart business model is to briefly contrast it with that of COSTCO, a Seattle-headquartered warehouse/retailer whose Fed-Mart and Price Club predecessors Walton frequently acknowledged as the model that he incorporated into his own retail operations. But there was one big exception: Wal-Mart would have no truck with the Fed-Mart-Price Club-COSTCO personnel program! COSTCO owes its character to Sol Price, the Jewish New Deal Democrat whose social and cultural values were those of Depression-era New York. Price became a multimillionaire, but even in the era of Ronald Reagan, he favored increased taxes on high incomes, enhanced social welfare spending, and a confiscatory tax on wealth.

Price instituted a high-wage, high-benefit personnel policy that kept COSTCO turnover at less than a third that of Wal-Mart. And he visualized his shoppers in a very different fashion from those of Wal-Mart. They were neither rural ex-farmers nor up-scale suburbanites, but derived their identity and income from that thick middle strata who had been organized and enriched by the institutions of the New Deal and the warfare/welfare state that followed. In his early years Price sold only to those with steady jobs and good credit: aside from licensed businessmen, he sold club "memberships" exclusively to unionists, federal employees, school teachers, hospital and utility workers, and people who had joined credit unions. The company soon generated a bi-coastal reputation for low-cost, high-volume quality, so customers spent about 50 percent more on each shopping visit than the clientele of other big-box retailers. With few stores in the Midwest and none in the deep South, COSTCO is definitely a blue-state phenomenon; executives donate to Democrats and take a hands-off attitude toward Teamster efforts to organize.

### **Ideology and Culture**

Wal-Mart, of course, is red state to the core. It is a Republican firm, certainly among the top managerial ranks, whose political contributions in 2000 and 2004 flowed almost exclusively to George Bush and his party. But the red

state character of Wal-Mart is about a lot more than electoral politics, just as modern conservatism represents far more than allegiance to any single political party. Wal-Mart has proven remarkably successful in propagating a distinctive brand of Christian entrepreneurialism and faux egalitarianism well beyond its southern roots. The company prides itself on its corporate culture, but the resonance of that ideology arises not from its uniqueness, but from the way that Wal-Mart executives have played a systematic role in translating a Reagan-era conservative populism into a set of ideological props that legitimize Wal-Mart's hierarchical structure and insulate most employees from other calls upon their loyalty.

The ideological culture projected by Wal-Mart has several interwoven components, some not all that different from the welfare capitalism pioneered by paternalistic firms, including Pullman, Heinz, and National Cash Register, in the years before World War I. The first theme is that of family, community, and a corporate egalitarianism that unites \$9 an hour sales clerks with the millionaires who work out of the Bentonville corporate headquarters. Wal-Mart's small-town communitarianism is usually identified with the persona of Sam Walton, famous for his Ozark twang, shirtsleeve dress, and the aging pick-up trucks he drove around Bentonville. Walton strove mightily, and often successfully, to project Wal-Mart as the embodiment of a more virtuous and earthy enterprise. Despite the technological sophistication of the Wal-Mart infrastructure, Walton derided computer-age expertise and instead celebrated hard work, steadfast loyalty and the mythos of small-town America as the key that has unlocked success for the corporation and the individuals who labor within it.

Walton and other executives institutionalized this imaginary social construction with an adroit linguistic shift. They labeled all employees "associates," routinely used first names in conversation and on badges, and renamed the personnel department the Wal-Mart "people division." Associates who perform below par are not disciplined, but rather "coached."

Even more important than this faux classlessness is the Wal-Mart culture of country, faith, and entrepreneurial achievement. Large U.S. firms have always linked themselves to a patriotic impulse and not only in times of war or crisis. In the 1950s General Motors sought to sell its lowest priced car with a jingle that told working-class consumers to "See the USA, in your Chevrolet. America's the greatest land of all!" Wal-Mart has been even more intent on such a linkage, beginning with its abortive "Made in the USA" advertising and purchasing campaign of the late 1980s to its contemporary efforts celebrating the guardsmen and troops—many former Wal-Mart employees—who are serving in the Middle East. But overt U.S. nationalism has its limits in a firm dedicated to

international expansion. As Don Soderquist, Wal-Mart's chief operating officer during most of the 1990s, told associates, "We have pride in our country, and they have the same pride in theirs. What's transferable is the culture of Wal-Mart, making people feel good, treating them right."

Soderquist, the foremost articulator of the Wal-Mart culture, wrote in his 2005 memoir, *The Wal-Mart Way*, "I'm not saying that Wal-Mart is a Christian company, but I can unequivocally say that Sam founded the company on the Judeo-Christian principles found in the Bible." Actually, Walton took his Presbyterian identity rather lightly, and unlike Soderquist, who has contributed heavily to Arkansas evangelical churches, the company founder thought profit sharing schemes and Ozark high jinks more central to the Wal-Mart ethos than do contemporary executives. But Soderquist is right in emphasizing the extent to which Wal-Mart exists within a cultural universe that is Protestant (Christian in contemporary parlance) even if corporate officers never declare this evangelical sensibility to be a component of the Wal-Mart culture.

But it is there. Like the mega-churches, the TV evangelists, and the Zig Ziglar motivational seminars, Wal-Mart is immersed in a Christian ethos that links personal salvation to entrepreneurial success and social service to free enterprise. Wal-Mart publications are full of stories of hard pressed associates who find redemption, economic and spiritual, through dedication to the company. Selfless service, to the customer, the community and to Wal-Mart, will soon reap its own reward. The telephone company, the old AT&T, also once declared itself devoted to "universal service," to projecting the "voice with a smile," but Wal-Mart's invocation of this imperative has a decidedly less secular flavor. The 1991 *Sam's Associate Handbook* declared that Wal-Mart "believes management's responsibly is to provide leadership that serves the associate. Managers must support, encourage and provide opportunities for associates to be successful. Mr. Sam calls this 'Servant Leadership.'" That phrase, with its subtle Christian connotation, has increasingly appeared in Wal-Mart publications and spread to a growing number of company vendors. When H. Lee Scott was being groomed to take over the company, Joe Hardin, a former Sam's Club executive, then CEO of Kinko's, praised Scott, "Lee is a great Wal-Mart person. He is someone who has grown up in the culture, and he openly communicates and listens to other people's ideas. He is a true servant leader who knows how to build a team...."

It is one thing to formulate a distinctive corporate culture, but it is quite another to preserve and reproduce that set of ideological and organizational structures when Wal-Mart built stores and distribution centers outside its home territory. But Wal-Mart has succeeded. In the 1970s and 1980s the com-

pany did not leapfrog into the rich but culturally alien suburban markets, but expanded like molasses, spreading through tier after tier of rural and exurban counties. Although Wal-Mart was opening or acquiring hundreds of stores, the average distance of a new store from Bentonville was but 273 miles in the late 1970s. Moreover, Wal-Mart recruited executive talent almost exclusively from the South Central states—the Company's two most recent CEO's are graduates of Southwest Missouri State University and Pittsburg State University in Kansas—and when Wal-Mart did put its stores beyond a hard drive from Northwest Arkansas, its high degree of centralization insured that the Bentonville ethos would not be diluted. Wal-Mart's fleet of corporate jets enables many regional managers to live in Bentonville, even as they administer a far-flung retail territory. Like the yearly extravaganza in Fayetteville, the weekly Saturday morning show and tell puts the top brass, scores of middle managers, and a selected group of lesser folk together in a ritualized setting that may be "quaint and hokey" but which a visiting *Fortune* reporter avers "makes the world's largest enterprise continue to feel as small and folksy as Bentonville. And what ever makes Wal-Mart feel smaller and folksier only makes it stronger. Or scarier."

Wal-Mart's real business takes place not in Bentonville, but in thousands of discount stores and supercenters. Here the essential corporate cadres are the managers and assistant managers. They are responsible for meeting the sales targets and expense ratios that Bentonville's computers relentlessly put before them each week. The Wal-Mart corporate culture may smooth their way, but the job of the manager, sometimes the only salaried employee in the store, and his assistants, is essentially labor management, conducted with more sticks than carrots, more actual sweat than inspirational speeches. It is difficult, with long hours, and uncertain career prospects.

In the early 1980s Wal-Mart faced a recruitment crisis. With more than a hundred new stores opening each year, Wal-Mart had to hire or promote upwards of a thousand managers or management trainees during the same time frame. The company faltered. Recruitment from within meant the promotion of a lot of women, and that ran headlong into those Wal-Mart family values that tilted toward small town patriarchy. Of course, the company's sexism had its own logic. The feminist revolution had barely reached middle America, which meant that the kind of women who worked for Wal-Mart were still largely responsible for rearing the children, putting dinner on the table, and taking care of grandma. Most were not about to pick up stakes and move to a distant town in order to move up Wal-Mart's short and unpredictable managerial ladder. But if Wal-Mart promoted them into management in their hometown store, then they were likely to be poor disciplinarians.



How were they to “coach” old friends and relatives who had once shared gossip in the break room?

So Wal-Mart looked to the universities to recruit a new generation of managers. But here they faced another problem. Few freshly minted MBAs were going to take an arduous \$25,000 per year assistant manager job, and even the undergraduate business majors at the big schools became frustrated when they found that Wal-Mart had little use for their accounting and marketing skills. The solution was to search for a fresh cohort of management trainees in the denominational colleges and the branch campuses of the state universities, where diligence, Christian culture, and modest career expectations were already the norm. Wal-Mart wanted the B and C students, the organization men, the undergraduates who were the first in their family to take college courses. They wanted young men, and a few women, who could fully commit to the Wal-Mart ethos and the corporate culture.

Wal-Mart sent recruiters to small middle South colleges, worked with established organizations like the Distributive Education Clubs of America, and advertised on cable, at local military bases, and in area churches. However, Wal-Mart would soon recruit as many as a third of its management trainees from the ranks of a dynamic new group, Students in Free Enterprise (SIFE), which claimed a presence on more than 700 U.S. campuses by the end of the century.

SIFE was and remains an ideological formation that propagandizes on behalf of free market capitalism within the conservative Christian world nurtured at places like College of the Ozarks; John Brown University in Siloam Spring, Arkansas; Southwest Baptist University in Bolivar, Missouri; Drury University in nearby Springfield; and La Sierra University in Riverside, California. Like Wal-Mart, which put several of its top executives on the SIFE board and funded hundreds of faculty as Sam Walton Free Enterprise Fellows, SIFE has not celebrated a neo-liberal world of naked self-interest and Darwinian struggle. Unlike *Wall Street's* Gordon Gekko, SIFE does not preach that greed is good. Instead the organization, which was revitalized by Wal-Mart in the early 1980s, has prepared students for entry-level management posts by linking the collegiate quest for self-esteem and humanitarian good works to an ideology of market capitalism and career advancement. Thus the SIFE statement of principles declares: “We believe that the best way to improve the lives of others is through Free Enterprise practiced morally.” Propagated successfully, this was just the kind of philosophy needed to generate the devoted, youthful cadre Wal-Mart wanted to staff its ever-expanding retail empire. And it was enough to earn this “student” group a place on the official Wal-Mart web site.

SIFE is highly centralized and hugely ambitious. It is a

“missionary organization,” observed one Sam Walton Fellow, whose annual convention taps into some of the same enthusiasms that energize the larger Wal-Mart conclaves. The SIFE board largely replicates the set of firms with the largest stake in the Wal-Mart supply network, plus a few specialty retailers, like Walgreens and Radio Shack, that do not compete directly with the Bentonville monarch. As Wal-Mart expands abroad, so too does SIFE, which now claims campus “teams” at more than 600 foreign schools. Sam Walton Fellows are now mentoring young people in free enterprise education in the republics of the former Soviet Union, in South Africa, throughout Britain and Western Europe - where Wal-Mart is trying to establish a bigger footprint - and above all in East Asia, which is truly capitalism’s most dynamic frontier.

### **Working at Wal-Mart**

Wal-Mart defends its low wage/low benefit personnel policy by arguing that it employs workers who are marginal to the income stream required by most American families. Only seven percent of the company’s hourly “associates” try to support a family with children on a single Wal-Mart income. The company therefore seeks out school-age youth, retirees, people with two jobs, and those willing or forced to work part-time. The managerial culture at Wal-Mart, if not the formal company personnel policy, justifies its discrimination against women workers, which now compose two-thirds of the workforce, on the grounds that they are not the main family breadwinner. Not since the rise of the textile industry early in the 19th century, when women and children composed a majority of the labor force, has the leadership of an industry central to American economic development sought a workforce that it defined as marginal to the family economy.

Wal-Mart argues that the company’s downward squeeze on prices raises the standard of living of the entire U.S. population, saving consumers upwards of \$100 billion each year, perhaps as much as \$600 a year at the checkout counter for the average family. A McKinsey Global Institute study concluded that retail-productivity growth, as measured by real value added per hour, tripled in the dozen years after 1987, in part due to Wal-Mart’s competitive leadership of that huge economic sector. “These savings are a lifeline for millions of middle- and lower-income families who live from payday to payday,” argues Wal-Mart CEO H. Lee Scott, “In effect, it gives them a raise every time they shop with us.”

But why this specific, management imposed trade off between productivity, wages, and prices? Henry Ford used the enormous efficiencies generated by the deployment of the first automotive assembly line to double wages, slash turnover, and sell his Model T at prices affordable even to a ten-

ant farmer. As historian Meg Jacobs makes clear in *Pocket-book Politics: Economic Citizenship in Twentieth-Century America*, the quest for both high wages as well as low prices have been at the heart of America's domestic politics throughout much of the 20<sup>th</sup> century. And when social policy tilts toward the left, as in the Progressive era, the New Deal, and on the World War II home front, workers and consumers find their interests closely aligned. They see the relationship between wages and prices as a fundamentally public, political issue and not merely a dictate of corporate management or the interplay of market forces. Thus, as late as 1960 retail wages stood at more than half those paid to autoworkers, in large part because the new unions and the New Dealers had sought to equalize wages within and across firms and industries. But by 1983, after a decade of inflationary pressures had eroded so many working class paychecks, retail wages had plunged to but one third of that earned by union workers in manufacturing, and to about 60 percent of the income enjoyed by grocery clerks in the North and West. And this is just about where retail wages remain today, despite the considerable rise in overall productivity in the discount sector.

Indeed, if one compares the internal job structure at Wal-Mart with that which union and management put in place at GM during its mid-twentieth century heyday, one finds a radical transformation of rewards, incentives and values. GM workers were often lifetime employees so factory turnover was exceedingly low: these were the best jobs around, and they were jobs that rewarded longevity. Auto industry turnover is less than eight percent a year, largely a result of normal retirements. At Wal-Mart, in contrast, employee turnover approaches 50 percent a year, which means it must be even higher for those hired at an entry-level wage. Turnover at K-Mart is somewhat lower and Costco, which provides even higher wages and benefits, reports a rate of only 24 percent.

The hours of labor, the very definition of a full workday, constitutes the other great contrast dividing America's old industrial economy from that of its retail future. Since the passage of the Fair Labor Standards Act in 1938, most Americans have considered an eight-hour workday and a 40-hour week the nominal standard. Employers are required to pay time and a half to most non-supervisory workers when their hours exceed 40 per week. But the reality of our work lives has not always conformed to this standard. Industrial managers at General Motors and other high benefit firms have frequently insisted upon a longer workweek, perhaps 48 or 56 hours, in order to meet production goals. Most workers disliked such mandatory overtime, but neither the unions nor the government could do much about it because, from the employer's perspective, the total cost of each additional hour

of work has been relatively low. General Motors and other unionized firms have never been required to pay overtime on that large slice of their labor cost that consists of health and pension "fringe benefits." But at Wal-Mart and other low-benefit firms it is a near capital offense for store managers to allow workers to earn overtime pay. Indeed, at Wal-Mart a 32-hour workweek is considered "full time" employment. This gives managers great flexibility and power, enabling them to parcel out the extra hours to fill in the schedule, reward favored employees, and gear up for the holiday rush. But the social consequences of this policy are profound: Unlike General Motors, Wal-Mart is not afraid to hire thousands of new workers each year, but employee attachment to their new job is low, and millions of Americans find it necessary, and possible, to "moonlight" with two part time jobs.

GM and Wal-Mart have also generated extraordinarily divergent pay hierarchies. During its heyday, factory supervisors at GM—hard driving men in charge of 2,000 to 3,000 workers—took home about five times as much as an ordinary production employee. At Wal-Mart, district store managers—in charge of about the same number of workers—earn more than ten times that of the average full time hourly employee. And when one calculates the ratio of CEO compensation to that of the sales floor employees, the disparity in pay becomes even greater. In 1950 GM President Charles E. Wilson, one of the most well paid executives of his era, earned about 140 times more than an assembly line worker; while H. Lee Scott, the Wal-Mart CEO in 2003, took home at least 1,500 times that of one of his full time hourly employees.

### **Reforming Wal-Mart**

The fight to change the Wal-Mart business model, and in particular its labor policies, is part of a larger struggle to democratize our economic life. In China and elsewhere this requires a political transformation of the first order. When authoritarian governments preside over an era of massive, sustained proletarianization, an eruption of considerable magnitude cannot be far down the agenda. China's transformation into the workshop of the world is therefore generating the flammable social tinder that might well explode, along lines first glimpsed at Peterloo in 1819, Lowell in 1912, even Shanghai itself in 1927. When this eruption takes place, the shock waves will force companies like Wal-Mart to rethink their wager on trans-Pacific supply-chains and global sweatshops.

At home our ambitions involve the effort to revive a social democratic ethos within American politics, policy, and work life. The fight is not against Wal-Mart per se, on aesthetic or consumerist grounds, but against the reactionary squeeze the corporation has been able to mount against the

wages and income of all who labor within, compete with, or depend upon the new retail-centered political economy. This road leads to politics, especially in those bi-coastal states where Wal-Mart now seeks a large retail footprint. The roar that greeted GM President Wilson's claim that what was good for GM was good for the country generated a set of real constraints upon America's most profitable and efficient auto corporation. GM could have put Chrysler into bankruptcy and pushed Ford to the wall had it chosen to expand its market share beyond the 45 percent it enjoyed after World War II. Correctly fearing federal anti-trust action had it chosen to pursue such an aggressive pricing strategy GM instead maintained a price umbrella under which smaller competitors might shelter and autoworkers win higher take home pay.

Wal-Mart's competitive strategy has been just the opposite, which has generated a howl of outrage from the unions, from small business, and from those communities that see the company's "everyday low prices" as a threat to main street vibrancy. Site-fights in California and elsewhere in the coastal U.S. may well signal the start of an era in which Wal-Mart is subject to much greater political challenge and constraint. Wal-Mart's major worries derive not from the competition mounted by Target or Home Depot, but from angry voters, hostile government officials, and skillful class-action lawyers.

This is not unique in American business history: powerful firms have often been forced to alter their business model and their labor policies, even without the passage of new legislation or the unionization of their employees. Muckraking journalists put John D. Rockefeller's Standard Oil on notice that it would have to curb its predatory pricing strategy. Reformers forced U.S. Steel to abandon the punishing 12-hour day in 1924. IBM put its blue collar workers on salary in 1959 to avoid unionization. And in China, Central America, and elsewhere Non-Governmental Organizations, often backed by students and unionists in the U.S., have exposed the sweatshop labor employed by contractors who supply the apparel and toy departments of many American stores.

Today, Wal-Mart faces legal challenges on a variety of fronts, from the exploitation of illegal immigrants and the violation of child labor laws to discrimination against its female employees. If successful, these suits will have a material impact on Wal-Mart labor costs, bringing them somewhat closer to those of its competitors. Perhaps even more important, Wal-Mart's labor policies are coming under attack from a wide variety of elected officials, as well as unionists and academics, who argue that the company's ability to pay such low wages is possible only because state and federal tax, welfare, and health-care programs subsidize the living standards of Wal-Mart employees to an extent far greater than those of

other U.S. workers. In California researchers at UC Berkeley found that Wal-Mart wages - about 31 percent below those paid in large retail establishments as a whole - made it necessary for tens of thousands of company employees to rely on public "safety net" programs, such as food stamps, Medicare, and subsidized housing, to make ends meet. The Berkeley study estimated that reliance by Wal-Mart workers on public assistance programs in California cost state taxpayers about \$86 million annually, in part because the families of Wal-Mart employees utilized an estimated 40 percent more in taxpayer-funded health care than the average for families of all large retail employees. In Connecticut and Alabama the findings were similar if not so dramatic. In Georgia, offspring of Wal-Mart employees were by far the largest participants in "Peach-Care," the state's medical insurance plan for poor children.

The challenge, therefore, is to channel this critical wave into a broad coalition that can begin to transform the nature of work at Wal-Mart and the whole business model under which the big box retailers are now restructuring so much of the economic world. If Wal-Mart's ambitious expansion plans are thwarted, then Wal-Mart management might begin to realize that a higher-wage, higher-benefit employment model may well be only way that they can escape from these populist constraints. And when workers at Wal-Mart see that they may have a lifetime career, then they will be much more likely to look to the trade union idea to give to their work life the democratic dignity and sustaining income it deserves.

*Nelson Lichtenstein teaches U.S. Labor History at the University of California, Santa Barbara. This abridged version of the lead article in his collection Wal-Mart: The Face of Twenty-First Century Capitalism (New Press, November 2005) appears with permission. We removed citations and much material. The complete article may be found at our web site. Responsibility for editing is ours alone.*

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### **Breaking the Beast** *continued from page 4*

tooth and claw, it will take a broader public discussion—something DSA and the broader left is in a position to kick off—to make the point that this ravaging beast is just first among equals, It's a leader in the global corporate race to the bottom, sure, but no isolated mad dog. This film should be used widely, while making the corollary point that profit maximization and its attendant cruelties are business as usual, and damn the human consequences. As Ambrose Bierce observed, corporations are "an ingenious device for obtaining individual profit without individual responsibility."

Pinning the blame on a system is harder, as is naming its gravediggers. But these need doing, too.

*Michael Hirsch is a member of DSA's National Political Committee.*

# Just What The Right Wing Wanted

*DSA's Statement on Hurricane Katrina*

**H**urricane Katrina exposed the institutional racism and disdain for the poor that remain ingrained in the fabric of our society. It wasn't nature's fury alone, but the Right's gutting of the basic capacities of the democratic state that led to the failure to respond quickly and humanely to the Hurricane victims.

The Bush administration's preference for tax-giveaways to the rich and its opposition to public investment of any form (except in the military), perhaps coupled with the knowledge that New Orleans is 68% black, led it to reject a \$70 billion Army Corps of Engineer request to repair the levees years ago. For a brief moment, mainstream news outlets noticed that the United States is starkly inegalitarian. But this brief public window onto the consequences of three decades of punitive social policy will not by itself reverse Bush's funneling tax benefits to the rich. These policies can only be overturned by a political defeat of the "trickle down" economics revived under Bush. Only the rebirth of a majoritarian democratic Left, aware of the Right's use of racism to divide a potential progressive majority, can give rise to the accountable government programs necessary to provide all communities with high-quality public health care, housing, education, and infrastructure development.

Hurricane Katrina's devastation of New Orleans and much of the Gulf Coast demonstrates more than any other event in recent history the absence of social solidarity in the United States and the lack of government commitment to the common welfare. Police in one New Orleans suburb turned back at gun-point black New Orleans residents fleeing a flooded and dangerous city. Poor and working poor were left to fend for themselves, then blamed for their failure to escape. Public officials not only failed to mobilize hundreds of New Orleans school buses to evacuate thousands of car-less residents, the buses were abandoned in flooded parking lots. Much of the state's National Guard forces, which should have responded to the crisis, were instead bogged down in Iraq. The government that failed so miserably to prepare for or respond to the disaster is precisely the government that Republicans and other reactionaries want—a government stripped not only of financial resources, but of well-trained, motivated, and accountable public employees. That the Bush regime transformed FEMA's leadership into a dumping ground for political cronies exemplifies that the Right has no commitment to the public good.

The poor and working people who are the primary vic-

tims of this storm and its aftermath are likely to be the primary victims of the recovery. Homes beyond repair number more than 100,000. Corporate developers will be quick to buy out the poor at bargain basement prices, as they attempt to transform the Big Easy from a unique cultural community into a corporate tourist magnet. What happens to those who have lost titles to a destroyed house in a poor neighborhood? Who will uncover the title in the flooded courthouse, and decide on compensation—or even track down a displaced family that fled to Houston or Baton Rouge? And who speaks for the large number of renters? Mainstream politicians of all stripes will counsel in favor of "privatization" and tax giveaway "investment zones." Where are the calls from political leaders for a true Marshall Plan for our cities, which would train residents in the skilled trades needed to rebuild crumbling infrastructure and affordable, quality housing while simultaneously providing one way out of decades and centuries of economic and racial oppression? Where are the leaders ready to reverse the practices that accentuate climate change and resulting eco-devastations?

The Administration is already pursuing a corporate-friendly, union-busting path by suspending prevailing-wage and affirmative action rules for contractors. Paying nine dollars an hour and employing black New Orleans residents is evidently too much for George Bush and his corporate friends. And now weeks after the tragedy the President still proposes solutions that are inadequate and under funded. Progressives must organize and demand a "bottom up" recovery program that is transparent, inclusive, and fully funded—without gutting other important programs, particularly those that benefit the poor. Poor people's organizations and community-based organizations need to be at the center of planning and implementing the recovery.

Katrina has exposed the Bush regime's hypocrisy, but we cannot say previous administrations of either party would have done better. The failure to protect New Orleans stems from political leaders taking a pass on the public investments needed to provide true social security for all citizens. The literature on the vulnerability of the Gulf region is large, scientifically verified and accessible; it has even been featured on NOVA TV-episodes and in National Geographic. The development of the Gulf Coast involved billions of public dollars for the petro-chemical industry, and later the gaming industry. Flood controls that benefited agri-business and real estate interests undermined the barrier islands and marshes

that protected the region from flooding. Any sane rebuilding of the Gulf region must follow the principles of sustainable development—even when such principles run up against the capitalist values of privatization and profit maximization.

Since the election of Ronald Reagan, the work of the governing Right has been to cut taxes, shrink government services, and starve income support programs. It's been a bi-partisan policy, where Democrats offered a version of conservatism-lite promoting neo-liberal



policies of “re-inventing government,” making it smaller but less effective. Both sides, though the Right has been more blatant, have used racist stereotyping to demonize the poor and thus erode public support for the social safety net. After a generation of choosing between neo-conservatism and New Democrats, the public is left with a government incapable of responding to a crisis that even Republican voters say requires a governmental response. Because there is less financial profit in building public levees, restoring marshland, constructing affordable housing, or providing meaningful job training for the unemployed, it takes a democratic government using funds collected via progressive taxation to create such public goods.

DSA supports a special, independent commission to investigate the Katrina disaster as well as the long-term neglect of investment in public infrastructure that makes all of us vulnerable to further “acts of nature.” We demand that poor people’s organizations such as ACORN be involved in planning the rebuild from its earliest stages. We call on the Attorney Generals of the relevant states to appoint special prosecutors to investigate those public officials and private institutions that recklessly disregarded the poor and frail. We demand vast increases in legal service budgets so that low-income people can protect themselves from predatory developers. We call on Congress to implement a need-based system for rationing heating oil, and other petroleum products if necessary, to counter the rationing created by price-gouging speculative “market forces.”

Democratic socialists understand that we live in a society driven by the priorities of large corporations. Such corporations are “retooling” the economy and the wage structure to inflate profits and drive down living standards. At the center of this “race-to-the-bottom” economic strategy is the elimination of unions and other institutions that allow ordinary people to fight back and to contest for a government that will act on their behalf. The forces of reaction also deliberately use racially coded language and symbols to maintain institutionalized racism and to divide a potential multi-racial coalition against corporate power.

Like many others, DSA is raising funds for relief. Our efforts will be geared toward aiding community-based organizations that fight for the interests of poor and working people. We also challenge ourselves, and our allies in the larger progressive community, to redouble efforts to take back the political and ideological ground lost to the Right. If the trend toward gutting the capacity of the democratic state continues, more Katrinas will result in further collapses of basic civic decency and civic responsibility.

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*The failure of the federal and state governments to respond adequately to this ongoing crisis is unconscionable. The most recent outrage—the Republican effort to gut entitlement programs to pay for Katrina relief—demonstrates once again the callous racism of the governing majority in Congress. We must all do everything in our power to keep this issue in the public eye.*

*Since we adopted this statement we have collected nearly \$1500 to support social change organizations in the Gulf. We have made an initial grant to ACORN, whose headquarters is in New Orleans. Additional grants will be made to other organizations in the Gulf. Tax-deductible contributions supporting this effort can still be made to the DSA Fund. You can donate on-line with a Mastercard or Visa at DSA’s web site, [www.dsausa.org](http://www.dsausa.org). Checks payable to the DSA Fund should be mailed to the national office, 198 Broadway, Suite 700, New York, NY, 10038.*

**Visit Our Web Site:**  
**[www.dsausa.org](http://www.dsausa.org)**

# DSA Locals Take on Wal-Mart Campaigns and Issues

Compiled by Theresa Alt

*DSA's locals are active on a wide range of issues. Here we focus on those activities aimed at Wal-Mart's business model and labor practices.*

**Central Indiana DSA** cosponsored the local Labor Day parade and tabled there, handing out DSA's leaflet *The Wal-Mart Revolution*. Several locals—**East Bay**, **Ithaca**, **DC**, **Boston**, and **Reading-Berks**—also distributed the leaflet at Labor Day or other events, and **Twin Cities** reports that the summer issue of *DL* and DSA's Wal-Mart flyers were the most popular items on their table.

**San Diego DSAers** Herb Shore and Virginia Franco attended the "Is Wal-Mart Good for America?" conference at UCLA in June, as did DSA Honorary Chair Dolores Huerta. In addition to hearing from local people on the effects of Wal-Mart, Herb and Virginia met representatives of the Texas meat cutters, the Teamsters, and the Chinese Working Women's Network, as well as organizers from Canada and Mexico. Particularly revealing was the Reverend Jarvis Johnson's testimony that he had sided with Wal-Mart until he talked to the workers who told him what work there was really like.

In 2003, **Ithaca DSA** filmed a day of action at a Wal-Mart in nearby Cortland for our community access cable video *Up Against the Wal*. Part II followed in February 2004, while the Ithaca Wal-Mart was still under construction. At back-to-school shopping time in August 2005, a third video, *Wal-Mart: High Costs* aired in the series *Ithaca DSA Presents*. What we said then is now common coin. At the Labor Day Picnic, we recorded speaker after speaker taking on Wal-Mart, even referring to the "walmartization" of America.

**Boston DSA** is supporting the Affordable Care Today (Mass ACT) campaign for health care legislation, possibly a referendum, that would tax businesses that refuse to provide health coverage to their employees (e.g. Wal-Mart) to fund coverage for the uninsured. It's not the single-payer that socialists would prefer, but it "does seem to promise some immediate relief," according to the *Yankee Radical*.

**New York City DSA** is involved with the Working Families Party, which has just won passage (and veto override) of the Health Care Security Act. This law, effective next July,

will require large grocery stores, including Big Boxes, to contribute to employee healthcare costs at a rate of \$2.50 to \$3.00 per hour worked. The measure had the support of many of the city's dominant grocery chains.

**Central Ohio DSA** is involved with both Wake Up Wal-Mart and Wal-Mart Watch and will probably participate in planned guerilla actions, testimony before City Council, and other activities.

**Chicago DSA** has been an active member of an anti-Wal-Mart coalition that successfully blocked the construction of one store in the south side in spite of an intense lobbying campaign by Wal-Mart. The local and the coalition are now working on a "Big Box Living Wage Ordinance" that would require such stores to pay at least a \$10 per-hour wage and provide or pay for health insurance. Local member and economist Ron Baiman has testified before City Council and co-authored two related research studies.

As we go to press, **DSA locals** hosting DVD screenings of Robert Greenwald's brilliant Wal-Mart film *The High Cost of Low Price*. A premiere week screening was held at our National Convention in Los Angeles, where each local in attendance received a copy of the DVD to use for local screenings. Copies can be ordered through **DSA's** web site.

## To our readers:

*We apologize for the delay in getting out this issue of Democratic Left. With so many of DL's staff involved in other DSA matters, we had to put production on hold until after the National Convention. However, the next issue, devoted to the Convention, is already in production and will appear in your mailboxes in early January. Best wishes for the New Year.*

—The Editors

## ACKNOWLEDGMENT

We gratefully acknowledge a bequest from the estate of Robert Purdy (1920-2005) a lifelong socialist and ardent DSAer. An industrial worker in the auto industry he eventually moved to Cuba and taught tool and die making. When he returned to the United States he taught machinists at the East Bay Skills Center and eventually taught engineers at Southern Illinois University. In retirement he took up video production and produced videos on Single Payer health care and worker ownership. He was active in East Bay DSA.

# Sprawl, Big Box Stores and the Environment

*While we are all familiar with the environmental issues associated with manufacturing plants, some are less familiar with the environmental issues posed by Big Box stores. The Sierra Club let us adapt a new posting from their web site which highlights these issues. For the complete report visit [www.sierraclub.org/sprawl](http://www.sierraclub.org/sprawl)*

“Big Box” stores like Wal-Mart threaten our landscape, our communities and the environment by building on the fringe of town, paving vast areas for stores and parking lots, and undermining the economic health of existing downtown shopping areas. These mega-stores are proliferating at an alarming rate, with the world’s largest corporation, Wal-Mart, being the leading example of Big Box developments that contribute to sprawl in our communities. With annual profits of over \$10 billion, an amount exceeding the gross domestic product of 95 countries, Wal-Mart is on an aggressive drive to open new stores. In 2006, Wal-Mart expects to add more than 300 new stores to the 3000-plus discount stores, supercenters and Sam’s Clubs in the United States alone.

Across the country, Sierra Club chapters and groups have opposed construction of Wal-Mart stores for a range of reasons including wetlands destruction, flooding potential and concerns about increased traffic and impacts on locally owned stores. Today, a broad range of organizations, from churches and labor unions to small businesses and environmental groups, are joining together to highlight Wal-Mart’s effect on communities and promote positive solutions.

## **Water Pollution**

The sheer size of these giant stores and parking areas causes problems from increased traffic congestion to water pollution. Wal-Mart super-center stores span several acres, and the parking lots can be three times the size of the stores, bringing the total footprint to more than 18 acres. Large parking lots contribute directly to non-point source water pollution, which is the leading cause of water pollution in the U.S. Each acre of impermeable parking surface produces runoff of 25,000 gallons of water during a 1-inch storm. By contrast, a one-acre undeveloped site only has runoff of 2,700 gallons during the same storm. Runoff from impermeable surfaces leads to erosion, flooding, and the flow of pollutants like oil, chemicals, bacteria and heavy metals into waterways.

In addition, Wal-Mart has been the target of various government actions to enforce the Clean Water Act. Since 2001, Wal-Mart has paid settlement costs and civil penalties totaling more than \$8 million resulting from federal Environmental Protection Agency storm water cases. This includes Wal-

Mart’s payment of \$3.1 million in 2004 to settle Clean Water Act cases in 9 states.

In August 2005 in Connecticut, Wal-Mart agreed to pay \$1.15 million for threatening rivers and streams with chemical pollution. This included \$600,000 in civil penalties for alleged violations of clean-water laws at 22 stores. Connecticut’s Attorney General, Richard Blumenthal, noted at the time: “Wal-Mart’s environmental record here seems as low as its prices,” and announced that the company had “systematic, repeated violations across the state.”

## **Traffic, Sprawl and Blighted Landscapes**

In 2005, Wal-Mart reported having over 3,000 U.S. stores, including 242 new Supercenters and a total of 459.2 million square feet of selling space. By 2015, Wal-Mart expects to occupy more than 215 square miles, an area more than 4 times the size of the city of Boston. In addition to the number of stores that exist today, Wal-Mart has blighted our national landscape with hundreds of empty store shells and thousands of acres of unused parking lots across the country.

Wal-Mart and other Big Box retailers typically develop stores at the fringes of towns, which are accessible mainly by driving and often result in increased traffic. The huge service area for a super-center draws customers from long distances, and places significant stress on regional road and freeway systems. More traffic on the road contributes to air pollution, water contamination, and the demand for more roads and development.

The Big Box model can also force out other stores, threatening the economic vitality of downtowns and neighborhood shopping areas. Ten years after Wal-Mart came to Iowa, Professor Ken Stone of Iowa State University estimated 7,326 local businesses closed in the state’s small towns and rural areas due to Big Box retailers. Not only does this phenomenon make for less of a traditional, walkable community with local flavor, it contributes to a pattern of development that fuels sprawl and forces more people to drive longer distances.

Retail Forward, a market research firm in Columbus, Ohio has examined the impact of super-centers and found that for every super-center that opens, two neighborhood supermarkets close. Since many neighborhood shopping centers are anchored by supermarkets, if the supermarket closes, neighboring businesses that rely on foot traffic are also threatened. Communities can be left with vacant shopping centers, creating blight and driving down property values.

**Director's Note** *from page 3.*

business model and practices, unionizing the work force will require community support and political leadership to pressure the company. We are a long way from turning the sentiment that has begun to emerge into a movement, but we have made important progress.

Some might ask why socialists care about a department store, even a big one? We always care about justice, but something more is involved with Wal-Mart. As Nelson Lichtenstein's article documents Wal-Mart is the model for 21st century global capitalism and the poster child for the extreme Right's Christian Entrepreneurial missionary zeal. We cannot end declining living standards and the race to the bottom unless we can reform Wal-Mart.

So we will continue to work to bring justice to the victims of the low-wage economy, continue to work with unions and other organizations to legislate change, pressure the company and unionize the workforce. As we succeed we will discover that many activists that we work with come around to our conclusion—that Wal-Mart's business model is the ultimate expression of capitalist values, and not just a matter of corporate greed gone too far.



*DSA's 2005 Los Angeles Convention was a rip-roaring success, according to all of the delegates. For three days delegates talked and worked to chart DSA's direction for the next two years. The highlights of the convention included a thorough discussion of our mission, ACORN leader Wade Rathke's presentation on the crisis in New Orleans and UCLA Labor Center Director Kent Wong and Los Angeles Alliance for a New Economy Organizer Roxana Tynan's discussion of Los Angeles' dynamic progressive movement. Saturday night, delegates celebrated Peter Dreier, Harold Meyerson and Rep. Hilda L. Solis. A complete report will be in the next issue of Democratic Left.*



**Change the USA! Join the DSA!**

- Yes, I want to join the Democratic Socialists of America.** Enclosed are my dues (includes a subscription to *Democratic Left*) of:
    - \$50 Sustainer   \$35 Introductory   \$15 Low-Income/Student
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  - Enclosed is an extra contribution of:   \$50   \$100   \$25 to help DSA in its work.
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 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
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