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Revisiting the Wal-Mart Battlefield

by George C. Leef

In a [previous posting](#) on the FFF site, I argued that the campaign of demonization against Wal-Mart was silly. As expected, a number of people emailed me to tell me off. I think it's worth another posting to examine the anti-Wal-Mart arguments made by those writers.

Wal-Mart kills small business.

This argument tends to get personal. One writer informed me that Wal-Mart was responsible for the bankruptcy of his father's business.

All right — let's make the assumption that if Wal-Mart had not chosen to locate in the area served by that business, it would still be going strong, its owner making profits, and its workers still employed there. There may, of course, have been other causes of this business failure, but for the sake of argument, assume that Wal-Mart is solely responsible. Should Wal-Mart have been prevented from opening a store there?

If we say so, that would mean that the party who sold Wal-Mart the land would have been prevented from making that transaction; the contractors who built the facility would not have benefited from the building contracts they entered into; the construction workers would have had less work to do (or at least, less-remunerative work); and the employees who took jobs with that Wal-Mart store would have had to choose among fewer job opportunities. Vetoing one Wal-Mart store clearly kills off a lot of voluntary trade that people would like to engage in. Some people, however, think it's worth it in order to save existing businesses.

But we can't stop with Wal-Mart if we want to save existing businesses. If we are serious about saving quaint establishments from the ravages of competition, we would have to prevent the entrance of any new firms, and also of new forms of competition. When people buy books at a new Borders, that might put the local "mom and pop" bookstore out of business; when they buy clothing on-line, that might be the fatal blow to an old-fashioned clothing store. I'd bet that even the most vociferous Wal-Mart opponent has patronized such competitors of the "mom and pop" stores.

If we took seriously the argument that new competitors shouldn't be allowed because they might harm existing businesses, we would have to outlaw competition itself. That would be a terrible policy, one that even the Wal-Mart haters would not like.

Wal-Mart is anti-union.

One writer pointed out that Wal-Mart opposes unionization of its workers and that Hitler and the Nazi Party destroyed labor unions. In the minds of some people, the fact that a business prefers to operate in a union-free environment is tantamount to Nazism, but it isn't.

Even under our highly authoritarian National Labor Relations Act, companies are free to discourage their employees from unionizing. That law makes union representation a matter of majority vote and compels companies where a union is officially deemed to have won a majority to bargain "in good faith" with the union representatives. The union becomes the exclusive representative for all the employees, including those who did not want it, for an indefinite period of time. While employer speech and action that is designed to persuade the employees to vote against unionization are rather tightly (and in my view unconstitutionally) circumscribed — for example, it is illegal for the firm to promise workers any benefit if the union is defeated — companies still have some freedom to oppose union-organizing drives. Wal-Mart is pilloried by union advocates for choosing to do so.

It's important to note that there are many workers who do not want union representation. Firms that refuse to capitulate to union-organizing drives may be thinking only of their own interests, but at the same time, they're protecting the freedom of their workers to associate (or not) as they choose. That isn't reprehensible.

But aren't unions beneficial to workers? Not always. Some workers wind up unemployed after union wage demands lead to lower employment by the company. Furthermore, union dues negate some of the supposed gain from unionization, and dues money is often used to support political candidates and causes that workers abhor. Union representation isn't necessarily the big benefit that it's often assumed to be. That's why, when given the chance, many workers vote against it.

There is a big difference between being "anti-union" (like the Nazis) and simply not wanting to have to deal with them.

Wal-Mart doesn't provide all its employees with health insurance.

No doubt, that is true, but so what? Many employers do not "provide" all of their workers with health insurance, which requires a very large deduction from their pay. Any worker who desires to have an employer-provided health insurance policy has an easy option here — don't work for Wal-Mart. To the extent that Wal-Mart declines to make such insurance a part of the

compensation offer to prospective employees, it is merely saying, “If you want employment coupled with health insurance, we are not the right company for you.” There is no harm in that.

All Wal-Mart or any other employer can do is to make people offers. Having another offer to choose from, whether in employment, goods to buy, or anything else, never makes anyone worse off. If an additional offer is less attractive than others, the prospective employee just ignores it. Workers who are already covered under another family member’s insurance might find Wal-Mart’s deal very attractive. Those who think employer-provided health insurance to be necessary can look elsewhere. One writer derided my position as “turn the other cheek libertarianism,” but one has to contemplate turning the other cheek only after receiving an injury. Failure to receive as bountiful an offer as you think ideal is not an injury.

Thus there is no principled ground for the crusade against Wal-Mart.

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