Boulder Independent Business Alliance™

Supporting locally owned independent businesses.™

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Why *not* to have a Wal-Mart in Boulder, a business perspective

By Xian Izquierdo

As Boulder's Comprehensive Plan illustrates and history defends, Boulder maintains the crucial balance between the varied interests of business and the need for residential and recreational land uses. Over the last 20 years, citizens of Boulder have faced the national question of allowing "big-box retail" stores to monopolize lion-sized shares of land, and citizens and officials have consistently answered no.

Now we have another choice to make: should Boulder give Wal-Mart the single largest share of land for a retail business in town ever? The Boulder Independent Business Alliance says no. Let's separate the reality behind a Wal-Mart in Boulder from the alluring promises of lower prices, more jobs, and increased sales tax revenue.

Lower prices? Maybe, but not for long. Lower prices at Wal-Mart are designed to eliminate the need to shop anywhere else. The store's "price hunters" identify hundreds of items that other merchants in town are able to sell at a profit. They stock up on the same items and sell them at a loss--for a while. Once the competitor has been forced out of business, Wal-Mart is free to "roll up" prices on the same items as they see fit.

No retailer is immune to Wal-Mart's predatory pricing: former Wal-Mart CEO David Glass said "anyone who sells anything that we do is a competitor." A Judge in Conway, Arkansas ordered Wal-Mart to stop selling pharmaceutical products below cost at its store "for the purpose of injuring competitors and destroying competition."

More jobs? Maybe, but do we want these kinds of jobs? Wal-Mart hurts not only its competitors but their own employees. Sexual and racial discrimination, non-existent job security and forced unpaid overtime are all well-documented practices at the mega-retailer. Colorado is not immune to these abuses. In 2000, Wal-Mart paid out $50 million to settle a class-action suit filed on behalf of 69,000 current and former Wal-Mart employees who were required to work off the clock in Colorado stores.

Critics of Wal-Mart object to the use of sweatshop labor, which gives the lie to Wal-Mart's buy American propaganda. The Green Money Journal reported that the Domini 400 Social Index dropped Wal-Mart last year because "the company has not done enough to ensure that its domestic and international vendors operate factories that meet adequate human rights and labor standards," and they go on to recommend that "you just don't shop there, period."

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Increased sales tax revenue? No, not that either. City sales tax revenue is relocated, not increased, when Wal-Mart opens up shop. In 1995, Sonoma County, California concluded that "retail sales…have only been shifted around geographically by the new big-box centers, with no real net increase in sales, despite population increases in the county." Wal-Mart is the biggest of the big-boxes, and, after all the shifting is over, there will not be any new money to use for the good of Boulder.

What about independent businesses? The indirect effects of these predatory practices on a community are devastating. Advertisers, graphic designers, developers and technical service providers lose business-to-business clientele as Wal-Mart targets their clients for extinction. In 1993, a reporter in Bennington, Vermont found that independent businesses suffered a 20-30% drop in revenues after Wal-Mart moved in.

Whatever money we, the consumers of Boulder, might save at the Wal-Mart counter will never be enough to buy back the variety and vitality of the independent businesses we, the citizens of Boulder, want in our community. The continuing success and prosperity of independent businesses will be no accident. It will be the reward we all enjoy for making decisions that preserve the unique character of Boulder.

--Xian Izquierdo is Executive Director of the Boulder Independent Business Alliance (BIBA). To support BIBA's efforts, contact their office at 720-565-3854 or visit their website at www.boulder-iba.org. Research can be found at www.sprawl-busters.com, www.Greenmoneyjournal.com, and www.wal-martlitigation.com.