



What's wrong with retail?

Is it ironic that Wal-Mart has spurred a successful supply chain of criticism? One of Wal-Mart's greatest innovations is its state-of-the-art logistical network that dramatically reduces the cost of delivering products from producers to consumers.

Criticism of Wal-Mart is not new. As with other successful big businesses and multinationals, it is the latest vehicle for 'exposing' the evils of capitalism, globalisation and the 'exploitation' of cheap, foreign labour.

The film *Wal-Mart: The high cost of low price* by producer Robert Greenwald is the latest contribution by the anti-business chorus. There is no ambiguity about the film's agenda. The name says it all.

To counter the recent rash of anti-Wal-Mart sentiment, the American Enterprise Institute has released its monograph *The Wal-Mart Revolution*. The authors,

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Richard Vedder and Wendell Cox, soberly assess the role of Wal-Mart in the US economy, trying to write a fair-minded assessment of the benefits and ills of America's largest retailer. The book was published following the release of the film and the authors use this advantage diligently.

Not surprisingly, the film and book differ in many regards. In style, the film is designed to be an easily consumable puff piece of resentful tales of Wal-Mart employees, consumers and social justice activists. The book is a justification for, and defence against populist criticism of, the Wal-Mart business empire.

As a piece of propaganda, the film rates highly. It successfully draws a linear relationship between the success of Wal-Mart at the expense of the environment, small business, subsidised healthcare and worker's wages and conditions. The benefits are few and limited mostly to those at the top of the food chain, particularly the Walton family, who own the chain.

The book takes a very different approach. It is a didactic tale. Rather than

lambasting readers with evidence and hearsay, it tells the story of retail and creative destruction in the industry. The book is written with a narrative that places its evolution and current business practice in context. The authors also provide a beginner's lesson on economics for readers who do not understand the distinctions between consumer and producer surpluses and the theory of comparative advantage.

The book places Wal-Mart in its retail context, as part of a super-store industry that has developed over a decade. It reminds us that every time a business becomes overtly successful, from railways in the 1800s to Wal-Mart in more recent times, public scepticism leads to calls for the business to be regulated; and that that regulation acts as a hidden tax on the public. It is not a ripping yarn, but it puts Wal-Mart's role and contribution in perspective. It leaves behind hysteria and emotive language to ensure that it communicates a consumable message which educates at the same time.

The book is much broader than Wal-

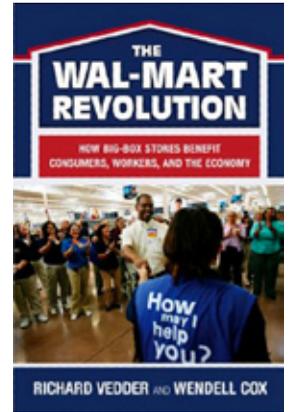
Tim Wilson reviews

Wal-Mart: The High Cost of Low Price

Robert Greenwald (dir.)
(Brave New Films, 2005)

The Wal-Mart Revolution: How Big Box Stores Benefit Consumers, Workers, and the Economy

by Richard Vedder & Wendell Cox
(AEI Press, Washington DC, 2007, 175 pages)



Mart alone. Its role in contextualising the growth of Wal-Mart ensures that the reader gains a primer in basic economics, retail history and globalisation wrapped into one.

The film, by contrast, strings together interviews with frustrated people who have had their lives in some way adversely affected by Wal-Mart. Obviously, they have nothing positive to say. No contribution of Wal-Mart's to the community is shown: instead, viewers are hit with tale after tale of aggrieved individuals who have personal interests in an alternative to the status quo. It is the output one might expect when you cash-up unreconstructed university activists with a compassion surplus.

To be fair, the film should be recognised for what it is—produced solely to bash Wal-Mart. It successfully delivers an emotive and passionate image of the lives challenged by Wal-Mart's shortcomings. You know you are not getting the whole story, but it doesn't change the fact that you have sympathy for the 'victims'.

Indeed, the notion of victimhood is central to the film's message. Societal attitudes to victimhood seem to be legitimised when the decisions of the 'few' affect the 'many' for a personal benefit. Following the Kodak factory's closure in Victoria some years ago, there were few tears for the factory workers who lost their jobs. Most people just shrugged, acknowledging that it was the result of creative destruction following the adoption of digital cameras. Yet Wal-Mart's creative destruction does not attract the same ambivalence.

Sadly, the film also uses this footage to preach to entrenched prejudices against

foreign workers. It is not just cheap Chinese labour, but Bangladeshi and Hondurian labour as well—stealing American jobs and undermining employment standards back home. It is the same sort of hysteria in which Australian unions indulge when discussing the proposed Australia–China Free Trade Agreement.

In apportioning blame for people's woes, apparently size matters. And not just in terms of customer base and turnover, but also in market capitalisation. The term 'billion dollar corporation' is often bandied around throughout the film to justify aggrieved persons' expectations. It seems that once a business get over the billion dollar mark, its made enough money and should stop being hawkish in pursuing its—and its shareholders'—interests.

The book and the film do find some common ground over Wal-Mart's acceptance of subsidies. It aptly demonstrates that Milton Friedman was correct when he remarked that businessfolk are often the worst enemies of capitalism. Wal-Mart, in some areas, receives subsidies as high as \$2.3 million just to set up shop.

Of course, while they both share this distaste for subsidies, they do so for quite different reasons. The book criticises subsidies because they distort market outcomes. The film, on the other hand, is more concerned with the damage done to local business and by the fact that subsidies are not equitably shared. If one follows the film's logic, at this point, Wal-Mart is the harbinger of all evil for local business.

The authors of *The Wal-Mart Revolution* use its post-film publishing date to include a chapter at the end titled 'Criticising the critics', but it would have been

more appropriately named 'What's wrong with that anti-Wal-Mart movie'. This section provides a powerful retort of *The high cost of low price's* arguments, but, having covered most of this in the body of the book, it seems redundant to summarise it again. This is a common flaw in books written primarily to influence public policy debates—readability and flow is too often sacrificed to contend with all possible criticisms.

But, when contrasted with the conclusion of *The high cost of low price*, this is a minor flaw. The film tries to frame the crusade against Wal-Mart as religious in nature. The producers selected religious figures who opposed Wal-Mart and its role in society to tell viewers why the Wal-Mart empire was against Christian values. They then had opponents chanting 'David beat Goliath' after ballot measures knocked back Wal-Mart's authority to establish stores in some counties. The final moments of the film show the word 'Victory' emblazoned across the screen. Please!

This was one of the core efforts of the film: to contextualise criticism of Wal-Mart within the framework of American conservatism. Waving flags and self-identified 'conservatives' were littered throughout it.

Yet, for all its proselytising about Wal-Mart's abandoning America and its values, the DVD comes in a slip case that doesn't identify itself as 'Made in the USA'.

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