



Co-op America Quarterly

Economic Actions for a Just Planet

No.68 Spring 2006

Beyond the Wal-Mart Economy

Eco-Actions:

Western States Take
the Lead on Solar Energy

Progress Report:

47,000 Attended
our 2005 Green Festivals

No Place for Wal-Mart:

Find out why Wal-Mart is bad
for workers, communities,
and the environment—and what
you can do about it



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since I was a kid.”



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Co-op America's programs are designed to:
 1) Educate people about how to use their spending and investing power to bring the values of social justice and environmental sustainability into the economy, 2) Help socially and environmentally responsible businesses emerge and thrive, and 3) Pressure irresponsible companies to adopt socially and environmentally responsible practices.

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Reallocate the purchases you make from irresponsible companies to socially and environmentally responsible businesses. Turn to Co-op America's *National Green Pages™* to find green businesses. Use Co-op America's long distance phone and travel services.

Reinvest in the future through socially responsible investing. Turn to Co-op America's *Financial Planning Handbook* for your how-to guide. Use the financial services of Co-op America business members.

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Co-op America's programs are supported almost entirely by contributions from our members. Individual memberships begin at \$20, business memberships at \$85. All members receive our publications and access to our services. Business membership, pending approval, also includes a listing in Co-op America's *National Green Pages™*.

As a national nonprofit 501(c)(3) membership organization, all contributions to Co-op America are tax-deductible. We welcome your membership and contributions.

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Beyond the Wal-Mart Economy

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NOTE: In *Investing for the World* (Fall 2005 CAQ), we printed an incorrect Web address for the SERRV Community Investment Loan Fund. The correct URL is www.serrv.org.

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A Business Model We Can't Afford

In a truly just and sustainable society, there is no place for a corporation like today's Wal-Mart.

In a society where everyone has enough, where all communities are healthy and safe, and where the Earth is preserved for all the generations to come, there can be no corporation that aggressively advances a business model that destroys people's choices, jobs, communities, and the environment.

In an economy that cares for the health and well-being of every person and doesn't permit poverty, there can be no corporation that asks people—as Wal-Mart does—to trade "low prices" today for the inability to have a job, purchase the necessities of life, live in a safe community or count on a healthy environment tomorrow.

Now, here's the reason for hope for tomorrow: the number of people who understand this to be true is growing rapidly and they are increasingly vocal about their opposition to Wal-Mart.

This opposition is broad based. It's grassroots. It is coming from the heartland, from workers, from consumers and investors, from small and large communities, from African-American and Latino organizations, from religious institutions, from Democrats, Republicans, and the politically unaffiliated.

Wal-Mart also faces a growing number of consumers voting with their dollars in favor of other companies (as evidenced by Wal-Mart's poor holiday 2005 sales), peer censure (Wal-Mart failed to make the Fortune 100, despite being one of the world's largest corporations), and Wall Street disapproval (as evidenced by year after year of Wal-Mart's stagnant stock prices).

Business Week reporter Roben Farzad recently gave voice to both this common sense and the Wall Street perspective, saying that "... customers just don't want to feel bad about where they shop ... To change that, Wal-Mart needs to quit its low-cost race to the bottom."

That's why we've put this guide together for you. It gives you the information about the systemic problems

with Wal-Mart, as well as their solutions, explaining how we can move beyond the Wal-Mart economy.

We're also putting this guide into the hands of people in thousands of communities across the US. And we're calling on all Americans to join us on the long-term journey to save the future from companies like Wal-Mart.

How do we, individually and collectively, do this?

1. We learn what Wal-Mart is doing, how it harms people and the planet, and why this is a particularly virulent form of the corporate business model. (See "No Place for Wal-Mart," page 9.)

Wal-Mart faces a growing number of consumers voting with their dollars in favor of a more sustainable economy.

2. We demand that Wal-Mart stop its egregious practices. We work within our communities to keep Wal-Mart out or make it play by just and sustainable rules. (See "Fighting Off the Big Box," page 16.)

3. We recognize that, for now, Wal-Mart is part of our economy, both as the world's largest corporation and as our country's largest retailer in many categories. If we can harness its power to reduce its impact in a positive way, without pricing policies that crush producers, we do it—whether it's selling Fair Trade products, reducing greenhouse gas emissions, selling organic products, or offering low-cost health care.

4. When we succeed in getting Wal-Mart to take positive steps, we don't let it off the hook for its other egregious practices. One good deed does not buy Wal-Mart a pass on anything else.

5. For those of us who have the economic wherewithal, we stop making purchases at Wal-Mart. We get out of denial—if we are not in poverty, we

don't buy from Wal-Mart. We get creative about how we can save money without shopping at Wal-Mart. (See "Skip Wal-Mart, Save Money," page 13.)

6. We shift our purchasing and investments to green and locally based businesses.

7. We are compassionate about people who are in poverty and may need to shop at Wal-Mart. We work to provide other choices for people in our communities struggling economically. We work on system change so that no one is forced into a deal with the devil to purchase their necessities.

8. We work within our communities to educate about the destructiveness of Wal-Mart. You can order free copies of this guide to help (call or e-mail us—or send in the postcard between pages 14 and 15.)

9. We get serious about what it will take to fully change these destructive business models—including changes in practices, products, ownership, and decision-making. (Imagine a group of people the size of Wal-Mart putting their creativity into a business model that advances social justice and environmental sustainability!)

10. We join hands together in campaigns to put pressure for change on Wal-Mart. Send the postcards between page 14 and 15—and sign up for our e-mail newsletter at www.coopamerica.org to get the latest on Wal-Mart and take additional actions.

Most importantly, we acknowledge that shifting our economy is a long-term endeavor. We embrace the work joyfully.

So we roll up our sleeves, because we know that if we want a future for all the generations of our children to come, shifting to an economic system based on justice and sustainability is essential.

Thanks for all you do for people and the planet,

Alisa Gravitz, Executive Director



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Credit Unions

Thanks for yet another great issue on socially responsible investing, this time focusing on community investing (*Investing for the World*, Fall 2005 CAQ). I was very happy to see that credit unions received a mention and wish to see more in-depth reporting about them in the future. I work at the National Credit Union Foundation, (NCUF) which is the charitable arm of the Credit Union National Association (CUNA) here in Madison, Wisconsin, and have been really impressed with their "people helping people" philosophy.

As you may know, credit unions are not-for-profit cooperative financial institutions, and it would greatly benefit readers to know more about them. I am always surprised to talk with people who just think they are strangely named banks—it's quite the opposite. When you open an account, you become more than a member—you are a part owner! Credit unions truly work "for the people, by the people," not like those greedy banks who are chasing the bottom line.

Christopher Morris, Madison, WI

More Community Investing Options

I very much appreciated your fall issue of *Co-op America Quarterly* (*Investing for the World*, Fall 2005). I would have liked to see more about community investing institutions that operate out of religious groups.

One such group that has been in operation since the late 1960s is the Society of Religious Friends (Quaker) group, the Right Sharing of World Resources. Although it arose from the Quakers, its underlying statement of mission is non-sectarian and I believe gives a humanistic spiritual foundation for this type of investing. More information about this group can be found at www.rswr.org.

Nicholas Sanders, Philadelphia, PA

National Solar Incentives

Thank you for your recent issue on solar energy (*The Promise of the Solar Future*, Summer 2005 CAQ). My husband and I are off the grid and incorporating solar and wind power into the house we are building. While our state, Maine, has just passed a bill that will provide incentives to homeowners and businesses who install solar, it is only for those who are on the grid and who only use a qualified installer (master electrician). That leaves out the "pioneers" and those who have been living on alternative energy for a very long time. Are there incentives on a national level, or, a resource to help individuals have a

Let us know what you think!

We really love to hear from you. Call the editors at 202/872-5328, fax 202/331-8166, write *Co-op America Quarterly*, 1612 K St. NW, #600, Washington, DC 20006, or e-mail: editors@coopamerica.org.

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collective voice to strengthen our state's incentive programs?

Suzanne Dunham, Kingfield, ME

Editor's Note: Thank you for writing, Suzanne. Your question gives us the opportunity to update the information printed in the Eco-Actions section of the Fall 2005 Co-op America Quarterly. As reported in our article "Solar Incentives Remain in Flawed Energy Bill," the first national solar energy incentives in two decades were just signed into law last August and were set to take effect in January 2006. Although the Senate had called for those incentives to last for four years (as noted in the Eco-Actions item), negotiations with the House of Representatives reduced that to two years in the final version of the bill. So, the new solar incentives allow a federal tax credit for homeowners who add a solar energy system to their house between January 1, 2006 and December 31, 2007. The credit equals 30 percent of your cost, capped at \$2,000, and applies to systems "placed in service" after this January—which means that even if you bought your system or began installation before 2006, you're still eligible for the credit as long as you haven't completed the job. (Systems already in service are not eligible.) Also, you are eligible for a separate credit for each complete system you install, which means that you can receive \$2,000 for a photovoltaic electric system, and then receive a second \$2,000 for installing a solar water heater. The credits are not dependent on your being tied to the grid or using a certified installer.

Regarding your second question, the American Solar Energy Society (www.ases.org) has 23 chapters encompassing 34 states, each of which works to advance solar energy at the national and local levels. You can join ASES directly, which includes a subscription to their solar energy magazine Solar Today, or you can visit the ASES Web site to find a local chapter. In Maine, you could choose to join either the Northeast Sustainable Energy Association (www.nesea.org) or the Maine Solar Energy Association (www.mainesolar.org)—whose president, incidentally, is a fellow Co-op America member.

And, of course, as a Co-op America member, you are part of creating a national plan for solar energy through our Solar Catalyst program. To keep informed about our efforts to promote solar, sign up for our e-mail newsletter at www.coopamerica.org.

Western States Take Lead on Solar Energy

The western US could install as much as eight gigawatts of solar-electricity-generating capacity by 2015 (enough to power more than a million homes), according to a report produced for the Western Governors' Association (WGA) last fall. Such a move would be a first step toward clean energy goals adopted by the WGA in 2004.

The report also noted the success other countries have had in using temporary development incentives to accelerate the growth of the solar industry, and it outlined incentives needed at the state level to unleash private investment in solar with little or no state budgetary impact.

The report went on to list policy recommendations for the governors, including robust rebates for homeowners who install solar systems, tax incentives for businesses willing to invest in "central station plants," and



The western US could install enough solar electricity generating capacity to power more than a million homes by 2015.

incentives to encourage energy conservation. Loss of tax revenue from instituting such policies, the report stated, would be offset by retaining property, personal, and corporate income taxes from the future profits of the emergent solar industry, projected to encompass "32,000 high-quality jobs."

What's more, the report predicts that if the Western governors follow its outlines, "the cost of [solar] electricity will fall until it's on par with that from plants burning natural gas" by 2015, and home-based solar systems will have declined in price to the point they become more affordable than purchasing electricity on the retail market.

All of this is in line with the recommendations of Co-op America's Solar Catalyst program. "One region of our country could lead the way to making solar globally affordable," says executive director Alisa Gravitz. "We hope the WGA takes the lead."

The Western governors are expected to discuss the plan at their meeting in June 2006, and according to the newsletter "Renewable Energy Today," are likely to adopt the plan.

CONTACT: Western Governors' Association, www.westgov.org.

continued on page 7

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Organic Diet Reduces Children's Exposure to Pesticides

The Centers for Disease Control released a study last fall showing that in children, a switch to an organic diet can cleanse at least two common pesticides from detectable levels in their bodies within five days.

US government scientists tested elementary-school-age children for the presence of malthion and chlorpyrifos (the two most commonly used pesticides in the United States) over the course of 15 days. For the first three

and final seven days of the study, the children ate conventional food, with five days of organic food in the middle. The detectable presence of pesticides disappeared within the five days of the organic diet, only to shoot back up in the final seven days of the study. Malthion and chlorpyrifos have been associated with potential nerve damage in children.

Margaret Reeves, a staff scientist at the Pesticide Action Network North America, said the findings are "a pretty strong argument" for switching

children's diets to organic.

The study itself concluded that the researchers "were able to demonstrate that an organic diet provides a dramatic and immediate protective effect against exposure to organophosphorus pesticides that are commonly used in agricultural production."

According to a Consumers Union report from 2000, fruits and vegetables showing the highest levels of pesticide residues include peaches, apples, pears, grapes, green beans, spinach, winter squash, and strawberries.

CONTACT: Pesticide Action Network, 415/981-1771, www.panna.org.

California Passes Safe Cosmetics Act

In a landmark move, Gov. Arnold Schwarzenegger and the California legislature passed a law last October requiring cosmetics makers doing business in their state to report potentially toxic or carcinogenic ingredients in their products to the Department of Health Services.

Due to a loophole in FDA regulations, personal care products are exempted from federal government oversight. California is now the only state to demand such right-to-know reporting from cosmetics companies.

"We thank the Governor for signing this landmark bill, despite the unprecedented lobbying efforts of the cosmetics industry [against it]," said Jeanne Rizzo, executive director of the Breast Cancer Fund. "This is an important disclosure bill and an important victory for women's health. California has set the stage for states asserting regulatory authority around toxic chemicals in cosmetics, which the federal government has thus far refused to lead on."

In April of last year, the Campaign for Safe Cosmetics (CSC) launched a campaign for companies to pledge to keep potential toxins out of their products. To learn more about companies that are already keeping their products free from potentially dangerous chemicals, visit our recent feature from our *Real Money* newsletter at www.coopamerica.org/go/cosmetics.



CONTACT: Campaign for Safe Cosmetics, www.safecosmetics.org.



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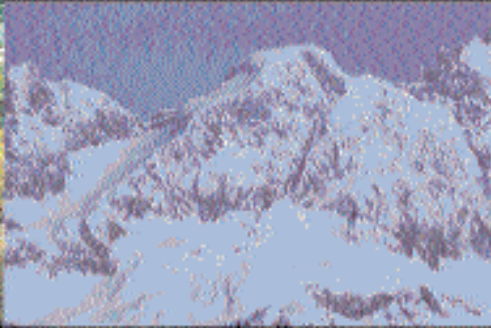


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PHOTO BY PAVEL VIKHRECHIK

Behind Wal-Mart's "everyday low prices" lurk hidden costs—from the exploitation of workers in the US and around the world, to increased sprawl and pollution—that we end up paying as consumers, taxpayers, workers, and citizens. Join those of us who are opposing Wal-Mart's destructive business model, and help us declare ...

There is no place for today's

WAL★MART

in a Sustainable Society

The Wal-Mart economy is the opposite of sustainable. There can be no place in a sustainable economy for a corporation like today's Wal-Mart that advances a business model riddled with negative repercussions—from its low-wage, environmentally destructive factories in developing countries, to shuttered local businesses all across America.

"Wal-Mart makes the corporate business model even more destructive," says Erin Gorman, director of Co-op America's Wal-Mart Action Campaign. "Their push to lower their costs year after year has driven down wages here and abroad, sent American manufacturing jobs overseas, rapidly expanded toxic industrial production in countries that lack rigorous labor or environmental protections, and contributed to a host of other social and environmental ills. It's a race to the bottom where everyone loses."

Until Wal-Mart, the trend in the American marketplace had been to increasingly internalize the costs of doing business, from paying decent wages and offering health-care benefits, to limiting the work-week to 40 hours, to curbing environmental impact. While the job of internalizing business costs was nowhere near complete, the trend was in the right direction.

In its relentless pursuit of ever-cheaper products and ever-larger market shares, Wal-Mart reverses that trend. Wal-Mart externalizes its costs any way it can—by pushing its health-care costs onto local communities, for example, or by soliciting taxpayer dollars to subsidize its sprawl.

These costs, then, are born by all of us, including the low-income consumers supposedly assisted by Wal-Mart's "low prices." What's more, for individuals stuck without retail options—whether because of poverty or because big-box stores have killed off local businesses—the truth is that Wal-Mart's "low prices" aren't always exactly that (see "Skip Wal-Mart, Save Money", p.13). Concerned consumers need to take an encompassing view of the retail situation in the US and work

to provide other choices for people in our communities who are struggling economically.

At the same time, concerned consumers can use the power of their dollars to force Wal-Mart, the largest corporation in the world, to use their infrastructure more for good than for ill. Already, Wal-Mart rings up more sales than any other company in a host of retail categories, including toys, books, CDs, DVDs, magazines, dog food, diapers, jewelry, and groceries. Imagine if those products were all sustainably produced by workers making fair wages using processes that protect the environment.

That day is not yet here, but the good news is that the market is beginning to wake up to the problems with the Wal-Mart way, and together we can advance the momentum for change.

As *Business Week* reporter Roben Farzad put it, "Leave it to Wal-Mart to double its profits to more than \$10 billion in five years, blanketing the globe with more \$20 DVD players than you can shake a \$2 broomstick at, only to see its share price fall 13 percent over the same period." In other words, the Wal-Mart way won't hold up over the long term, and Wal-Mart needs to completely reform itself or be put out of business. Its current business model is unsustainable every step of the way.

SWEATSHOPS: THE STARTING POINT

The problems with Wal-Mart begin with its supply chain, where many of the workers who make its products pay the price for low-cost items by toiling in sweatshop conditions.

Outlets as diverse as the National Labor Committee (NLC) and the *Wall Street Journal* continue to produce new reports on sweatshop abuses connected with Wal-Mart's supply chain. In 2004, NLC reported on a Chinese leather goods factory where nearly half of the workforce earns no wages at all (working instead to pay off debts for training, food, and lodging), and the *Wall Street Journal* exposed a Wal-Mart toaster producer where

workers' wages were 40 percent below the minimum wage.

Chinese workers filed a class-action lawsuit against Wal-Mart last September, alleging a range of sweatshop abuses, including "forced overtime, payment below the minimum wage, and [denial of] full overtime pay, holidays off, weekly days off, or daily rest periods." The sweatshop problem, however, is not limited to one country. The Chinese plaintiffs were joined by plaintiffs from other countries, including the US, all alleging the same thing—that Wal-Mart ignores its own "standards for suppliers" and tolerates abuse of workers in its supply chain.

"As the world's largest retailer, Wal-Mart has the power to set higher [labor] standards within the industry," says Maquila Solidarity Network president Ian Thompson. "Instead, it continuously pressures its suppliers to produce cheaper and quicker, encouraging sweatshop abuses."

That pressure can be devastating to suppliers that don't or can't bow to Wal-Mart's demands. Frank Garson, the last president of the Georgia-based Lovable Company, which had supplied apparel to Wal-Mart since the retail giant's earliest days, told *Fast Company* in 2003 how the shifting terms of his contract cost him his business.

"Wal-Mart has a big pencil," Garson said. "They have such awesome purchasing power that they write their own ticket. If they don't like your prices, they'll go vertical and do it themselves—or they'll find someone that will meet their terms."

Although the Lovable Company had once been the sixth-largest in its field, Garson's loss of Wal-Mart as a customer was "irreplaceable," and the company closed its doors within three years. "Wal-Mart chewed us up and spit us out," he said.

One study estimates that Wal-Mart depressed total earnings of retail workers nationwide by \$4.7 billion in 2000 alone.

US WORKERS: LOW, LOW WAGES

In 2004, Wal-Mart earned \$10 billion in profits. CEO H. Lee Scott took home a salary of more than \$17 million, and yet the majority of Wal-Mart associates made wages that would place them below the poverty line for a family of four.

In 2003, the *New York Times* reported that Wal-Mart's clerks make around \$14,000 a year, about \$5,000 below the poverty line for a family of four. Even using Wal-Mart's own numbers from 2004, which claimed that a full-time Wal-Mart worker averages \$9.64 per hour, take-home pay would total around \$18,000—still \$1,000 below the family-of-four poverty line, as explained in John Dicker's book *The United States of Wal-Mart*.

A 2005 study by the University of California–Berkeley found that from 1992 to 2000, the total earnings of US urban workers in the general merchandise and grocery sectors were reduced by 1.3 percent after Wal-Mart showed up in their areas. In 2000 alone, study authors estimated that Wal-Mart depressed total earnings of retail workers nationwide by \$4.7

billion. Plus, Wal-Mart spends less per worker on employee health care than its competitors. A Harvard Business School study found that Wal-Mart spent \$3,500 per employee on health care in 2002, while the average corporation spends \$5,600.

Furthermore, high premiums and limits on eligibility mean that fewer than half of Wal-Mart workers are insured under the company plan. Full-time, non-management Wal-Mart employees must wait six months to be eligible for the company health plan, and part-time workers must wait two years, compared to an average 2.5-month wait for retail companies as a whole. Once they are eligible, many employees decline the plan because they are unable to afford premiums and deductibles, which exclude or limit coverage for certain routine necessities like check-ups and vaccinations.

Last fall, the company proposed modest improvements to its health care plan, in the face of rising public criticism. But shortly thereafter, the *New York Times* published internal Wal-Mart memos that admitted the company would try to offset its now slightly better plan by screening its pools of job applicants for only the healthiest workers.

Wal-Mart doesn't stop at keeping wages low and benefits inadequate. Workers in more than 30 states have sued Wal-Mart for failing to pay overtime wages, and it currently faces a class-action lawsuit for discriminating against women in pay and promotion. In December, a California jury ordered Wal-Mart to pay \$172 million to 116,000 of its employees who had been illegally and routinely denied meal breaks.

"[L]awsuits are pending in six states accusing Wal-Mart of forcing employees to work off the clock, to work without breaks," states a 2005 report by the nonprofit American Rights at Work. "Wal-Mart expects its employees to be at its beck and call. Workers at a store in West Virginia were recently informed they would be fired if they could not commit to working any shift between 7 am and 11 pm, seven days a week."

TAXPAYERS: FOOTING THE BILL

When workers can't afford their employer's health plan, those costs often shift from both the employer and the employee onto the taxpayers.

Three states where the Wal-Mart effect on public health insurance programs has been measured have seen Wal-Mart workers costing taxpayers millions of dollars each year. For example, in Georgia, Wal-Mart employees cost taxpayers an estimated \$6.6 million in 2002, with nearly 10,000 children of Wal-Mart employees enrolled in the state's "PeachCare" program—ten times more than from any other employer. In Wisconsin, the bill for Wal-Mart employees depending on "BadgerCare" ran to \$4.75 million in 2004, and the *Knoxville News-Sentinel* reported in 2005 that 25 percent of all Tennessee Wal-Mart employees were enrolled in "TennCare."

"Social safety net programs are, in effect, the employee benefit plan for much of Wal-Mart's workforce," says Phil Mattera of the nonprofit Good Jobs First. In fact, federal taxpayers spend an average of \$420,750 for each 200-person Wal-Mart store because many of its employees

receive Section 8 housing assistance, low-income tax credit, low-income energy assistance, free or reduced school lunches, food stamps, and other assistance, according to a study by the Democratic Staff of the House Committee on Education and the Workforce.

Furthermore, taxpayers often subsidize Wal-Mart's expansion into new towns, as the company actively shops for incentive packages from local governments, promising new jobs and other benefits. As of 2004, Phil Mattera and his colleagues had identified many different types of Wal-Mart subsidies, including free or low-cost land, road construction projects, and income tax credits, totalling more than a billion dollars in assistance to Wal-Mart—the largest corporation in the world.

Since there's no single source of information on this topic, Mattera says Good Jobs First pieced its information together through painstaking research of news articles and interviews with local officials. Because the group couldn't research every single Wal-Mart (there are more than 3,500 in the US alone), Mattera acknowledges that the billion dollars in subsidies is likely only "the tip of the iceberg."

LOCAL BUSINESSES: SHUT OUT

As early as 1989, when the *New York Times Magazine* profiled the decline of local businesses in the town of Independence, Iowa, observers were already sounding the alarm about the cost of Wal-Mart to local economies. A year after Wal-Mart came to town, a dozen of Independence's local businesses—some of which had thrived downtown for more than 100 years—had folded and closed their doors.

"Wal-Mart just cannibalizes Main Street," a retail analyst told the *Times* about the transformation of Independence. "They move into town and in the first year they're doing \$10 million. That money has to come from somewhere, and generally it's out of the small [businessperson's] cash register."

Unfortunately, the town felt it had no choice but to accept Wal-Mart's advances. "Wal-Mart threatened us," the Independence mayor told the *Times*. "They told us if they didn't build here, they'd build nearby, and that would have been equally hard on us."

By 1995, University of Iowa researchers looked at the impact of Wal-Mart stores on Iowa communities in the decade since Wal-Mart established its first Iowa store, in 1983. They found that between 1983 and 1993, the home-grown businesses of Iowa's small towns tended to lose between 16 and 46 percent of their sales after Wal-Mart came to town, causing many of them to collapse.

Today, local communities are still feeling the effects when Wal-Mart comes to town. When the first Wal-Mart Supercenter (a gigantic Wal-Mart that also sells groceries) moved into La Quinta, California, in 2004, it took only eight months for the *Los Angeles Times* to begin reporting wage and benefit losses to other workers in the local economy.



AP/Wide World Photo

Unable to compete when a Wal-Mart opens, many local businesses close their doors.

THE ENVIRONMENT: EXPORTING POLLUTION, IMPORTING SPRAWL

When the once-vibrant city-centers of towns like Independence, Iowa, fade away, and consumers start driving to big-box developments on the edge of town, you've got sprawl.

Sprawl threatens air and water quality, reduces wildlife habitat and open space, and creates requirements for expensive new infrastructure. Also, with the average Wal-Mart Supercenter generating 7,000 to 10,000 car trips each day, each new Wal-Mart store can represent massive new emissions of greenhouse gases and other pollutants with a devastating effect on local communities.

The nonprofit Sprawl-Busters also calls attention to Wal-Mart's habit of closing one of its smaller stores to build an even bigger one close by—then often standing in the way of their abandoned buildings' reuse. A 2004 *Wall Street Journal* article quoted real estate agents and community officials asserting that sometimes, Wal-Mart "creates roadblocks when other discount merchandisers or supermarkets have expressed interest in its shuttered buildings." As a result, by the end of 2004, Sprawl-Busters reported that it had found 356 empty buildings that Wal-Mart had available for sale or lease—enough empty space to fill 534 football fields.

In the US, Wal-Mart has been fined for multiple violations of environmental regulations like the Clean Water

ONE WAL-MART'S COST TO FEDERAL TAXPAYERS

A 200-employee Wal-Mart store costs taxpayers the following:

- **\$36,000** a year for free and reduced lunches for 50 qualifying Wal-Mart families
 - **\$42,000** a year for Section 8 housing assistance, assuming 3 percent of the store employees qualify for such assistance, at \$6,700 per family
 - **\$125,000** a year for federal tax credits and deductions for low-income families, assuming 50 employees are heads of household with a child and 50 are married with two children.
 - **\$100,000** a year for the additional Title I expenses, assuming 50 Wal-Mart families qualify with an average of 2 children.
 - **\$108,000** a year for the additional federal health care costs of moving into state children's health insurance programs (S_CHIP), assuming 30 employees with an average of two children qualify.
 - **\$9,750** a year for the additional costs for low income energy assistance.
- For a grand annual total of \$420,750.**

—The Democratic Staff of the Committee on Education and the Workforce

Beyond the Wal-Mart Economy

AP/WideWorld



Protesters gather outside a Mountain View, CA, Wal-Mart after the company's 2000 decision not to honor prescriptions for emergency contraceptives.

Act and Clean Air Act, but it is perhaps the Wal-Mart business model, with its emphasis on seeking ever-lower prices, that fuels the most disastrous of Wal-Mart's impacts on the environment. Heather Rogers, author of *Gone Tomorrow: The Hidden Life of Garbage*, told *Grist* magazine, "The real environmental impact comes from what Wal-Mart sells: cheap commodities that are designed to wear out quickly."

By the end of 2004, Wal-Mart's contribution to sprawl included enough deserted buildings nationwide to fill up 534 football fields.

What's more, Wal-Mart's pursuit of cheap labor around the globe has exponentially increased the amount of fossil fuels needed to get a product onto a Wal-Mart shelf. While sourcing locally dramatically reduces fuel and energy use, Wal-Mart focuses on distributing goods shipped from overseas via the nation's largest company-owned fleet of trucks (which averages around 6.5 miles per gallon). Wal-Mart doubled its Chinese imports in the first five years of the 21st century, and in countries like China, Wal-Mart's environmental impact is felt even more acutely because the company can take advantage of weaker environmental standards.

According to Elizabeth Economy, author of *The River Runs Black: The Environmental Challenge to China's Future* (Cornell University Press, 2004), 400,000 people die in China every year because of respiratory infections related to air pollution. She told "Talk of the Nation" host Neil Conan in December that China now contains 16 of the 20 most polluted cities in the world, and that nearly three-quarters of the country's rivers are polluted with toxins, acid rain, and erosion.

As Conan remarked, "Those factories in towns that churn out everything from your latest sneakers to the shiny new bicycle under a Christmas tree also pump out toxic chemicals and waste."

PUSHING A POLITICAL AGENDA

With its ever-increasing market share, Wal-Mart profits have allowed Walton family members to claim four of the top ten spots in the *Forbes* list of wealthiest people, and they're using

their money to support controversial causes such as school vouchers and the repeal of the estate tax.

The *St. Petersburg Times* reports that in 2004, Wal-Mart made \$2.7 million in political contributions (about 80 percent of which went to Republicans), and Sam Walton's family donated \$3.2 million during the 2004 election cycle, with most of the money going to pro-Bush groups.

Even beyond the political arena, many find that Wal-Mart pushes an ideology in its stores, using its influence to determine what products are available to consumers.

For example, AlterNet reports that the company pulled a T-shirt reading "Someday a woman will be president" from the sales floor because "the message goes against Wal-Mart values." And *Business Week* notes that Wal-Mart has banned popular books like talk-show host Jon Stewart's *America: The Book*, refuses to stock the morning-after pill, Preven, and yet continues to stock inexpensive firearms.

According to AlterNet, "The political bias inherent in Wal-Mart's criteria becomes clearer when Wal-Mart's merchandiser for films found Robert Greenwald's acclaimed documentary, *Uncovered: The Whole Truth About the Iraq War*, inappropriate for Wal-Mart. For no conceivable reason could a documentary involving no gratuitous violence, expletives, or sex be inappropriate, other than its criticism of a conservative political administration."


BEYOND THE WAL-MART ECONOMY

With Wal-Mart's cost of doing business so high, can any of us really afford to shop there?

More and more, US consumers are saying they've had enough of Wal-Mart. In fact, as of July 2005, nearly 300 communities nationwide had successfully kept Wal-Mart out—a number that's growing all the time.

With the word clearly spreading on the costs of the Wal-Mart economy, Wal-Mart CEO Lee Scott gave a speech in October saying that last summer's Hurricane Katrina opened his eyes to Wal-Mart's responsibilities to both local communities and the larger world. He announced small steps forward for Wal-Mart in areas like employee health care and his stores' environmental footprints. While praising a co-manager of a Mississippi store who handed out emergency supplies from flooded Wal-Mart to needy evacuees during the hurricane, Scott called her actions "Wal-Mart at its best" and asked, "What would it take for Wal-Mart to be that company, at our best, all the time?"

Right now, while Wal-Mart appears to be at a crossroads, is the critical moment for concerned consumers to step forward and tell Lee Scott the answer to the question. Together, we can increase the pressure on Wal-Mart and demand real improvements. We can work to protect communities that will be hurt by Wal-Mart's presence, and most of all, we can refuse to buy products whose journey from the factory to the check-out line is tainted by externalized costs to workers, communities, and the environment.

Together, we can say "no" to Wal-Mart's business model and start moving beyond the Wal-Mart economy. 

—Andrew Korfhage and Liz Borkowski

Do you really save money by shopping at a discount big-box store like Wal-Mart? Not necessarily, say many experts. Here's what you need to know. ...

Skip Wal-Mart, save money

One of the popular arguments in favor of Wal-Mart is that its discounted prices are beneficial to low-income people, who need to stretch every dollar as far as possible to make ends meet. It's easy enough for the privileged among us to stop shopping at Wal-Mart to protest the hidden costs of Wal-Mart to workers, communities, and the environment, but is the company actually providing a vital service to low-income people by providing cheap goods?

The fact is, by paying its workers low wages that can't sustain a family of four, Wal-Mart is driving a US- and worldwide race to the bottom in terms of worker pay and benefits—thereby increasing poverty. So in the long run, Wal-Mart hurts working people. But how do you tell that to the single mother who's struggling to put food on the table? How do you ask a family who lives from paycheck to paycheck to shop at more expensive stores when they need to stretch every penny to meet their basic needs?

The good news is that it is possible to find more responsible retail outlets whose prices are competitive with Wal-Mart's. Below, we walk you through cost-competitive alternatives to Wal-Mart. Use them to save money while avoiding this harmful corporate giant, and give this information to others to spread the word that there are ways to keep your expenses down without shopping at Wal-Mart. Even on a tight budget, you don't have to rely on Wal-Mart for all your goods and services. It's important for all of us to keep the pressure on the company to improve, so workers, communities, and the environment don't have to pay for Wal-Mart's discounted prices.



FINDING LOWER PRICES ELSEWHERE

It is possible to find stores and products that beat—or are at least competitive with—Wal-Mart's low prices. Best of all, by using these alternatives, you'll know that the money you saved on your purchases didn't come at the expense of exploited workers, decimated communities, or a polluted environment.

Buy Less

Despite Wal-Mart's strategies for offering "everyday low prices," residents of LaQuinta, California, reported to the *Los Angeles Times* that the huge variety of goods available in a giant Wal-Mart tempted them into spending more money than they intended when they shopped there, rather than less.

"I call it the \$100 store," one shopper told the *Times*. "You can't get out of here for less than \$100."

By making a list of what you truly need and sticking to it, you may actually save money over shopping at Wal-Mart. Shopping at smaller, local stores or responsible online retailers can help, as you'll avoid the temptation to make impulse purchases that the array of items on Wal-Mart's sales floor provides.

Choose Quality Over Quantity

Wal-Mart's low prices often means the items you buy are lower in quality—which can translate into consumers buying more of a given item to replace cheaply made purchases that have become broken or worn. In fact, the US government officials who calculate the Consumer Price Index—a program that pro-

duces monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services—refuse to adjust the index for Wal-Mart's (and other big box stores') lower prices.

"The economists who calculate the Consumer Price Index ... they say, look, whatever you buy at Wal-Mart, once you've adjusted for quality, it's no cheaper than anything else," *Business Week* senior writer Aaron Bernstein told NPR in November. "The official US government position is that Wal-Mart's prices are no lower than anybody else's."

"I call it the \$100 store," says one shopper of Wal-Mart, with its dizzying array of goods that encourages impulse buys. "You can't get out of here for less than \$100."

Buy Used or Barter

Buying used or bartering are terrific alternatives to shopping for new items, particularly at Wal-Mart. Doing so keeps unwanted items out of landfills, saves the resources that would be used in making new items, and can even help build community.

Our best tips for finding used items you need include:

- **SCOUR GARAGE SALES.** By checking yard sale ads in your local paper and showing up when a sale begins, you'll find the

widest array of used goods—from clothes to electronics to furniture—at prices that almost always beat Wal-Mart. Plus, many owners will cut their prices even further in the last hour or two of a sale.

- **GO ONLINE.** You can find all sorts of used (and new) items on Internet auction sides like eBay.com and ShopGoodwill.com. To buy used without the competitive auction element, try sites like Half.com and Amazon.com ZShops, which allow individuals to sell used items for fixed prices that almost always beat the cost of new items. Families without computers at home can log on at local libraries.

- **VISIT USED GOODS STORES.** You can always find quality, inexpensive used items at your local Goodwill or other charity store, thrift store, or consignment store. Check your local Yellow Pages to find thrift, charity, and consignment stores near you. To find your nearest Goodwill, visit www.goodwill.com.

- **FREecycle.** To get the used items you need for free, sign up for your area's local Freecycle list at www.freecycle.org. Members can only offer items they want to give away for free—no selling or trading allowed. Besides putting in a request for items you see offered on the list, you can also request something

The official US government position is that Wal-Mart's prices are no lower than anybody else's.

that you need (for free) from list members. And, if you yourself have old items gathering dust, Freecycle is a great way to get them into the hands of people who can use them.

- **BARTER ONLINE.** The Internet offers a handful of options for people wanting to trade their unwanted used items for things they need, and one of the most widely known is Craig's List. With local Craig's List listservs in 190 communities across the US, facilitating local trading is only a click of a mouse away. To arrange a barter locally, visit www.craigslist.org.

- **HOLD A SWAP PARTY.** Gather your friends, coworkers, and family and have them bring their unwanted items to your house for a good old-fashioned swap party. You can swap toys, books, clothes, or any kind of items you choose. Besides providing a great time, you'll get rid of the things you don't need, and acquire things you can use—all for free.

Cut out the middleman/-woman


The costs of items in a store go up with every person added to the supply chain—from the person who makes the goods to those who market them and sell them. By buying directly from the people who make or grow your items, you may save some money. For example, buying produce from a road-

side farmstand or farmers' market can provide great deals, as can getting furniture and home decor items from a craft or artist fair.

Buy Better in Bulk

Some stores that sell items in bulk provide discounts comparable to those offered by Wal-Mart, and they can be more responsible. If you don't have the space at home to store bulk items, consider buying together with friends and neighbors, sharing the costs and dividing up the items among you.

Here are two sources of the best bulk discounts we found:

- **FRONTIER NATURAL PRODUCTS CO-OP** : For a one-time membership fee of \$10, Frontier (800/786-1388, www.frontiercoop.com) offers a variety of natural and organic body care products, aromatherapy and home decor items, spices and herbs, teas, foods, and essential oils in its catalog and online, in both regular and bulk sizes. Best of all, if you form a "buying club" of five friends or coworkers (or with your community group or house of worship), you'll be able to take advantage of Frontier's wholesale prices, which are competitive with Wal-Mart's discounts.

- **COSTCO:** Costco is a bulk discount warehouse chain much like Wal-Mart-owned Sam's Club, where you pay a small membership fee to shop. Though only about 15 percent of Costco stores are unionized, Costco pays its workers an average of \$17 per hour plus generous benefits, including an excellent health plan. The company offers domestic partner benefits and has a non-discrimination policy that includes sexual orientation.

The nonprofit Interfaith Worker Justice (IWJ) is urging congregations to make bulk purchases from Costco rather than the Wal-Mart-owned Sam's Club, and then tell the companies why you made the switch. IWJ makes sample letters available online that a congregation can use to alert Costco, Sam's Club, and the local media to their decision.

However, Costco's land procurement policies have drawn fire from environmentalists, who say that the company has built stores with little regard for environmental preservation or indigenous rights. In 2003 in Cuernavaca Morelos, Mexico, for example, Costco contractors destroyed murals representative of Mexican culture, a 3000-year-old Olmec site, and millions of cubic meters of old-growth trees at a site on which they built a huge warehouse store. In short, Costco is a reasonable "big box" alternative, but there are still cautions, so even better to go for green and local options.

Look for Green Discounts

To make buying green a little cheaper, look for green discount opportunities. Scour sale circulars and look for sale signs at your local independent stores. Starred entries in Co-op America's *National Green Pages*[™] indicate green companies offering discounts on their products

and services. Our *Real Money* newsletter insert also includes a “green discounts” section, containing discounts on green products and services, and our online newsletter also provides discount information (sign up at www.coopamerica.org). And Care2.com’s  Annie Berthold-Bond offers green discounts in her free online newsletter, “Annie’s Everyday Solutions,” available at www.care2.com/newsletters/.


BE DISCERNING AT WAL-MART

Not everything at Wal-Mart is cheaper than it is at other stores, especially, as mentioned above, when you adjust for quality. If you truly need to shop at a discount store like Wal-Mart, consider sticking to those items that are really cheaper, and making other purchases from more responsible outlets.

Studies unveiled last November at a Washington, DC, conference on Wal-Mart’s impact on the US economy indicate that Wal-Mart’s food prices average 27 percent lower than rivals’, and a representative basket

of eight body care items like shampoo are 12 percent lower. So, while those of us on a budget might buy food and non-organic body care staples at Wal-Mart, consider buying clothing and home items elsewhere.

Also, Wal-Mart has recently begun offering organic cotton clothing and organic food items, so if you need to shop at Wal-Mart, buy organic whenever possible. That way, you’re also supporting the organic businesses that are in Wal-Mart’s supply chain, and you’re letting the company know with your dollars that you want it to be greener.

For those of us fortunate enough to have a little extra spending power, avoiding Wal-Mart altogether is the best way to send the retailer a powerful message that it needs to change the way it does business. But if you or someone you know is on a tight budget, you can still send Wal-Mart a message by being mindful about how you shop there—and by buying local, used, and green whenever you can. 

—Tracy Fernandez Rysavy

SHOPPING CART COMPARISON

Co-op America Quarterly editors took up a challenge to see if we could beat or come close to Wal-Mart’s discounted prices by finding the same or comparable items at local independent stores, green retailers, and shops that sold used items. Here are our results:

ITEM	WAL-MART PRICE	LOCAL/GREEN STORE PRICE
Women’s jersey knit wrap skirt	\$11	—
Women’s embroidered silk wrap skirt	—	\$6 (sale basket at a local independent store)
Matching fitted T-shirt	\$5 (on sale)	\$6 (same as above)
Women’s slides	\$9.86	\$11 (sale item at No Sweat Apparel—sweatshop-free, union-made)
Men’s jeans	\$19.77	\$5 (yard sale)
Men’s long-sleeved button-down shirt	\$15.47	\$2 (local thrift store)
Men’s black belt	\$14.97 (leather)	\$16.95 (hemp, from Hemp Sisters )
Johnson’s cotton swabs (500 ct.)	\$2.97	\$3.30 (local independent drug store)
Colgate total clean mint toothpaste(6 oz.)	\$2.48	\$3.09 (local independent drug store)
Colgate toothbrush, medium	\$1.97	—
Fuch’s EcoTek toothbrush with 2 replacement heads	—	\$0.99/brush—\$2.97 for three toothbrush heads (Frontier Natural Foods Co-op )
Home Health’s Almond Glow skin lotion	—	\$6.24 (Frontier Natural Foods Co-op )
Lubriderm skin lotion	\$6.76	—
Active Enzyme deodorant stick (2.48 oz.)	—	\$2.76 (Frontier Natural Foods Co-op )
Sure “fresh scent” deodorant, solid (2.6 oz.)	\$3.77	—
Gillette foamy moisture hydrant shaving cream	\$2.12	\$2.30 (local independent drug store)
Tomato soup	\$0.48	\$0.50 (local independent grocery sale item)
Rice Krispies	\$2.98	\$2.50 (local independent grocery sale item)
Bag peeled baby carrots (1 lb.)	\$1.50	\$1.69 (organic, local farmers’ market)
Oranges (each)	\$0.48	\$0.49 (organic, local farmers’ market)
TOTAL	\$101.58	\$70.81

Beyond the Wal-Mart Economy

Hundreds of cities and towns have shown that it is possible to stop big-box stores like Wal-Mart from settling in their neighborhoods. Here's how you can do the same, or, if they're already in place, make them into better corporate citizens.

Wal-Mart may have size on its side, but community pride and determination can trump even the largest of retail behemoths. For instance, a citizen group in tiny Charlevoix, Michigan, succeeded where many thought they would fail, successfully fending off a Wal-Mart Supercenter slated for their area (see box on p. 17). In Corvallis, Oregon, a community group used a cap on store size to prevent the approval of a new Supercenter, and inspired the entire county to adopt similar legislation. And in Prince George's County, Maryland, a broad citizens' group is making gains against Wal-Mart and progress for the whole state (see "Wal-Mart Hits Close to Home" on p. 20).

Similar groups in cities and towns across America are taking a stand against the Wal-Mart economy—and they're succeeding in fighting off the corporate giant or forcing it to behave better. If your community is facing a new Wal-Mart or is already feeling the impact from a local store, you can make a difference.

Over the next several pages, you'll find out what to do if you live in a Wal-Mart-free place, if Wal-Mart's trying to move into (or expand its reach in) your community, or if you've already experienced the retail giant's impact close to home. Plus, no matter what your Wal-Mart situation is, there are ways you can help strengthen your local economy and build a more just and sustainable global economy. People all over the country are taking on the task, and showing that there are many ways to win.



Gather Support

Whether you want to keep Wal-Mart out of your community or it's already there, you'll need to band together with your fellow citizens to get the company to change for the better. Use these tactics to gather support:

1. SEEK HELP FROM EXISTING GROUPS. Visit a local neighborhood association or citizens' group and see if its members will help lead the fight against a proposed Wal-Mart. You can also contact your state's ACORN office or an area Jobs with Justice coalition to see if they can provide assistance. If there's a local independent-business coalition, its members will likely want to keep Wal-Mart out, so it may be a powerful ally as well.

2. START A NEW GROUP. If no citizens' group exists, you may need to form a new group. Several successful local organizations—such as Glendale Citizens for Responsible Development of Glendale, Arizona, and Southwest Springfield Neighbors Association of Springfield, Illinois—formed in response to proposed new Wal-Mart stores and were able to organize support and resources quickly.

You can get advice on local anti-big-box campaigns from

TAKE ACTION *Fighting off the* **Big Box**

the Los Angeles Alliance for a New Economy, Sprawl-Busters, or other organizations. You can also find a wealth of information and tips in Al Norman's book *Slam-Dunking Wal-Mart: How You Can Stop Superstore Sprawl in Your Hometown*, which is available from Sprawl-Busters.

3. BUILD A COALITION: Whether you're working with established groups or forming a new one, reach out to other organizations in your area. Approach environmental and small-business groups about working together. Talk to religious and political leaders as well as business leaders, and remember to reach out to business groups representing specific populations, such as African-Americans, Latinos, or women. You'll need to know about the hopes and concerns that all community residents have about development, and you'll need to work together to create legislation and plans that will truly benefit everyone.

4. SPREAD THE WORD. Education is key to bringing local residents to your side. Pass out fliers, write letters to the editor of your local newspaper, and organize educational events with speakers and handouts to let people in your area know what's really at stake. Be prepared to explain why Wal-Mart jobs aren't the kind of jobs your community needs and Wal-Mart prices don't really add up to savings—to show that Wal-Mart isn't really a solution for working families and low-income residents.



AP/WideWorld Photo

Members of the Mohican Nation gather in Leeds, NY to protest the proposed building of a Wal-Mart on a sacred Mohican burial site. Wal-Mart ultimately abandoned the site.



TRUE TALES