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Wal-Mart - An Economic Disease

Wal-Mart Corporation, a seemingly advantageous company providing numerous economic advantages, is living a lie. During its rise to the top, Wal-Mart has been plagued with issues that affect the economy and the everyday lives of citizens and employees. Prominent issues that are overplayed in the media, such as health care problems, employee discrimination, and labor relations are already evident to consumers. However, the population may not be aware of the effects of Wal-Mart on the world as a whole. In what has come to be known as the Wal-Mart economy, the effects of the corporation's stronghold are proving to be an economic disease. Generating increasingly larger problems and driving out local markets, Wal-Mart is a detriment in the business world. Despite the fact that Wal-Mart is widely regarded as one of the most popular shopping chains in the world, its negative effects demand that consumers consider an alternative. As evidenced in the media, Wal-Mart is inundated with problems, many of which are not even noticed by the public.

Wal-Mart's problems stem much deeper than those within the company. If the company's problems were confined and remained among employees, many of the issues surrounding Wal-Mart would be nullified. However, the effect of Wal-Mart on the economy at large is much more significant and troublesome than many people would like to believe. Not including its internal struggles, the company faces three main issues:

environmental problems, political influence, and a negative community impact. These issues, explained in depth later, invalidate the opposition's belief of the positive affect of Wal-Mart in the business world.

Hiding behind the new "green initiatives" which are environmentally supportive programs, Wal-Mart slowly tries to deceive the public, attempting to improve their environmental image. Wal-Mart seeks shelter under these new initiatives by funding them, becoming involved in organizations, and taking small steps to regain their positive semblance (Environment 4). While their efforts to prove their cleanliness by reducing packaging on foods and selling more energy efficient light bulbs should be applauded, more must be done to make up for a very unclean past. The truth is, Wal-Mart's record of environmentally associated problems is extremely disturbing.

Guilty of air pollution, storm water violations, hazardous material disposal, and numerous other issues resulting in millions of dollars of fines, Wal-Mart is to blame for many instances of environmental pollution (Wal-Mart Effect 2). Examples of the company's pollution problems have arose from every angle of their operation. In 2004 alone, Wal-Mart faced fines for breaking environmental laws in nine states. These violations, along with other similar infringements in more states, forced Wal-Mart to pay \$400,000 to settle only their Sam's Club branch problems (Environment 1). This is just a small portion of the environmental issues that trouble the company. Unethical decisions also are abundant in Wal-Mart's operations as well. In 2004, a Wal-Mart store was constructed right near the 2,000 year old pyramids in Mexico. Despite opposition from Mexico, claiming infringement of Wal-Mart on their culture, the store was built (3). Blatant disrespect on Wal-Mart's behalf for the environment and culture of Mexico

shows the companies lack of concern and ethics. Wal-Mart was also the first company that the EPA had to fine since it's inception. Storm water runoff standards were grossly neglected by the company, resulting in a \$5.5 million fine. Adding to the list are similar fines in different years, each one around \$1 million a piece (4). Oil storage, air pollution, and hazardous material laws are frequently broken by Wal-Mart. And each subsequent offense is belittled by a fine which may be millions of dollars, but does not rattle such a powerhouse company.

Also evident in Wal-Mart's operation is an increasing amount of cutting corners. The corporation tends to heed expense and convenience considerations, but often ignores other important issues. Locating stores on environmentally fragile locations such as wetlands shows the company's lack of concern for the atmosphere. Another key point about pollution is the fact that Wal-Mart constantly expands, replaces and relocates its stores, leaving its old stores vacant and wasted. On Wal-Mart's website it states that there are 390 building for lease, and an additional 68 up for sale. The wasteland of empty Wal-Mart stores is startling in itself, both to the environment and the economy. These issues, coupled with numerous other problems prove that Wal-Mart is not the great company many believe it is.

Wal-Mart's power is undeniable; both the company and the public are well aware of it. However, using its political influence unfairly is something the public is probably not well aware of. By using its giant force of lobbyists, and an enormous amount of wealth and prestige, Wal-Mart has been able to grasp the power of Washington, DC. Using unnecessary public handouts, befriending regulators, and rewriting tax laws top the list of politically influenced issues that surround the company (Political 1). These

techniques for bettering their company are causing immense problems within the economy, and resulting in unequal treatment of companies by the government.

Wal-Mart used its political influence to secure \$35 million of funding to widen its headquarters street (Wal-Mart Nation 5). Despite local highway officials' insistence that this project was not a priority, it was completed because Wal-Mart asked U.S Representative John Boozman of Arizona to secure the funding. The government's constant concessions to Wal-Mart led the company to frequently negotiate for weak enforcement of laws. Negotiations included the granting of Wal-Mart to avoid civil money penalties in certain conditions - while only requiring Wal-Mart to continue to abide by measures that were already in place. By paying off lobbying firms and progress groups, Wal-Mart has also been able to "rewrite the tax laws" (Wal-Mart 4). Realizing in 1999 that the company could stand to save \$32.6 billion, the Walton family was quick to pay \$2.6 million in an attempt to repeal the estate tax law (Political 3). These violations, and a mentality of "spending millions to save billions" (4) is a disreputable practice that emphasizes payoffs and bribes. Wal-Mart's political influence is astounding, and has been used unfairly to benefit the company.

Worldwide, Wal-Mart's growth of super-centers and unethical operation has completely altered economies and surroundings. What's more, opposition from local officials and activists are frequently met with threats and false promises. Also negatively affecting the economy is increased traffic, destruction of farmland, and increased criminal activity (Community 2). Wal-Mart has an immense negative affect on the world's economies and surroundings.

As a result of Wal-Mart's unethical operations, it has had an extremely negative

impact on the communities in which it operates, and the world as a whole. Lately, Wal-Mart has had an incredibly negative effect on the community where its stores are located. The company has pressured local governments, using its leverage as a powerhouse company to force a beneficial decision (Wal-Mart Nation 2). In Chicago, Wal-Mart asked the local government for \$18 million in subsidies. This led the mayor to question if he was buying the company (Community Impact 1). Adding to the list of negative community relations, Wal-Mart has repeatedly threatened protestors, local governments, and entire communities. Also evident in the environmental concerns of the company is the fact that the unethical decision that it makes about the environment directly affect the citizens. Because of Wal-Mart, citizens are subject to contamination of water, air pollution, and harmful toxins storage concerns. Wal-Mart has a devastating affect on the community in which it operates, as well as the community and economy as a whole.

Both admired and despised, the Wal-mart Corporation is generally viewed as a beneficial company providing numerous economic advantages. However, the adverse is true. Wal-mart is distressed with issues that negatively affect the economy and the everyday lives of citizens and employees. Overplayed in the media, issues such as health care problems, employee discrimination, and labor relations are very evident to consumers. However, the population may not be aware of the effects of Wal-Mart on the world as a whole. The so-called Wal-Mart economy is crippling, and the effects of the corporation's stronghold are proving to be an economic disease. With problems both inside and outside the company itself, the effects of Wal-Mart on the economy at large are much more significant and troublesome than many people would like to believe. Facing three main issues: environmental problems, political influence, and a negative

community impact, Wal-Mart frequently chooses the route that negatively affects the most people. The response to numerous different issues that haunt Wal-Mart prove that it is not the value oriented, upstanding company it seeks to portray.

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