

Annotated Bibliography

Part I

IMPACTS ON EMPLOYMENT AND WAGES:

**“Job Creation or Destruction? Labor-Market Effects of Wal-Mart Expansion.”
Emek Basker, University of Missouri, Review of Economics & Statistics, February 2005**

This study finds that Wal-Mart’s arrival boosts county-level employment in the first year, but by less than the company promises because the store’s arrival causes existing businesses to downsize and close. The author also finds that over the long run there is further decline of retail jobs as more competing retailers close and wholesale jobs decline as well because Wal-Mart does not utilize local or regional wholesalers.

“The Effects of Wal-Mart on Local Labor Markets” David Neumark, Janfu Shang, and Stephen Ciccarella, Public Policy Institute of California, April 2006

An unbiased, objective study in California counties on the effects of Wal-Mart store openings on retail employment wages. It was found that for every one Wal-Mart employee, 1.5 other retail jobs were lost, a decline of 3.2%. Likewise, county-level wages decreased by 2.8%

Impact of Wal-Mart Growth on Earnings throughout the Retail Sector in Urban and Rural Counties – By Arindrajit Dube, Barry Eidlin, and Bill Lester, Institute of Industrial Relations Working Paper Series, 2005

This study found that Wal-Mart’s arrival reduced earnings for grocery workers, but raised earnings for general merchandise employees in rural counties. The reason given for the increase in wages for rural retail employees in non-urban areas is that Wal-Mart typically displaces “worse jobs” although this is not always the case.

**“Wal-Mart and Job Quality – What Do We Know and Should We Care?”
Arindrajit Dube and Steve Wertheim, October 2005.**

A comprehensive, statistically sound study looks at Wal-Mart’s impact on communities. The study concludes that Wal-Mart has lower wages than other retailers, average earnings fall when Wal-Mart enters a market, Wal-Mart’s entry does not lead to net new jobs, and overall, it reduces total take-home pay for retail workers. In rural counties, a Wal-Mart store opening is associated with an increase in the average earnings per general merchandise worker and a decrease in the average earnings per grocery worker.

TRAFFIC IMPACTS:

“Comparison of Vehicle Trip Forecasts for Big Box Stores” Tom Brohard and Associates, February 2004

A summary of data forecasts that a 200,000 square foot discount superstore (in 2004) generates an average of 76,232 weekly trips, of up to 92,806 weekly trips. This data is compared to lower traffic generators including Discount clubs and Home

Improvement Superstores. The traffic volume estimates are based on studies compiled by the Institute of Transportation Engineers in Trip Generation, 7th Edition.

“Impact of Big-Box Stores on Traffic” – By the Institute for Local Self-Reliance, 2006

- Big Box stores generate much more traffic than most other land uses.
- The larger the store, the higher the traffic counts.
- A 125,000 sq ft superstore typically generates more than 7,500 car trips on weekdays and more on Saturdays.
- A graph demonstrates higher traffic impact per sq ft of general merchandise than warehouse clubs or home improvement stores.

TAX BASE AND LAND USE:

“Understanding the Tax Base Consequences of Local Economic Development Programs.” RKG Associates, 2001.

Concord, NH added 2.8 million square feet of new commercial and industrial development. Yet tax revenue declined by 19 %. The town now has one of the highest property tax rates in the state. It was confirmed that the new retail development (big box stores) hurt property values. It had also harmed the value of residential property. Traffic noise and inconvenience made residential property near the stores undesirable.

“Fiscal Impact Analysis of Residential and Nonresidential Land Use Prototypes.” Tischler & Associates, July 2002

Barnstable , MA lost more to big box retail, shopping centers and fast-food restaurants than was generated. The cost of providing services to the developments cost more than the tax revenue. Big box retail generates a net annual deficit of \$314 per 1,000 sq. feet., for example. Specialty retail (which tends to include most small Main Street stores) produces a net annual return of \$326 per 1,000 sq. feet. Other revenue winners include business parks, offices, and hotels. The big costs for big box stores are usually higher road maintenance costs and greater demand for public safety services.

“Understanding the Fiscal Impacts of Land Use in Ohio.” Randall Gross, Development Economics, August 2004.

A summary of fiscal impact studies conducted in eight central Ohio communities between 1997 and 2003. In seven out of eight communities, retail development created a drain on public services (road service and police) and failed to make up for it in tax revenue. The average ratio was a net annual loss of \$0.44 per square foot.

“Impacts of Development on DuPage County Property Taxes.” Prepared by DuPage County Development Department for the County Regional Planning Commission, Illinois, October 1991. (abstract only)

POLICE COSTS:

“Wal-Mart’s Impact on Local Police Costs.” Institute for Local Self-Reliance (Fact Sheet).

ENVIRONMENTAL IMPACTS:

“Environmental Impacts of the Proposed Wal-Mart Supercenter in Potsdam” by Aly Courtemanch and Lani Bensheimer. April 29, 2005.

The authors review environmental impacts, including economic and social, and the development of solutions to the problem.

SOCIAL IMPACTS:

“Hidden Cost of Wal-Mart Jobs – Use of Safety Net Programs by Wal-Mart Workers in California.” UC Berkeley Labor Center, August 2004

The study examines public assistance going to the working poor and major retailers scaling back wages and benefits. The conclusion of this paper encourages policy makers to consider **public costs** when making decisions about the kinds of economic development they pursue in their communities.

“Everyday Low Wages: The Hidden Price We All Pay for Wal-Mart.” Democratic Staff of the House Committee on Education and the Workforce, February 2004.

This study finds that the average Wal-Mart employee requires \$2,100 per year in public assistance, including Section 8 housing vouchers, reduced-cost lunches for dependent children, health care programs, and tax credits for the working poor.

“Wal-Mart and County-Wide Poverty.” Stephan Goetz, Hema Swaminathan, Social Science Quarterly, October 2004.

“After controlling for other factors that influence poverty rates, the study found that U.S. counties that had more Wal-Mart stores in 1987 had a higher poverty rate in 1999 than did counties that started the period with fewer or no Wal-Mart stores. The study also found that counties that added Wal-Mart stores between 1987 and 1998 experienced higher poverty rates and greater usage of food stamps than counties where Wal-Mart did not build, all other things being equal.” [from the abstract of the article]

The study was not designed to determine *why* Wal-Mart seemed to lead to poverty, but speculated that the closing of local stores removes the ambitious, managerial-type individuals from the community (thus weakening support for charity and public work), and encourages dependence in those who take retail jobs at Wal-Mart.

“The Wal-Mart Tax.” AFL-CIO, March 2006.

This study included a survey of which employers’ workers are forced to rely on publicly funded health care. Without living wages and affordable healthcare, Wal-Mart’s workers are the most numerous recipients of state funded health care in 19 of the 23 states surveyed by the study. The authors find that this abuse of health care is directly contributing to the nation’s Medicaid crisis.

“The retail revolution, the carless shopper and disadvantage.” Rosemary D. F. Bromley and Colin J. Thomas, University College of Swansea, September 1992.

The authors conclude that there is strong evidence that car ownership is a principal determinant of major variations in shopping behavior.

RETAIL SALES:

“Competing with the Discount Mass Merchandisers.” Dr. Kenneth Stone, Professor of Economics and Extension Economist, Iowa State University, 1995.

This study of Wal-Mart’s impact on Iowa towns found that the average superstore cost other merchants in the host town about \$12 million a year in revenue losses. These sales losses resulted in the closure of 7,326 businesses between 1983 and 1993. While towns that gained a Wal-Mart store initially experienced a rise in overall retail sales, those sales began to decline two to three years after. About one in four towns ended up having a lower level of retail activity than they had prior to Wal-Mart’s arrival. The author attributes this to Wal-Mart’s strategy of market saturation in regions.

IMPACTS OF LOCAL BUSINESSES:

“The Andersonville Study of Retail Economics.” Dan Houston and Matt Cunningham. Civil Economics, October 2004.

This study contains a simple and straightforward explanation of why the “economic impact” of a local store on the local economy may be better than a chain store’s impact, even when the chain store might seem to employ more workers (15-16). The “impact” includes the impact of wages given to low-level workers, to skilled workers (accountants, managers, etc which the chain store may not bother to hire), and to other local businesses or contractors (which the chain store will not employ, all materials, signage, etc. being supplied by regional headquarters). The third category included an “impact” is charitable giving, at which local stores, en masse, surpass the chain stores locally (though perhaps not nationally).

“The Economic Impact of Locally Owned Businesses vs. Chains: A Case Study in Midcoast Maine.” Institute for Local Self-Reliance, September 2003.

This study examined eight locally-owned businesses in Rockland, Camden and Belfast. The businesses provided a “broad range” of goods and services. They made \$5.7 million total, and employed 67 people. The study found that 44.6 percent of their revenue was spent within the nearest two counties. As in all other studies mentioned in this summary, the local businesses contributed wages and benefits, inventory, supplies and services from other local businesses, made profits for local owners, and paid local taxes. The businesses supported local banks, local manufacturers, local newspapers, and hired local accountants, printers, internet service providers and repair people.

The comparison with a typical “big box” store was an estimate, since national retailers do not reveal much financial information. The authors used information on a local big box store, public statements made about inventory, supplies and services, and national averages on Target and Wal-Mart’s charitable giving.

They concluded that \$100 spent at a local business gave \$45 to the local community. The same \$100 spent at a “big-box” retailer provided only \$14 in local benefits.

Part II:

CASE STUDIES:

“Economic Impacts of the Proposed North Elba Wal-Mart.” Yellow Wood Associates, June 1995.

This study discusses a specific retail proposal and a variety of economic impacts such as: employment, transfer of sales, tourism and future community development capacity.

“Economic and Fiscal Impact of the Proposed Wal-Mart Supercenter On Potsdam and Canton, New York.” Prepared by Yellow Wood Associates Inc. for Funding for Our Future.

This study outlines the potential costs and benefits of a proposed Wal-Mart Supercenter in Potsdam. The impacts considered include: recapture of retail leakage, impacts on existing local businesses, employment and wage impacts, changes to the economic structure of retail, property tax affects, sales tax affects, and impacts to police services.

“What Happened When Wal-Mart Came to Town? A Report on Three Iowa Communities with a Statistical Analysis of Seven Iowa Counties.” Thomas Muller and Elizabeth Humstone, National Trust for Historic Preservation, 1996.

A report on 3 Iowa communities and nine counties and the effects that Wal-mart had on downtowns, traffic, property values, municipalities, etc. Stores were within 1.8 miles from their downtowns and between 48,000sq ft and 79,000sq ft. 5 years after opening all three towns had a net decline in retail stores and dollars spent in their downtowns and all three had less or equal traffic through their downtowns. Two of the three had increased vacancy and property value decrease, in their downtown, between 16 and 20% despite double digit property value increases throughout the state during the same time period. Of the nine counties studied it was found 84% of Wal-marts retail sales came from other existing businesses within that county.

St. Albans, Vermont State Environmental Board Act 250 Decision, 1994.

The decision was based on a cost/benefit analysis of a proposed Wal-Mart store in St. Albans, VT. The analysis concluded that there would be more negative impacts than positive impacts for the community. There were potential loss of retail space, jobs, and tax revenue.

“Assessment of the Direct, Indirect, and Induced Economic Effects of Chain Stores on the Regional Economy of Cape Code.” Prepared by FXM Associates for Smart Planning & Growth Coalition, June 2005.

This study identifies big boxes as detriments to the community and disproves the myth that chains will boost the local economy. The study demonstrates that, by proportion, chains and independent stores account for approximately the same sales per square foot, yet independent businesses tend to pay better wages, provide more jobs per sale and contribute more to the local economy through the multiplier effect.

“Wal-Mart: A Destructive Force for Chicago Communities and Companies.” Dan Bianchi and Dan Swinney, Center for Labor and Community Research, March 2004. This study is an economic impact analysis commissioned by the New School of Community Economic Development. The authors came up with a response to why the new capitalist business model (referred to as The Low Road) seems to be causing more problems as opposed to fewer. If the question is “why do companies like WalMart seem to attract such polarized attention?” then it seems the answer is because for the love of the almighty dollar, corporate retail businesses are regressing back to a period when workers were expendable, which put detrimental strains on the societies in which they operated. The study, while intended as an argument against allowing (more) Wal-Mart into Chicago, it is a cautionary and well-worded piece of work for all communities.

“Final Report on Research for Big Box Retail/Superstore Ordinance.” Prepared for Industrial and Commercial Development Division by Rodino Associates and Estela Lopez Consulting, October 2003.

This report was prepared for the City of Los Angeles. The parts of this study relevant to Saranac Lake identify possible impacts of big box and super-stores and recommend ways to mitigate potential negative economic and environmental impacts. This report looks at seven sets of potential community impacts on: employment and compensation for labor, neighboring businesses and consumer choice, municipal revenues, municipal investments in low income areas, property values, land use and urban design, and availability of goods and services.

“Supercenters and the Transformation of the Bay Area Grocery Industry: Issues, Trends, and Impacts.” Bay Area Economic Forum, January 2004.

This thorough report provides rich data on supercenter development. The study urges municipal leaders to seriously consider the grocery sector’s substantial impact on the community and the local economy. Impacts considered include: consumer benefits, impacts on industry wages and employment, traffic impacts, fiscal impacts, and other potential community impacts such as aesthetics and tourism.

“10 Reasons Why Vermont’s Homegrown Economy Matters: And 50 Proven Ways to Revive It.” Stacy Mitchell, Institute for Local Self-Reliance, October 2003.

This study is the result of two years of collaborative research by Stacy Mitchell and the Preservation Trust of Vermont on specific reasons why locally owned businesses matter and practical ways to plan for a homegrown economy, foster revitalization and unite independent businesses no matter where one lives.