

GUESS WHO'S COMING FOR BREAKFAST?

*Alexis de Tocqueville, back from 1835,
hears an earful when the topic turns to
Wal-Mart*

**How America's "New Village Center" Feeds on
Failure:
Both Promises and Threatens the American Dream**



**The Frenchman who told Americans "who we are;"
Will his next book explain the impact of Wal-Mart?**

By Frederic A. Moritz

[De Tocqueville: Thoughts and Observations](#)

[De Tocqueville: "Democracy in America"](#)

[Preface to "Democracy in America"](#)

[De Tocqueville on rising American wages, declining class division](#)

[Follow De Tocqueville's Original American Journey](#)

[LAT: the Wal-Mart Effect: Entire 2003 Series](#)

[Wal-Mart.com - always low prices \(official site\)](#)

[Wal-Mart Stores \(official site\)](#)

[Wal-Mart Facts \(official defense\)](#)

[Sam's Club \(official site\)](#)

**IRAQ MOVE OVER;
WAL-MART TAKES CENTER STAGE**

[Alexis de Tocqueville](#) would get an earful - if that classic observer of America in the 1830's were to come back as a guest at one of America's "Beds and Breakfasts."

The French nobleman who extensively traveled the United States might find the Wal-Mart debate the latest, even greatest challenge to his famous volume "[Democracy in America.](#)"

Over eggs and cereal de Tocqueville might have heard far less argument over religion's place in America, far less talk of Iraq and America's place in the world

Instead, like this recent traveler to a Minneapolis B&B, the deepest, most sustained discussion he would hear would be over Wal-Mart. And what the "megatropolistore" means for the future of America's melting pot of classes, shoppers, and workers -- as well as for the future of the world.

No doubt de Tocqueville would return to France convinced Wal-Mart carries within it both a promise of and a threat to the American dream.

Back in the 1830's this aristocratic traveler suggested that unregulated laissez faire capitalism raised wages and undermined gaps between classes. A conclusion famously summarized by these words:

Among the novel objects that attracted my attention during my stay in the United States, nothing struck me more forcibly than the general equality of condition among the people.

Assuming it was true then, would he find it still true today?



WAL-MART: DEPRESSING GLOBAL WAGES BY OFFERING CUT-RATE BARGAINS?

Today ultra competitive Wal-Mart seems to challenge de Tocqueville's thesis by depressing wages, according to its critics, in both the US and among its worldwide suppliers.

This largest of American employers originated in Bentonville, a town of 20,000 tucked into the low green hills of northwest Arkansas. That is where a young and frugal Sam Walton opened his first five-and-dime in 1950.

Even then, Walton had a vision of a different kind of retail. It would mercilessly limit labor and other costs to kill off competition by cutting prices.

That seems a threat to de Tocqueville's vision of American egalitarianism - as the number of American workers in low paid, marginal jobs grows. But Wal-Mart counters with a shining dream: mounds of consumer goods at bargain prices; access for

even "the masses" to the dream goods of an aristocracy.

Here is how [Wal-Mart](#) itself describes the scope of its vast empire which now helps shape both American and overseas life:

"Wal-Mart Stores, Inc. is the world's largest retailer, with \$285.2 billion in sales in the fiscal year ending Jan. 31, 2005. The company employs 1.6 million associates worldwide through more than 3,600 facilities in the United States and more than 1,570 units in Mexico, Puerto Rico, Canada, Argentina, Brazil, China, Korea, Germany and the United Kingdom. More than 138 million customers per week visit Wal-Mart stores worldwide."



AFTER BREAKFAST: DE TOCQUEVILLE TRIES ON SOME SHOES

For Alexis an after breakfast visit to Wal-Mart would be high on the agenda.

Where would we find him in the aisles - and what would he take up to the counter for checkout?

The price is right. He might try on some shoes.



WAL-MART: TRANSFORMING PEASANTS INTO KINGS? THE "RAGS TO RICHES" AMERICAN DREAM

As de Tocqueville wanders Wal-Mart aisles to chat with employees, he finds them vague about exact hourly wages of of \$8 to \$10 for "sales associates.

Even the graying "greeter" at the door tells Alexis he has been told by his employer not to disclose to the public details of his job.

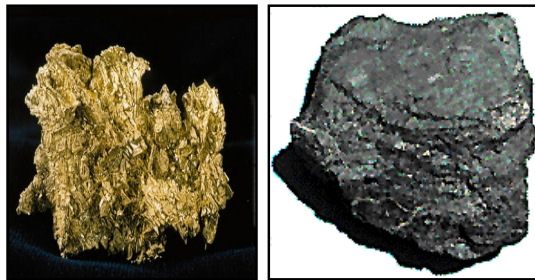
Wal-Mart itself says its average full-time hourly wage in urban areas is slightly higher than the national average. For example: Chicago, \$10.69; Austin, TX, \$10.69; Washington D.C./Baltimore, \$10.08; Atlanta, \$10.80; and in Los Angeles, \$9.99.

Hourly wages vary according to the part of the country and go hand in hand with unremitting opposition to union organization and collective bargaining. Wal-Mart's pitch is the traditional American "rags to riches:" starting at the bottom, working hard can open the great American dream with advancement to manager at as much as \$95,000 a year.

While only a limited number of peasants become kings, for many Americans Wal-Mart offers sought after benefits, including employer subsidized health insurance plans. Wal-Mart offers cut-rate consumer goods of virtually every kind to hundreds of thousands of Americans who might otherwise find them

unaffordable.

Wal-Mart's low prices meet a deep American need. They help compensate for a growing number of low wage jobs, for the squeeze on the middle class, for the displacement of once higher paid workers. Low prices soften the pill of growing gaps between the classes by offering low priced products for "the masses" - and increasingly bargain priced luxury goods for better heeled Americans willing to mix with "the masses."



**WORKING FOR WAL-MART:
SOMETIMES GOLD; SOMETIMES COAL**

Wal-Mart can pay their employees relatively little because there is such a shortage of work in many parts of America, because unions are weak, because there is such a shortage of higher paying jobs for people on the margin. Wal-Mart jobs seem quite attractive in some parts of the country - even as they contribute to the lowering of wages by driving out of business competitors who might pay more.

Wal-Mart has of course less to offer its employees in higher cost, higher paying areas of the country - but then again in so much of the country where cost of living and wages are lower - the Wal-Mart equation seems more acceptable - for their hourly pay, while hardly kingly, is closer to the norm and buys far more there.



WAL-MART: THE "VILLAGE CENTER" OF AMERICAN LIFE

De Tocqueville was an experienced traveler, an observer, a listener. So when he returns he will not be surprised by the conspiracy theories he hears about Wal-Mart.

Try this one:

Wal-Mart managers turn down the air-conditioning to trap consumers in their stores, to make it too painful for them to emerge free into the hot, humid nights, to imprison them slave like into buying sprees. A different theory is that penny pinching managers turn the air conditioning up a calculated bit to save money so that they can keep profit margins up and undercut the competition with low prices.

Whatever your theory, in summer heat lots of folks frequent the air-conditioned Walmart aisles, to shop, socialize with friends or sometimes even try out the merchandise. In times of snow Wal-Mart offers a large spacious refuge for shoppers seeking all-

American bargains in the bright lights.

Wal-Mart has become a central focus, the village center, in many towns and cities of American life.

**DE TOCQUEVILLE' CONCLUSION:
WAL-MART'S PROMISE FEEDS ON AMERICA'S FAILURES**

It would be hard for de Tocqueville to resist this conclusion:

Wal-Mart's success is a commentary on America's failures.

Wal-Mart offers the American dream of low cost consumer goods by mercilessly exploiting the insecurities of current American life.

Take job insecurity, marginal incomes, huge consumer aspirations, out of control real estate prices. Add in declining employment and benefits for the middle class. All these provide a promising sea in which Wal-Mart swims, enriches, and pollutes.

Wal-Mart is perfectly attuned to much of modern America - a country with such depressed wages in some regions of the country that Wal-Mart pay seems sometimes seems a blessing to those with little education. Wal-Mart can seem a nugget in the sky in a country where so many people with limited means are maxed out on credit cards and seek consumer bargains - both for luxuries and for sheer survival.

The Wal-Mart dream holds sway at a time when many Americans live on the margin, bedazzled by consumerism, uncertain of their next pay check, uncertain whether they will even stay in the middle class. Not to mention downsizing, the reemployment of once higher wage workers in minimum wage, and labor competition from illegal immigrants.

In such a time consumerism, buying becomes almost a drug, a palliative, a pain killer for insecurity, for stress, for lack of planning, for lack of predictability in life.



Lots of eager candidates when Wal-Mart jobs come on line

DE TOCQUEVILLE GETS AN EARFUL ON WAGES: WHAT ABOUT CHINA, BANGLADESH?

None of the guests at de Tocqueville's Bed and Breakfast are minimum wage workers from towns where thousands of low end Wal-Mart nonunion jobs both depress wage levels and provide income for those who would otherwise be on welfare.

But opines one breakfaster:

It is a vicious cycle where low paid Americans are increasingly dependent on Wal-Mart's low cost goods while low Wal-Mart salaries press other wages down.

Not to mention the ruthless cost cutting which Wal-Mart buying practices impose on "sweatshop" producers from southern China to Honduras

The company's size and obsession with shaving costs have made it a global economic force. Its decisions affect wages, working conditions and manufacturing practices - even the price of a yard of denim around the world.

From its headquarters in Bentonville, Arkansas, the company has established a network of 10,000 suppliers and constantly pressures them to lower their prices. At the same time, Wal-Mart buyers continually search the globe for still-cheaper sources of supply.

The competition pits vendor against vendor, country against country.

How can overseas managers hope to sell to Wal-Mart unless they bust unions, squeeze their workers and keep wages down? Wal-Mart appears to force down wages all over the world, wherever suppliers must compete to gain lucrative contracts with America's largest business enterprise, with the world's largest single employer.

From Honduras to China there has been Wal-Mart related labor unrest. Twelve thousand workers of a Wal-Mart supplier, a Chinese-Japanese joint venture walked out in 2004. Chinese strikers used blogs and cell phones SMS text messaging to organize their protests.

In southern China, Wal-Mart has found all the ingredients it needs to keep its "every day low prices" among the lowest in the world.

Although labor costs more in China than in places such as Bangladesh, China offers other advantages: low-cost raw materials; modern factories, highways and ports; and helpful government officials.

Wal-Mart has been instrumental in making this corner of China the world's fastest-growing manufacturing zone.

The phenomenon is rattling competitors worldwide and worrying international labor activists. They cite the Chinese government's hostility toward organized labor and its lack of worker protections, according to a 2003 in-depth report in [The Los Angeles Times](#).

Wal-Mart has more than 3,000 supplier factories in China, and the number is expected to rise. But that doesn't mean workers in China are secure. With Wal-Mart's aggressive policies of seeking the cheapest suppliers, employers are constantly under pressure to move jobs and factories to the cheapest location.

DE TOCQUEVILLE BACK AT BREAKFAST: SORTING OUT "1000 SCHOOLS OF THOUGHT"

One thing Alexis will quickly learn is that at any Bed and Breakfast 1,000 people can have 1,000 opinions when it comes to Wal-Mart.

First he would need to sort out the guests.

He would be quick to note the many differing ways Americans can view Wal-Mart based on experience, location, ideology, and economic self interest.

But how would he tie it all together? What sense would he make of it all?

Fundamental question: does a consumer earn enough to pass up the large savings which come from buying at Wal-Mart in bulk food, clothing, electronics, and other items. Not to mention the vast savings available by buying at Wal-Mart owned [Sams Clubs](#), where major discounts are available after paying a membership fee of \$35 to \$100.

Upper class professionals, the liberal and the wealthy may have an easier time passing up such bargains based on principle than less privileged buyers on tight budgets and limited income.

Just as important in shaping breakfasters views:

1) Are they from some city of varied specialty shops where Wal-Mart undercuts with low prices, to threaten existing shops and services either in traditional downtown areas or even in malls? Where Wal-Mart threatens to reduce choice? Where there is a rich variety of professional and well paid employment, where many can afford higher priced alternatives to Wal-Mart?

2) Are they from a small town or city with a deep shortage of stores, where without a Wal-Mart there would be no choice and little access to low cost modern consumer goods? Where access to the American dream of mucho goods at bargain prices requires a costly gas guzzling drive to a distant city say 70 miles away?

3) Are they from places where residents and consumers earn so little in depressed areas of high unemployment that sleek consumer goods seem beyond the pale? Where a Wal-Mart wage seems a princely sum? Where Wal-Mart prices seem equivalent to a wage increase?

4) Are they from a town where Wal-Mart has become

so entrenched that few new shops dare take the risk to open their doors? Where Wal-Mart threatens future choice - unless these new shops offer high cost specialties for prosperous tourists in from wealthier areas where prosperous economies and high incomes grant the luxury of staying out of a Wal-Mart?



ALEXIS MIGHT WISH TO WRITE A WHOLE NEW BOOK

If [Democracy in America](#) were written today, would Chapter One concentrate on Wal-Mart?

Only Alexis can say for sure. Given all that he would hear about Wal-Mart he might choose to move on, to write a whole fresh new classic, [Walmart in America](#).

De Tocqueville could no doubt lift some lines from his 1835 classic, particularly from [Volume 2, Chapter 7](#), But he'd need to do some heavy rewriting.

His views on wages seem overly optimistic in view of downsizing, decline of unions, outsourcing overseas and the general dislocation which threatens the middle class and condemns increasing number of minimal skills workers to low wage, low benefit Wal-Mart style

jobs.

De Tocqueville's words below were written at a time when the dream of entering the "middle class" without belonging to the upper class aristocracy seemed a growing American dream.

Most of the remarks that I have already made in speaking of masters and servants may be applied to masters and workmen. As the gradations of the social scale come to be less observed, while the great sink and the humble rise and poverty as well as opulence ceases to be hereditary, the distance, both in reality and in opinion, which heretofore separated the workman from the master is lessened every day. The workman conceives a more lofty opinion of his rights, of his future, of himself; he is filled with new ambition and new desires, he is harassed by new wants. Every instant he views with longing eyes the profits of his employer; and in order to share them he strives to dispose of his labor at a higher rate, and he generally succeeds at length in the attempt.....

Ah, but the 1830's were so long ago.

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