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The Wal-Mart Way

The Nation's Largest Retailer Should Inspire Respect Instead of Animosity

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WHY, oh why Wal-Mart? Why not Starbucks? Why is it Wal-Mart as always the favorite corporate target for pundits everywhere? Why do folks find it so inviting to walk into a Starbucks and read the latest press reports about some small-minded, short-sighted city council voting on an ordinance that will outlaw a Wal-Mart?

City Council members vote to deny the American spirit of free enterprise for anything that looks like a Wal-Mart after passing 12 Starbucks on the way to City Hall. When was it decided that Wal-Mart was the corporate

TWO VIEWS

These two commentaries were written for the Business Journal on the debate over Wal-Mart's plans to expand in the Los Angeles area.

incarnation of evil? And why?

In Los Angeles, one can find up to 40 Starbucks within a few miles' radius, but where are the Wal-Marts? Where are the Wal-Marts in South Central where L.A. has workers who need jobs and folks who need stores that charge reasonably? Why are there no Wal-Marts in Hollywood, in West L.A., down by San Pedro? Angelenos who drive for hours to work would staff Wal-Marts close to home and would shop close to home. Who in the world would deprive L.A. residents of those benefits available to so many in so many communities outside the L.A. area? And, again, why?

Both Starbucks and Wal-Mart companies, like most businesses, generate vehicular traffic and increase street use. But a Wal-Mart brings its own parking with it, and visits to Starbucks range from brief to prolonged. Folks walking out of a Starbucks drinking coffee are carrying paper cups, invariably. And where do these cups wind up, you might well ask?

Comparison shopping

Wal-Mart was founded 1962, Starbucks in 1971. Wal-Mart has 3,800 stores and over

one and a half million employees compared to Starbucks' over 7,600 locations and around 100,000 employees. Wal-Mart gave around \$200 million in charitable contributions in 2005 compared to nearly \$17 million by Starbucks. Both companies are represented in all 50 states, with Starbucks established in 36 countries and Wal-Mart present in 15 nations. But where Starbucks shows up with a shovel to break ground at any given intersection and is met with municipal applause, Wal-Mart is greeted with torches as the 21st Century Frankenstein's Monster.

Well, maybe not torches and pitchforks, but most certainly rhetoric and judicial weapons. For example, a California Court of Appeal recently determined that the City of Turlock (Pop. 67,000) could adopt size restrictions on development in order to keep Wal-Mart out. Other jurisdictions in California just decided to not issue Wal-Mart permits necessary to develop there. Towns like Calexico, Inglewood, Agoura Hills, Mt. Shasta, and San Marcos have denied their residents Wal-Marts this way.

What underlies this animosity?

What would the great economic minds of the last two centuries say about municipalities that stifle development, turning their back on free-market capitalism? What would Galbraith, Keynes, and Friedman say about artificial interference with the marketplace at the expense of the consumer and the workforce in favor of protectionist cronyism?

Relentless media and internet attacks on Wal-Mart concerning the sale of products manufactured in China, inadequate health care benefits for employees, and low wages must be coming from somewhere. When has



Wal-Mart: Shoppers often wheel away with bargains, but criticism of the chain abounds.

BLOOMBERG NEWS

Starbucks ever weighed in with coffee grown on plantations in the contiguous 48? Does it bother anyone that coffee is grown in Kenya and Colombia and Karnataka and Sumatra for consumption by Starbucks' customers?

The nation's largest retailer, in fact the world's largest private employer, has its corporate hands full given the organizational capabilities of the anti-Wal-Mart crowd. The crowd consists, in part, of Service Employees International Union, The Sierra Club, and The National Partnership for Women & Families, all standing behind "Wal-Mart Watch." The United Food and Commercial Workers Union provides funding for "WakeUp WalMart.com."

The net result of any success these richly endowed organizations may have is to the direct detriment of the communities who could

best benefit from a Wal-Mart but whose councils listen to and believe the rhetoric. These communities include the good citizens of Los Angeles, from Boyle Heights right across to the Palisades; from Wilmington on up to Pacoima. Why would the Los Angeles City Council listen to Internet hit pieces and turn its back on the citizens who elected them?

The next question might be, "I'm glad there are five Starbucks two minutes away, but why do I have to drive 45 minutes to get to a grocery that has what I want at what I can afford? Why, oh why don't we have a local Wal-Mart?"

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