

## **“Is Wal-Mart a Problem?”**

by John Stossel

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Is Wal-Mart a problem?

The Food and Commercial Workers Union hired Paul Blank, who was political director for Howard Dean's presidential campaign, to lead a campaign to convince people not to shop at Wal-Mart until Wal-Mart pays workers more. "The average associate at Wal-Mart makes \$8.23 an hour," Blank told me. "That's not a job that can support a family."

Wal-Mart said its average pay is higher than that, but Wal-Mart workers do make a lot less money than Wal-Mart's owners.

"They have taken the values, the morals, the ethics, fairness that are the fabric of our society and put them aside and . . . put their profits before their people," said Blank.

That's foolish economics, and not very good morality. He is as wrong as the tycoon Michael Douglas played in the movie "Wall Street," who said: "It's a zero-sum game. Somebody wins. Somebody loses. Money itself isn't lost or made, it's simply transferred."

That's a myth. Businesses create wealth.

Take the simplest example. I buy a quart of milk. I hand the storekeeper money; she gives me the milk. We both benefit, because she wanted the money more than the milk, and I wanted the milk more than the money. This is why often both of us say "thank you." Because it's voluntary, business is win/win. A transaction won't happen unless both parties benefit. Each party ends up better off than he was before. And when you have millions of successful transactions, you end up very well off -- like the owners of Wal-Mart.

Their becoming rich doesn't mean there's less for the rest of us. Sam Walton's innovations created thousands of new jobs and allowed millions of Americans to save money.

In earlier eras, John D. Rockefeller and Cornelius Vanderbilt were depicted as evil. But the condemnation rarely came from consumers. It was competing businessmen who complained. And newspapers lapped it up, calling them "robber barons."

Vanderbilt got rich by making travel and shipping cheaper. Lots of people liked that.

No one was forced to buy the oil on which Rockefeller got rich. He had to persuade people by offering it to them for less. He offered it so cheaply that poorer people, who used to go to bed when it got dark, could now afford fuel for their lanterns.

These are "robber barons"?

"You could not find a more inaccurate term for these men than 'robber barons,'" said philosopher David Kelley. "They weren't barons. All of them started penniless. And they weren't robbers, because they didn't take it from anyone else."

Wal-Mart's critics act as if economic competition were a "zero-sum game" -- if one person gets richer, someone else must be getting poorer. If Wal-Mart's owners profit, we lose. But the reality is exactly what our ordinary language tells us: We make money. We produce wealth.

Wal-Mart created wealth. It started with just one discount store. Then, its owner, Sam Walton, invented new ways to streamline the supply chain, so he was able to sell things for less and still make a profit. By keeping prices low, Wal-Mart effectively gives everyone who shops there a raise, its own employees included.

Not all Wal-Mart workers support families. Some are retired. Others are part-timers, students or people looking for a second income.

"None of them was drafted. None of them was forced to work at Wal-Mart," said Brink Lindsey, a senior scholar at the Cato Institute. "That means that if they're working there, presumably, that was the best job they could get."

Before Sha-ron Reese was hired at Wal-Mart she was on welfare. She'd lost custody of her kids and was homeless, living in her car. California store manager W.C. Morrison took a risk and hired her. "She had no references," he told us. "She had no work experience."

In her own words, she was "raw." But Morrison took a chance on her. That changed her life.

Today, Reese has two people working for her. She's got her own apartment. She's regained custody of two of her kids.

And she's a Wal-Mart customer. "Everything, just about, that's in my house," she said, "Wal-Mart sells."

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