Many great organizations are driven by a mission statement. Wal-Mart is a company that has taken a driving mission statement and focused a business in a transformative way. In the process, it could be argued that they changed the world. The mission statement is “Low Prices Always.” This grew from the original slogan in Sam Walton’s first store, “Every Day Low Prices in all departments.”¹ “Every day low prices” is a slogan still seen in the stores of the retail giant. This clearly has been good for Wal-Mart, good for shoppers of modest income, and some would even say it is good for the nation. Using the book *The Wal-Mart Effect* as a launching point, several questions immediately come to mind. Can this overwhelming goodness be taken only at face value? Is it safe to embrace the benefit of low prices every day with an uncritical evaluation? Is there a hidden cost to these low prices? The purpose of this project is to explore these questions, to theologically evaluate the Wal-Mart phenomenon, and to assess what an appropriate theologically based response might be for people of faith in the Christian community.

H. Lee Scott, Jr., the CEO of Wal-Mart is convinced that Wal-Mart is great for the United States of America and its people. “In effect, it gives them a raise every time they shop with us.”² He argues that the standard of living in U.S. society was raised by the approximately 1 billion dollars of savings the stores save U.S. consumers.³ This has to be good for the nation and its people, doesn’t it?

The answer is not that simple. If you were to ask ten people what they think of Wal-Mart, you would be likely to receive at least ten different answers. Depending on the

---

² Ibid., 2.
³ Ibid., 5.
perspective of the person queried, it might be a very positive response. However, if you ask another person, the answer would be very different. They might tell you that Wal-Mart is the “devil incarnate” or some equally disparaging descriptive. Beyond the negative hype and the effusive praise lies reality. The truth about Wal-Mart may not be simplistic, because the issues surrounding the retail giant are very complex. Let us begin to unravel the knot with Wal-Mart at the core.

Wesley Alves, a fellow student at Boston University School of Theology, was pleased to hear that the approach to this project would attempt to demonstrate positives and negatives related to Wal-Mart. He reported witnessing Wal-Mart opening facilities in Brazil, where hundreds of jobs were created in an economically depressed area. He also saw social supports increase in the community. Like Wesley, others are at least partly positive regarding Wal-Mart. In the 1990s, Wal-Mart generated savings for customers by radical cost reduction strategies. One such savings method was accomplished by removing deodorants from boxes. The box was deemed to be a waste product. Savings were realized by weight savings in shipping, the purchase of boxes, and the design for the box. Each box cost approximately five cents. This savings was divided between Wal-Mart and the deodorant companies. A fortunate byproduct for Wal-Mart was increased shelf space freed by the removal of the boxes.

This actually sounds insignificant, but Wal-Mart considered this savings for the entire U.S. population deodorant buying population. An estimated savings was over 10 million dollars per round of deodorant purchases, half of which they kept. Multiply this by the numbers of purchases made each year and the figures increase rapidly. Wal-Mart’s logic is the power of massive scale purchases to make small decreases of prices in all possible ways. This, linked with the almost religious efforts to reduce costs at every turn, created what Charles Fishman describes as the “Wal-Mart effect,” which he discusses in his book of the same title. Consumers now are able to purchase deodorant and many other items at lower prices, so this appears to be a win-win scenario, at least until you consider the manufacturers of deodorant boxes.

---

6 Ibid., 1-2.
7 Ibid., 2.
It is clear that one of the secrets to the Wal-Mart success story is the massive scale of operations that typifies its business. In the April 22, 2007 *Parade* magazine that accompanied the Boston Globe, Wal-Mart ran a full-page photo advertisement for fluorescent light bulbs. The caption read as follows:

Can a funny looking light bulb change the world?
If every Wal-Mart shopper bought just one fluorescent light bulb (and at these prices, why not buy a 3-pack?) it would be the equivalent of taking over a million cars off the road.  

This statement was followed by an offer to find more information about “earth-friendly” items that can be purchased through Wal-Mart. Even the advocacy of green products has been spun through the lens of Wal-Mart’s vision. Amazing!

In 1990, Wal-Mart entered a new venture, selling groceries in nine stores that they designated supercenters. Prior to Wal-Mart’s entry, “The supermarket business was dominated by well-established, deeply experienced, well run chains.” It was unexpected for Wal-Mart to enter this venue, but their success was even more unexpected. Within ten years Wal-Mart was 12 stores shy of nine hundred stores. Now it has over one thousand more stores. Wal-Mart is no longer a competitor with major grocery chains, it has surpassed them and “isn’t just the first among equals; it is unchallenged.”

---

9 Fishman, 4.
Taking advantage of the economics of scale has clearly been pervasive in the Wal-Mart mindset. Writer and global advocate Thomas Friedman has wholeheartedly embraced Wal-Mart’s success. He sees Wal-Mart as an archetype for one of his ten “world flattening” categories called “Supply-Chaining.” Friedman describes this Wal-Mart driven process through reflections on a company that has a relationship with the retail giant, Hewlett-Packard. At the time of the writing of Friedman’s book, *The World is Flat: A Brief History of the Twenty-First Century*, Wal-Mart had four thousand stores worldwide.10 Hewlett-Packard sold four hundred thousand computers a day through the Wal-Mart system during the Christmas season.11 Friedman asserts that this could not have been possible without fundamental changes to Hewlett–Packard. They have become integrally linked to Wal-Mart’s process, as have all other manufacturers related to the firm. If an item is purchased in a Wal-Mart store, then instantly the manufacturer is notified that they must make another product to replace the one just purchased.12

Half of the people living in the U.S. live no more than five miles from a Wal-Mart.13 Only ten percent live more than fifteen miles from a store. “Every seven days more than

---

11 Ibid.
12 Ibid.
13 Fishman, 5.
one hundred million Americans shop at Wal-Mart – one third of the country.”\textsuperscript{14} Less than seven percent of the families in the U.S. will fail to shop in a Wal-Mart this year.\textsuperscript{15} Not only is Wal-Mart the largest corporation in the United States,\textsuperscript{16} it is the world’s largest private employer.\textsuperscript{17} The decisions and actions of such a giant have tremendous power that is far reaching. Wal-Mart far outstripped any retail competitors, “with sales of $256.3 billion – more than the sales of Microsoft and retail competitors Home Depot, Kroger, Target, and Costco combined.”\textsuperscript{18}

Few people would argue that lower prices and constant savings are a good thing. This positive view of Wal-Mart’s cheap prices is reflected by the volume of sales and the share of the market which they hold. The jobs generated create income for the persons employed by Wal-Mart (1.6 million people)\textsuperscript{19} as well as the companies that supply merchandise to the chain. These positive elements of the retail giant’s function benefit many people, but we would be remiss to stop analysis at this point. What is the downside to the Wal-Mart equation?

The savings that is passed on to consumers must be found somewhere. Items are purchased in bulk. However, all items are not in packages that can be eliminated. Wal-Mart has utilized many different methods to reduce costs. Ron Loveless, an early manager in the Wal-Mart organization, makes this observation about cost reduction in the corporation. “People say Wal-Mart is making $10 billion a year. But that’s not how the people inside the company think of it. If you spent a dollar, the question was, \textit{(sic)} How many dollars of merchandise do you have to sell to make that $1? For us, it was $35.”\textsuperscript{20} This has been a constant and almost obsessive focus of Wal-Mart management.

The concept was ingrained in the managers saying, “And if you’re going to sell the same stuff as every other store, but cheaper than they sell it, controlling your own costs has to be more than a goal.”\textsuperscript{21} Another early manager named Larry English tells of needing to be constantly aware of not just sales receipts, but of payroll and the percentage related to sales figures.\textsuperscript{22} English tells of the pressure to keep the payroll cost at no more than 8 percent of the operating budget. When English went over eight percent by one tenth of a percent, he was forced to surrender a new assistant manager position.\textsuperscript{23} There was little mercy for deviation from the cost reduction mandate.

As hinted at, one of the most significant measures used to reduce costs can be found in saving money on labor. Labor savings was a front page story in the \textit{New York Times} in 2004. This story described regular occurrences of Wal-Mart employees being locked

\begin{flushright}
\begin{footnotesize}
\textsuperscript{14} Ibid., 6. \\
\textsuperscript{15} Ibid. \\
\textsuperscript{16} Bianco, 3. \\
\textsuperscript{17} Fishman, 7. \\
\textsuperscript{19} Fishman, 7. \\
\textsuperscript{20} Ibid., 23. \\
\textsuperscript{21} Ibid., 24. \\
\textsuperscript{22} Ibid. \\
\textsuperscript{23} Ibid.
\end{footnotesize}
\end{flushright}
inside of as many as ten percent of the stores, to force them to work overtime hours without overtime pay. This practice was halted before the story hit the press. 24 Ironically, Sam Walton had imparted values of his all American work ethic too well. The cherished “hard work, frugality, discipline, loyalty, and a restless effort at constant self-improvement” had mutated into something that had ugly, dark implications.

Although the practice of locking personnel in stores was eventually rejected by Wal-Mart, this was not the only criticism about the giant’s labor practices. The United Methodist bishop in Eastern Ohio registered concerns following the 1998 yearly meeting. This time the criticism was not for employees in the stores, but for manufacturers of the products Wal-Mart sold in its stores. In concert with the National Labor Committee (NLC), Bishop Keaton said that Wal-Mart was “one who benefited from the exploitative use of sweatshop labor to produce products which are sold in your stores.” 25

Wal-Mart has been found guilty of forcing employees to work without being paid. A federal jury ruled against Wal-Mart in 2 Oregon cases. Cases were pending in Colorado and Massachusetts for 124,000 Wal-Mart employees regarding overtime pay. 26 It is only fair to note that official Wal-Mart policy prohibits employees from working off the clock. However, pressures on store leadership may directly generate such abuses. 27

Wal-Mart has been criticized for paying employees low wages. Company officials counter these allegations saying that fulltime employees of the corporation average $9.68 hourly. Workers with little or no experience earn between $7 and $8 dollars hourly. 28 This may not sound bad for retail wages. This produces a just over the poverty level salary of $20,134 for a family with four members. However, the numbers are deceptive, “given that many ‘fulltime’ Wal-Mart employees work 34-hour weeks.” 29 This would reduce wages to just over two thousand dollars below poverty level.

24 Ibid., 27.
26 Sellers, 42.
27 Ibid.
28 Ibid., 41.
29 Ibid.
The above information on salaries is confirmed in Senator Byron Dorgan’s book *Take This Job and Ship It*. He said that Wal-Mart personnel average $18,000 annual income.\(^{30}\) He added that seventy percent of Wal-Mart’s employees leave within the first year. Additionally, Dorgan stated that many Wal-Mart personnel work without health insurance or retirement plans.\(^{31}\) That sounds like a good deal for someone, just not those Wal-Mart employees.

Additionally, Wal-Mart has been the recipient of class action suits for sex discrimination. These suits against Wal-Mart included female evangelicals.\(^{32}\) Jeff Sellers of Christianity Today noted these abuses should be considered by Christians when they contemplate shopping in Wal-Mart stores.

Strangely, although Wal-Mart doesn’t claim to be a Christian company, former Wal-Mart executive Don Soderquist claims that the starting point for decisions is scriptural values.\(^{33}\) The principles mentioned earlier such as hard work, thriftiness, self control, devotion, and a drive to be better do reflect positive values that could be understood as scriptural in origin. Offensive merchandise has routinely not been sold in Wal-Mart stores. CD’s containing objectionable content labels and Maxim magazines are not sold, and magazines that might have racy covers or material are sheathed in plastic to hide offensive content.\(^{34}\) Additionally, when stores like Target banned Salvation Army bell collections, Wal-Mart not only encouraged the volunteers to use their store fronts but pledged to provide the equivalent to the amount collected.\(^{35}\)

The efforts to be friendly to Christians could be seen in a more cynical light. Wal-Mart stores sell over one billion dollars of Christian literature and materials annually. Even this fact has taken on Wal-Mart proportioned implications. The Christian bookstore market has been tremendously impacted. Rob Moll reported that the Christian manufactured goods market increased by $200 million dollars between 2000 and 2002. Yet, Christian stores saw a decline of $100 million dollars in their stores, with 272 stores reported to close in 2003.\(^{36}\) By the way, this too is part of the cost of Wal-Mart’s low prices. Many stores are not able to compete with a retail giant and are unable to survive.

---


\(^{31}\) Ibid.

\(^{32}\) Sellers.

\(^{33}\) Ibid., 40.

\(^{34}\) Ibid.

\(^{35}\) Ibid.

On December 6, 2003, in Billings, Montana, Smith’s Food and Drug Center closed. Fifty people lost their jobs. In 2002, two other stores closed, a Kmart and an Osco Drug store. These stores were both visible from the newest Wal-Mart in Billings, its second. Emek Basker of the University of Missouri made the following comments regarding Wal-Mart adding jobs in a local community:

This paper estimates the effect of Wal-Mart expansion on retail employment at the county level. Using an instrumental variables approach to correct for both measurement error in entry dates and endogeneity of the timing of entry, I find that Wal-Mart entry increases retail employment by 100 jobs in the year of entry. Half of this gain disappears over the next five years as other retail establishments exit and contract, leaving a long-run statistically significant net gain of 50 jobs. Wholesale employment declines by approximately 20 jobs due to Wal-Mart’s vertical integration. No spillover effect is detected in retail sectors in which Wal-Mart does not compete directly, suggesting Wal-Mart does not create agglomeration economies in retail trade at the county level.

Sharon Weber, a Wal-Mart spokeswoman said, “It is never our goal for another business to close.”

One last area of concern regarding Wal-Mart’s potential negative impacts can be seen in the outsourcing of jobs to other countries. “Add to all of that, in the past five years we’ve lost over 3 million U.S. jobs that have been outsourced to other countries and millions

39 Falstad.
more are poised to leave.\textsuperscript{40} Senator Dorgan was also deeply distressed that we are undermining our ability to produce quality products by importing often inferior products, while U.S. manufactured goods are prohibited from sale in those countries, increasing the U.S. trade deficit.\textsuperscript{41}

There is a challenge to Wal-Mart CEO, H. Lee Scott’s assertion. “I believe that if you look at the facts with an open mind,” he says, “you’ll agree that Wal-Mart is good for America.”\textsuperscript{42} Anthony Bianco argues, “Hold it right there. When America’s largest corporation conflates its self-interest with life, liberty, and the pursuit of happiness, alarm bells should go off in every city hall, statehouse, and union hall in the land.”\textsuperscript{43} Any elevation of an organization, system, or institution beyond scrutiny should be seen as dangerous. Gary Dorrien notes that one of reasons for the famous theologian and ethicist Reinhold Niebuhr’s successes was found in his ability to see the extreme dangers associated with arrogance.\textsuperscript{44} Howard Thurman warned against self-deception, particularly when people have been oppressed and have been forced to ignore the oppression.\textsuperscript{45} This should be cautionary to us all.

In an effort to be faithful to the task, let us look at the initial questions posed in this project. Can this overwhelming goodness brought by low prices be taken at face value? The evidence strongly suggests that the questions should not be taken at face value. In answer to the next question asked, it is evidently not safe to embrace the phenomenon of Wal-Mart’s good prices with an uncritical evaluation, or at least not to embrace any claims regarding benefits without examining the costs of the gains. It can certainly be argued that there is a tremendous hidden cost to Wal-Mart’s low prices. Therefore the remainder of the project will focus on theologico-evaluating the Wal-Mart phenomenon, and assessing what an appropriate theologically based response might be.

There is a visceral response that many people have when they think of Wal-Mart. In fact, after reading the materials that brought the project to this point, the author experienced a tangible response. The information is distressing to say the least. The thought of many of the things that Wal-Mart has done in the name of low prices is upsetting. Beyond the personal disturbance, one must ask what exactly is wrong with “the Wal-Mart Effect?”

Nelson Baker observed, “The law of Moses protected workers against unfair treatment. The daily wage to be paid in the evening, not kept till the next morning (Lev 19:13; Deut 24:14f.).”\textsuperscript{46} It was believed that persons doing service for a wage had hard lives.\textsuperscript{47} Some

\textsuperscript{40} Dorgan, 3.
\textsuperscript{41} Ibid.
\textsuperscript{42} Bianco, 2.
\textsuperscript{43} Ibid., 3.
\textsuperscript{45} Howard Thurman, \textit{A Strange Freedom}, ed. Walter Earl Fluker, and Catherine Tumber (Boston: Beacon Press, 1998), 156.
\textsuperscript{47} Ibid.
things have not changed since Bible times. Individuals did not necessarily receive what they agreed upon. This was witnessed in the story of Laban and Jacob. The issue of unfair wages was an underlying theme in the parable of the harvest found in John 4:36. Abusive and unfair practices regarding wages were condemned by the prophets of old, detailed in Jeremiah 22:13, Malachi 3:5 and James 5:4. Baptist theologian and ethicist Henlee Barnette stated that James chapter 5 condemns the oppression of those who get rich at the expense the poor. “So serious is the act of defrauding the workers that the Lord regards it as a form of murder (James 5:6)!" One might ask how someone can make decisions to maintain low wages and not pay overtime wages when earned. It is a disregard of the human being.

In *A Global Ethic for Politics and Economics*, Hans Küng attempted to build a rationale for a universal set of ethical principles. He argued that one of the foundational ideas for such an ethic can be found in the words of Immanuel Kant, stating that such an ethic, “…takes up what has been presented since the time of Kant in purely philosophical terms as a categorical imperative: that every human being must be treated humanely.” In a similar light Küng continues, “the basic ethical principle must be that human beings may never be made a mere means (since this is a formulation of the categorical imperative).” Wal-Mart first created a problem in using human beings as merely a means to accomplish its end. No matter how noble that end might be, it could never justify using humans to obtain the end. Low prices are a noble end, but not at the expense of all the many people that lie in the wake of Wal-Mart’s long term agenda.

Looking at Küng’s attempt to construct a global ethic, why should Christians embrace such a view as the categorical imperative? We can find the answers to this question in the scriptural narrative and throughout the history of Christian theology. Starting with early Hebrew Scriptures, we find that people of God have long believed that human beings were created with a tremendous value and worth. The Genesis narrative stated, “So God created humankind in his image, in the image of God he created them; male and female he created them.”

Baptist theologian Dale Moody made the following observation about the image of God in created humanity. “It has been said that the image of God in man is only ‘on the margin’ of Old Testament teaching, but it is more like the summit of the Old Testament view of man than the margin.” Moody continued by observing that the oldest creation story in the Bible is Genesis 2:4-3:24, which speaks of humans as living souls while in the same passage speaking of animals as having souls. He tells that the story that came later was Genesis 1:1-2:4. This passage also speaks of other creatures as having living

---

48 Ibid.
51 Ibid., 246.
souls along with humans, but it adds the nuance that humans are created in the image of God. “Man alone, however, is described as in the image of God.”

Moody noted the image of God could be seen in the prohibition against killing a human. “Whoever sheds the blood of a human, by a human shall that person’s blood be shed; for in his own image God made humankind.” There are many other passages that affirm the concept of the image of God in human beings.

In the Epistle of James, the Christian was invited to see a connection between the image of God in a person and how that person should be treated. Speaking of the tongue it said, “With it we bless Lord and Father, and with it we curse those who are made in the likeness of God. From the same mouth come blessing and cursing. My brothers and sisters, this ought not be so.” The ways that we speak to fellow humans should be with the awareness that those people are image bearers of God. Indeed, our actions should also be directed toward humans with this thought in mind.

The concept of the image of God in man was discussed throughout the history of Christian theology. Irenaeus embraced distinctions between the “ideal man” of Genesis 1:26 and the “material man” in Genesis 2:7. This differentiation initially came from the thought of Philo Judeaus. The image of God was different with varied thinkers. “Augustine argued from a trinity of memory, understanding and will in man to a Holy Trinity in God.” Thomas Aquinas saw the image of God in man as a type of endowment.

Martin Luther deemed that the image was lost in the fall of humanity, but restored by Christ, while John Calvin continued to emphasize this loss. In more recent theology, Karl Barth debated at length with Emil Brunner beginning in 1933, with both claiming Luther and Calvin as sources for their arguments. The discussion was focused on Barth and Brunner’s respective interpretations of personal relationship with humans and God, a discussion that was initially advanced by Martin Buber.

In *A Strange Freedom*, Howard Thurman discusses the peculiarity of the sensation experienced when a person is not regarded by other humans. “To be ignored, to be passed over as of no account and of no meaning, is to be made a faceless thing, not a man. It is better to be the complete victim of anger unrestrained and a wrath which knows no bounds, to be torn asunder without mercy or battered to a pulp by angry violence, than to be passed over as if one were not.” Having experienced racial oppression and after visiting India, presumably seeing the untouchables, Thurman was deeply convinced that

---

54 Ibid., 26.
55 Genesis 9:6 (NRSV).
56 James 3:9-10 (NRSV).
57 Moody, 234.
58 Ibid., 235.
59 Ibid.
60 Ibid.
61 Ibid., 236.
62 Thurman, 2.
one of the worst things that a human could experience was disregard of the person. This strongly troubled Thurman because of his understanding of the tremendous value of a human being. Even with those that were opposed to Thurman, he forcefully demanded, “Love your enemy. Take the initiative in seeking ways by which you can have the experience of a common sharing of mutual worth and value.” This was a radical application of Christianity. Not just the people you love, but all people should be loved and viewed with value and worth.

The word “faceless” leaps off of the page in Thurman’s writing. This is the rub with Wal-Mart. The wage level workers, the companies forced to comply with Wal-Mart’s heavy-handed policy, the businesses that collapse under the financial strain of competition, all are comprised of people that have become faceless non-entities. This is what the old fashioned prophets would call sin. “Woe to him who builds his house by unrighteousness, and his upper rooms by injustice; who makes his neighbor work for nothing, and does not give them their wages.”

The Wal-Mart organization has made the mistake of placing low prices above people, so what should the Christian response be? The gospels tell the story of a man who was abused as Thurman describes. The man was beaten, robbed and left for dead. However, this was not the greatest sin against him. Religious leaders, a priest and an important lay person (Levite), walked by the man. The tenth chapter of Luke’s Gospel says that they both passed by on the other side. This gives a vivid picture of eyes averted not for fear of being harmed, but most likely, as Thurman observed, to make him (the victim) faceless. If they had walked close and gazed into his face, then denying his humanity would have been a much more difficult thing.

64 Jeremiah 22:13 (NRSV).
This parable of Jesus does not stop with the by-passing of the poor, unfortunate, faceless man. It includes the acts of a Samaritan, someone seen by Jews of Jesus’ time as less than and beneath them. This can be seen in the story of the woman at the well in John 4:1-30. The priest and Levite were people of standing and importance, but the Samaritan had low standing and little status. Yet he was the one who looked in the face of the man who had been beaten and left for dead. The beaten man was apparently a Jew. He probably would not have acknowledged the Samaritan under normal circumstances. The Samaritan saw a human being in need and acted with compassion. Thurman echoed Jesus’ words, “Love your enemies.” The story in Luke 10 is called the Parable of the Good Samaritan. Jesus uses it to illustrate who our neighbors really are, not necessarily those who live beside us and go to church with us. They may not be co-workers or colleagues. The true neighbors are the ones who look into our faces and see us as people of worth and dignity. This begs the question, “Is Wal-Mart a good neighbor?”

The “Wal-Mart Effect” is complex. The corporation probably has not intended evil for anyone. It also provides jobs and benefits for many people. Some sectors of the economy are boosted by Wal-Mart’s sales numbers. Many companies in relationship with the retailing giant also are built-up by sales of their own products. Consumers benefit from low prices. It is only fair to see that Wal-Mart is not all bad. However, it also cannot be seen as unambiguously good.

A Christian response to Wal-Mart should be guided by scriptural warnings about oppression and wage abuses. More importantly, the Christian community and the church must never fail to see the faces of the people in our lives and our world. We must not blindly become part of oppression, whether intended or not. Wal-Mart has shown that it is responsive to outside pressures. When issues have come to public attention, corporate officials have worked to correct inequities, at least on the surface.

It is the responsibility of the Christian community to examine options that will re-humanize the faceless people impacted by oppression. The way has been demonstrated in past Christian actions through campaigns to write letters en masse, or use economic leverage through sit-ins, protests and boycotts. In the process, Christians must guard
against viewing Wal-Mart leadership, employees and shoppers in that dangerous faceless manner. We must constantly hold ourselves to the light of scrutiny, in order that we may guard against hubris and self-deception.

Works Cited


