

November 3, 2005

[latimes.com](#) : Business [E-mail story](#) 

## Wal-Mart Seeks Unbiased Research -- and Gets It

■ A conference about the retailer's effects on communities yields some negative findings.

By Abigail Goldman, Times Staff Writer

The company that boasts of "Always Low Prices" might have been better off heeding another slogan: Buyer beware.

As part of an increasingly aggressive campaign to burnish its image, Wal-Mart Stores Inc. decided in August to sponsor an academic conference to explore the retailer's effects on the U.S. economy and local communities.

**ADVERTISEMENT** And to make sure the findings were credible, the company turned over management of the conference to independent consultant Global Insight, which pledged to select papers only for their academic rigor, not for their pro-Wal-Mart bent.

When the scholars delivered, some of their findings didn't exactly cut in the company's favor. At the conference Friday in Washington, billed as "An In-Depth Look at Wal-Mart and Society," the retailer will be stuck with them anyway.

"To us it's worth the risk to have a real healthy discussion," said Robert McAdam, vice president of corporate affairs for the Bentonville, Ark., retailer. "We start out with a bias because we think we have a positive economic impact. If the results come back and they show that we don't have a positive economic impact, that will be a disappointment, but at least it's an honest look."

Wal-Mart critics say the company's willingness to hear dissent at the conference will be meaningful only if its executives decide to make changes.

"There's a lot here that requires legitimate listening" by Wal-Mart and actions based on the study findings, said Tracy Sefl, a spokeswoman for advocacy group Wal-Mart Watch. "There is a compelling empirical case being made about the scope of their problems."

The 10 papers are to be presented by economists, urban planners and other experts.

Some of their findings, which a few of the researchers released before the conference, tend to confirm what Wal-Mart critics have been saying for years.

At least two concluded that Wal-Mart stores' pay practices depressed wages beyond the retail sector. Another found that states on average spent \$898 for each Wal-Mart worker in Medicaid expenses.

One study concluded that Wal-Mart's giant grocery and general merchandise Supercenters brought little net gain for local communities in property taxes, sales taxes and employment; instead, the stores merely siphoned sales from existing businesses in the area.

Not all the news was bad for Wal-Mart. Several of the studies noted that its stores led to lower prices throughout a region. Two suggested that Wal-Mart increased a county's total employment, with one pegging that long-term gain at 1% to 2%.

David Neumark, a senior fellow at the Public Policy Institute of California, found that "residents of a local labor market do indeed earn less following the opening of Wal-Mart stores."

**BUS**[Horn  
Back](#)[Alber  
Sold](#)[SEC'](#)[As S  
Index](#)[A Ba](#)**MOS**[Antiv](#)[Ther](#)[Inter](#)**REL**[Retai](#)[US N](#)[Wal I](#)**Powr****TOP****SIGI**

Worse yet, he wrote, is Wal-Mart's influence in the South, where it has its greatest concentration of stores. There, Neumark and his coauthors found, Wal-Mart has decreased retail employment and total employment.

Michael Hicks of the Air Force Institute of Technology and Marshall University found that each employee of Wal-Mart caused "the average state to expend just under \$900 a year in Medicaid benefits."

In a look at the Supercenters' effects on local businesses in Mississippi, Albert Myles and his coauthors found that a Supercenter's own community benefited from sharp retail sales increases — as much as 59% — though nearby towns suffered annual decreases. Any gains, the researchers found, came at the expense of local merchants.

"Many times the net increases are minimal as the new big-box stores merely capture sales from existing businesses in the area," they wrote.

Emek Basker of the University of Missouri, however, found that Wal-Mart stores decreased prices across a region and increased total employment. And in a study of Ohio, economist Hicks found that a Wal-Mart store increased commercial property tax revenue and raised employment.

A study of the San Francisco Bay Area also presents a mixed picture. UCLA researcher Randall Crane and his coauthors found that once Wal-Mart established itself as the region's leading grocer — the company is already the national leader — it would probably depress grocery store employees' wages by hundreds of millions of dollars. But, they found, the company also would save shoppers hundreds of millions of dollars by offering cheaper food.

Still, Wal-Mart runs the risk that the conference's negative findings will garner more attention than the positive ones.

Wal-Mart, which last year had \$285 billion in sales, faces increasing pressure from critics as Wall Street is clamoring for better returns and expansion into areas including California.

In response, Chief Executive H. Lee Scott Jr. pledged recently to improve health benefits for employees, to reform Wal-Mart's environmental practices and to more closely monitor working conditions at overseas factories.

A new documentary film, "Wal-Mart: The High Cost of Low Price" — a scathing look at what filmmaker Robert Greenwald says is the company's "assault on families and American values" — premieres in Los Angeles tonight before moving to thousands of churches, colleges and homes for free screenings.

And on Nov. 13, Wal-Mart Watch will launch what it is calling "Higher Expectations Week," including screenings of Greenwald's film and hundreds of other events nationwide, aimed at making the retailing giant "a better employer, neighbor and corporate citizen."

#### MY BEST SHOT IMAGES FROM OUR READERS



TRAVEL PHOTOS: Out there in Alaska

[latimes.com](#)  
[Site Map](#)

[California | Local](#)  
[World](#)  
[Nation](#)  
[Business](#)  
[Sports](#)  
[Travel](#)  
[Editorials, Op-Ed](#)

[calendarlive.com](#)  
[Arts & Entertainment](#)

[Columns](#)  
[Education](#)  
[Food](#)  
[Health](#)  
[Highway 1](#)  
[Home](#)  
[Outdoors](#)

#### MORE NEWS

[Supreme Court to Hear Challenge to Tribunals](#)  
[Shaken Tourists Tell of Pirate Attack on Cruise Ship](#)  
[Pete Rose's Son Held in Federal Drug Case](#)  
[Twister Is Indiana's Deadliest in 31 Years](#)  
[Royal Couple Whirl Around the Bay](#)

Ads by Google

**Wal Mart Stock**

quotes, news, charts, and brokers. Wal Mart Stock.

[WallStreetSelect.com](http://WallStreetSelect.com)

**Wal-Mart Fact Checker**

The grassroots way to spread the facts about Wal-Mart.

[factchecker.purpleocean.org](http://factchecker.purpleocean.org)

**Wall St Pros Pick Stocks**

Value Investing-Discover the most Undervalued Stocks in America

[www.StocksAtBottom.com](http://www.StocksAtBottom.com)

**Wal Mart Litigation**

Free Litigation info from the experts at the Law Encyclopedia.

[www.TheLawEncyclopedia.com](http://www.TheLawEncyclopedia.com)

**Online Forecasting**

The most powerful Time Series Analysis tool on the Internet

[confort.upc.es](http://confort.upc.es)

If you want other stories on this topic, search the Archives at [latimes.com/archives](http://latimes.com/archives).

**TMSReprints**

Article licensing and reprint options

Copyright 2005 Los Angeles Times | [Privacy Policy](#) | [Terms of Service](#)  
[Home Delivery](#) | [Advertise](#) | [Archives](#) | [Contact](#) | [Site Map](#) | [Help](#)

PARTNERS:  