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## **The Chutzpah of Wal-Mart's Critics** **by Sheldon Richman**

When critics attack a big, successful corporation no matter what it does, maybe it's the critics who have the problem. Wal-Mart pleases tens of millions of customers every day and provides desirable jobs to thousands of workers. The company is a blessing particularly to the "working families" whom the politicians and social activists love to champion with words. Yet these same politicians and activists have a bottomless bag of charges against Wal-Mart. In their eyes nothing the corporation does is right.

Consider this: Wal-Mart is the biggest corporate donor in the country. The Foundation Center says the Wal-Mart Foundation is second to none in contributing money to charitable causes, with annual donations totaling \$120 million. If for no other reason, you'd think this would win some plaudits from Wal-Mart's critics — and you'd be wrong.

According to the National Committee for Responsive Philanthropy (NCRP), Wal-Mart's efforts hardly qualify as charity at all. "Unfortunately, their philanthropy is more about corporate advertising than it is about helping nonprofits or communities." That's how NCRP deputy director Jeffrey Krehely sees it. Anyone surprised?

It seems that Wal-Mart's giving is too locally oriented. Store managers pick the beneficiaries. Now this is a funny sort of criticism, since Wal-Mart is routinely accused to destroying communities. Yet Wal-Mart gives lots of small donations to the Little League, Girl Scouts, United Way, literacy programs, teacher recognition, police and fire departments, and the Children's Miracle Network, an alliance of children's hospitals. How cynical! says the NCRP. It's all geared to make the company look good! Why isn't it contributing to international causes?

Whatever happened to "think globally, act locally"? Smell some hypocrisy here?

Wal-Mart has also been criticized for giving money to 261 women's clinics, some of which don't approve of abortion, and for giving money to the Sons of Confederate Veterans, which, while condemning racism, supports use of the Confederate Battle Flag.

But this issue is not about whom Wal-Mart gives money to or how much. One can make a case that corporations shouldn't engage in philanthropy at all. A corporation is owned by its

shareholders, who buy stock to increase their wealth. Corporate money given away is money that cannot be paid in dividends or used to improve the company, which in turn would raise the stock price. Thus, donated money is diverted from shareholders, employees, and customers, who are perfectly capable of giving to charity if they choose.

On the other hand, charity can create goodwill, which is good for shareholders and employees. At any rate, if shareholders think the company diverts too much money from the business, they can sell their stock and invest elsewhere. Obviously that isn't happening.

The real issue here is the chutzpah of Wal-Mart's critics. The NCRP supports the estate tax, opposes income-tax cuts, and favors government intervention in private economic affairs. Thus, ironically, if the NCRP and its ilk had their way, Wal-Mart would have far less money to contribute. As Ayn Rand wrote in *The Fountainhead*, "Men have been taught that the highest virtue is not to achieve, but to give. Yet one cannot give that which has not been created. Creation comes before distribution — or there will be nothing to distribute. The need of the creator comes before the need of any possible beneficiary. Yet we are taught to admire the second-hander who dispenses gifts he has not produced above the man who made the gifts possible. We praise an act of charity. We shrug at an act of achievement."

The criticism of Wal-Mart amounts to people's telling other people who satisfy countless consumers every day what to do with their money.

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