

GOD AND SATAN IN BENTONVILLE

BY DAN BAUM

Wal-Mart, America's largest corporation, smites its competitors, casts out mom and pop and enforces Christian values—all from its birthplace in a small Arkansas town. Our reporter roams the epicenter of retail's Evil Empire

THANK YOU, MR. SAM

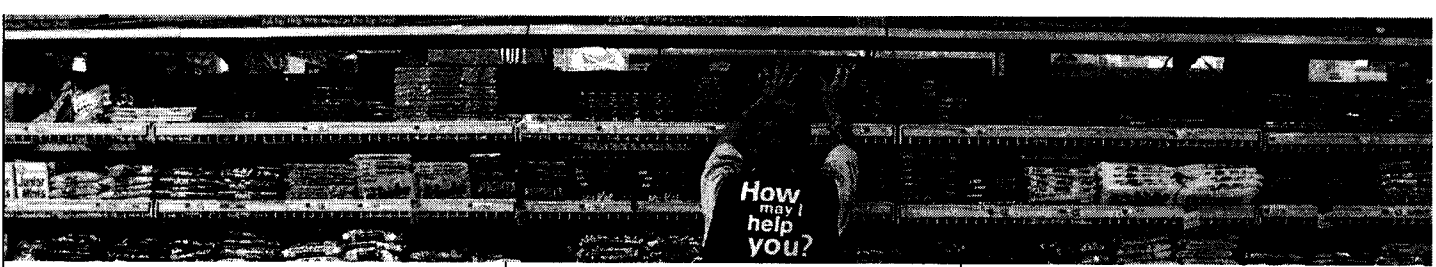
It is a little past midnight in Bentonville, Arkansas, and Alice is on her knees on a cold linoleum floor, feverishly moving bottles of Woolite from a stack of cartons to a perforated steel shelf. The air is redolent of cotton candy and popcorn, and even in the dead of night Wal-Mart's flagship store is as busy as a carnival midway. Here on Walton Boulevard, out by the interstate, the 178,000-square-foot store is crowded with families, pale as cheese in the fluorescent light, buying, buying, buying: tools, towels, sweatsuits, barbecue grills, baseball bats, pork butts, copies of *Seabiscuit*, toothpaste, auto parts, frozen broc-

coli. Alice, which is the name I will give to this dignified woman in her middle years, raises her forearm to wipe her damp bangs from her forehead. Her royal-blue uniform vest is clean and crisp, and a big button above her name tag announces GREAT JOB: I'M A SHAREHOLDER!

"Not much, but some," she says when asked how many Wal-Mart shares she owns. She explains, as she starts on a fresh carton of Woolite, that employees can buy company shares straight from their paychecks without paying a commission. "It makes you feel like you're working for yourself," she says. Alice earns \$8.35 an hour, so not much is left for buying stock after

rent and groceries, but still.... "It's this or the chicken plant," she says brightly, referring to the foul-smelling poultry-processing factories sprinkled throughout northwest Arkansas. "I'd never owned stock before working here. Thank you, Mr. Sam!"

Mr. Sam is Sam Walton, the visionary who founded Wal-Mart Stores here in Bentonville, Arkansas 41 years ago. His picture hangs in stores and company offices all over the rapidly globalizing Wal-Mart empire; his ghost hovers over everything the company does. The miracles Mr. Sam wrought are myriad: With breathtaking speed, his chain of rural-based discount stores has surpassed such avatars of pro-



duction as General Motors and Exxon Mobil to become the world's largest corporation. Not through scientific breakthroughs or industrial wizardry but merely by selling quotidian goods at low prices, Wal-Mart has become the biggest civilian employer on the planet, with more people on its payroll than GM, Exxon Mobil, Ford and General Electric combined. Its sales last year nearly surpassed the gross national product of Russia.

Mr. Sam's empire not only is the country's biggest marketer of just about every item it sells, from groceries to eyeglasses to clothing to jewelry, it also consumes more energy

Wal-Mart carries only 500 book titles (a typical Barnes & Noble carries roughly 60,000), but it moves 64 million books a year, so publishing executives have been forced to take into account the kinds of books that do well there. Most recently the chain has focused its attention on magazines (\$450 million in annual sales), demanding wrappers for women's titles with racy cover lines and banishing some men's titles altogether (it has never carried this magazine, of course).

To an outsider, Wal-Mart would appear to be a tough place to work. It holds many store employees to a 38-hour workweek, so it doesn't have to

with such ease and speed?

One of Wal-Mart's many idiosyncrasies is that it bases itself not in New York City, Chicago or some other center of commerce but here in Bentonville, Arkansas, population 19,730, one of the least accessible places in the United States. Everybody who does business with Wal-Mart—which seems to be everybody—sooner or later has to make the pilgrimage, which generally involves at least one plane change and a night in a strip-mall motel. Serendipity does not explain the headquartering of the world's largest corporation in the middle of nowhere. It is deliberate. As Wal-Mart representa-

SERENDIPITY ALONE DOES NOT EXPLAIN IT

This location, in one of the least accessible places in the United States, is deliberate. As Wal-Mart never tires of saying, Bentonville mirrors, nurtures and expresses the company's "heartland values."

and develops more real estate than any other corporation. It issues credit cards and cashes payroll checks and is lining up its legal ducks to move into full-fledged banking. (The Walton family already owns the Arvest Bank of Arkansas.) Wal-Mart is starting to put gas stations in its parking lots. There's talk of a Wal-Mart airline.

Behind the familiar smiley-face buttons and the folksy slogan "Every day low prices," a different picture emerges of this behemoth. In its Darwinian march to dominance, Wal-Mart has amassed unforeseen social and cultural power. Not only has it all but wiped out its competition wherever it has opened, it has helped empty the centers of hundreds of small towns and thrives at the expense of mom-and-pop stores. With its enormous clout in music sales (more than 100 million albums sold annually), Wal-Mart has offered a Corleone-style deal to labels and recording artists: Re-edit your lyrics to our liking or we won't sell your music in our stores. Movies? Wal-Mart sells nearly one of every four DVDs and videotapes Americans buy, so if it chooses to put a movie on its shelves, more people are guaranteed to buy it.

pay them the benefits that by law go to 40-hour-a-week workers. More than three dozen employee lawsuits allege that it insists on unpaid overtime. Its full-coverage health insurance is so expensive that only about a third of its employees buy in. It does not extend benefits to same-sex or unmarried partners of employees. (In July, however, Wal-Mart became the ninth of the top 10 Fortune 500 companies to extend its antidiscrimination policies to gay and lesbian workers.) It is the target of a class-action lawsuit brought by women—led by a former Miss America—who charge sex discrimination in wages and promotions. Working at Wal-Mart is the epitome of McJob.

So it's all the more miraculous that the stores are staffed with cheerful, grateful people like Alice—1.38 million employees last year, set to expand by 800,000 in the next few years. Where else are you likely to find a middle-aged woman on her knees, working a teenager's job for a barely livable wage yet chirping high praise for her multibillion-dollar company and its long-dead founder? Who are these people? What is the nature of this culture that is transforming our world

tives never tire of saying, Bentonville mirrors, nurtures and expresses the company's "heartland values." Bentonville—conservative, devoutly Christian and lily-white—is the world as Wal-Mart sees it. If Wal-Mart is our destiny, Bentonville is our destination. For a glimpse of the future, head for the spot on the map where Arkansas State Road 72 meets Arkansas 112.

RETAIL AS RELIGION

Northwest Arkansas appears to be undergoing some kind of theological schism. There's a church every quarter mile along the highway to Bentonville. Why can't the First Baptists pray with the First Landmark Baptists or the Calvary Baptists or the Cornerstone Baptists? Locals call this area the "buckle on the Bible Belt" and the "most religious place on earth," and they may be right. Some churches on State 72 are as grand as Monticello; others are single-wides. Many warn from their marquees of dire consequences if I don't stop in. But because it's Saturday and they're all shut tight, I instead head toward Bentonville's everyday holy ground, the old downtown five-and-dime, where the Wal-Mart story began.



TOY MAN DIAZ: "YOU WONDER, IS THIS A CULT?"

certain sense of despair and apprehension, I stake out the one place I figure I'll find minorities: the jail. (It's not an illogical supposition: Ten percent of all black men between the ages of 25 and 29 are in jail, according to the U.S. Justice Department.)

But when a deputy sheriff ushers through a line of prisoners in leg irons and black-and-white prison stripes right out of *O Brother, Where Art Thou?*, every one is white. You wouldn't see a more Caucasian lineup in a Stockholm lockup.

Nobody here much likes being asked where the black folks went. "Gee....," they say, stumped, as though nobody had ever asked the question. Then the cloud lifts: "But we have plenty of Mexicans!" several people tell me. This isn't strictly true; hundreds—maybe thousands—of Mexicans and Central Americans live in nearby Rogers and Springdale and work in the chicken plants. I find hardly any living in Bentonville itself.

Bentonville is Wal-Mart's company town, and it shares with the corporation a proprietor's sense of privacy about its affairs. I find out quickly enough that it is impossible to talk to vendors, the companies that sell to Wal-Mart, on the record. And even local government agencies seem a bit cowed when I mention Wal-Mart. I stop at the state welfare agency, which in most places is delighted to find anyone taking an interest in the needs of the local poor. But at the soaring modern offices of the Arkansas Department

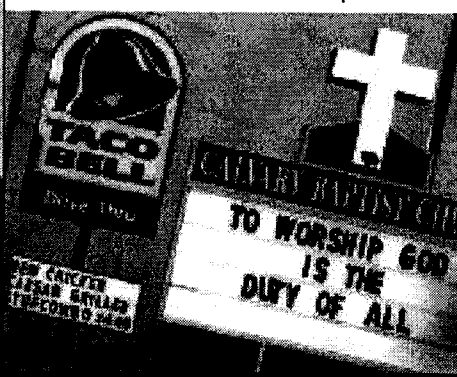
Sam Walton, though born poor in Bible Belt Oklahoma, was not particularly religious. He ended up in Bentonville because his wife refused to live in any town with a population over 10,000 and because a dime store on the town square

was for sale. Downtown Bentonville today looks much the way it does in photos from 1950. Walton's five-and-dime is now the hagiographic Wal-Mart museum, but a concrete Confederate soldier still watches over the square, and it appears that not much has been built since Eisenhower was president. There's a "real country store" for tourists, a few lawyers' offices, a stationery store and a real estate appraiser. The Station Café serves "freedom toast" for breakfast, and a banner stretches across the courthouse: MAIN STREET BENTONVILLE: PRESERVING THE PAST, ENHANCING THE PRESENT, ENSURING THE FUTURE.

The most striking thing about present-day Bentonville is the invisibility of minorities. The town, it's hard not to notice, is whiter than a 1950s sitcom. Even when I use the old reporter's trick of asking where the black barbecue joint is, nobody can tell me. How about the black funeral home? Nope. The black Baptist church? Nope. With a

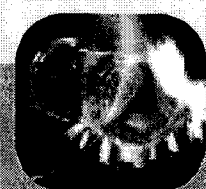


WHAT WOULD MR. SAM DO? WALTON, THE FOUNDER, WOULD LOOK ASKANCE AT NEW DISPLAYS OF WEALTH IN HIS TOWN.



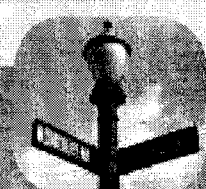
O LITTLE TOWN OF BETHLEHEM STEEL

THE ONE-COMPANY TOWN IS A TRADITION AS AMERICAN AS APPLE PIE



CORNING, NEW YORK This town blows

POPULATION: 10,842
STORY: The little town with a heart of molten glass is the third-largest tourist attraction in New York, trailing only Manhattan and Niagara Falls. Founded in 1868, the Corning empire was built on lightbulbs, unmeltable cookware and the odd rectal thermometer.



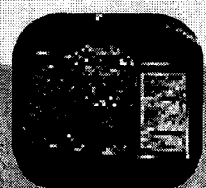
HERSHEY, PENNSYLVANIA Candyland

POPULATION: 12,771
STORY: Milton Hershey squeezed out his first chocolate Kisses here in 1907. Warning to vacationers looking for Mr. Goodbar: The highways to Hershey can get crowded these days—the eponymous park is the most visited corporate attraction in the United States.



MOLINE, ILLINOIS Children of the corn

POPULATION: 43,768
STORY: John Deere's jolly green farm implements have been ravaging the back 40 since 1848. Introduced in 1923, Deere's two-cylinder Model D enjoyed a 30-year production run, during which it plowed more acreage than Tommy Lee.



Smithfield, Virginia Hog butcher to the world

POPULATION: 6,324
STORY: This town's days of swine and roses began with the founding of Smithfield Packaging plant, in 1936. This past March the world's largest pork producer sponsored a record-setting 2,200-pound ham biscuit. Oprah wept.



Dodgeville, Wisconsin Ain't no half-preppin'

POPULATION: 4,220
STORY: A dinky sailing-garb business called Lands' End arrived in 1978 and now employs more people—4,354—than live in the town. The company is one of the world's largest purveyors of polos, chinos and other Spanish-sounding duds.

of Human Services in Bentonville, administrator Preston Haley appears so nervous to be asked about anything as unpleasant as poverty in Wal-Mart's backyard—his Adam's apple



COMPLETE WITH DOG SMELL: SAM WALTON'S PICKUP, ON DISPLAY AT THE WAL-MART MUSEUM.

bouncing off the tightly buttoned collar of his lilac dress shirt—that his Southern politeness fails him. "I can't say anything to you at all!" he cries, showing me to the door. The agency representative in Little Rock, Arkansas's capital, is no more helpful. "We really aren't interested in commenting," she tells me.

"What do you mean?" I ask. "You're a public agency, and I'm asking about the work you do with taxpayer money."

"We're not interested in commenting," she says again and ends the call.



On Sunday morning *nobody* is out and about between 9 and 11 A.M. I visit as many churches as possible during the two hours they're all open for business but cover just a fraction. Traffic is no problem, yet I feel as though there are twice the 38 churches listed in the yellow pages. Some are tucked into old stores in strip malls; others stand in converted houses in residential neighborhoods.

It's often said that Sunday morning from 11 to noon is the most segregated hour in America, and that means by

class as well as by race. In Bentonville, as in many parts of the South, the churches part along class lines. Many of the enormous, opulent churches started appearing in Bentonville—along with Porsche Carreras, Lincoln Navigators and million-dollar mansions—after Walton died in 1992. "When Sam was alive, you never saw a foreign car or an ostentatious American car," says Kent Marts, a down-to-earth local who, uniquely, has managed to display not a trace of Wal-Mart boosterism. Marts has given 17 of his 40 years to *The Benton County Daily Record* and is now its editor in chief. "He wouldn't have stood for his own people showing off that way, and he wouldn't have the vendors here in town."

After Walton died, Wal-Mart executives felt freer to flaunt their wealth. And vendors, tired of the endless trips to Bentonville as well as the Super 8 and Quality Inn accommodations, started to set up satellite offices right under the late patriarch's nose. As I drive up and down Walton Boulevard, I

count them: Catalina Sportswear, Fruit of the Loom, Random House Children's Books and hundreds of others. Lined up in identical cubicles, many with their wares displayed

in mock-ups of Wal-Mart shelves, vendors await their audience with the Wal-Mart buyer corps.

This blossoming of new money helps explain the area's vast assortment of churches. What locals sometimes call the Amen Corner—the junction of 26th Street and New Hope Road in nearby Rogers—has four churches staring at one another, each as grand as the Supreme Court building. The congregations keep splintering over how plain or fancy their worship should be. "These big show-and-tell churches are the vendors'," someone from a smaller church tells me. "They're the country club of years gone by."

The service at the gigantic, neo-classical First Baptist, off the town square—among the most resplendent of Bentonville churches—resembles a motivational seminar at, say, the Los Angeles Convention Center. The sanctuary is vast, balconied and semicircular, and sitting in back I can barely see Rev. Phillip Smith, a youngish man with Trent Lott hair, without the help of the two enormous projection TV screens that loom overhead, beaming his image

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WAL-TO-WAL NUMBERS

Pet food, clothing, CDs, groceries—Wal-Mart dominates every market it enters

HOW BIG IS BIG?

★ Wal-Mart serves an average of 18,700-454 customers a day—6.5% of the population of the United States, or slightly less than that of New York state.

★ Wal-Mart generates an average of 2,670 miles of register tape each day—enough to reach from Manhattan to Las Vegas.

★ On November 29, 2002 (the Friday after Thanksgiving) Wal-Mart's total sales were \$1.42 BILLION—more than the annual operating budget of the city of Phoenix.

★ In 2002 Wal-Mart expects to see an increase in revenue of \$25 BILLION, that's more than twice the annual sales of such mom-and-pop outfits as Nike, Toys R Us and Gillette.

★ Wal-Mart's stores consumed 7.8 MEGAWATT HOURS of energy in 2001, nearly twice the amount of juice generated each year by Hoover Dam.

★ Wal-Mart's 2002 revenue was \$245 BILLION, an amount equal to that of IBM, Hewlett-Packard, AOL-Time Warner, Dell, and Microsoft—combined.

HOW MANY, HOW MUCH

★ Major magazine newsstand sales exceeded \$3 BILLION in 2002, Wal-Mart accounted for about 10% of the total.

★ Wal-Mart sold 64 MILLION books last year, or 4% of the 1.6 BILLION books sold in the United States. The relatively low percentage belies the chain's influence: A typical Barnes & Noble stocks at least 60,000 titles, while most Wal-Mart stores carry just 600.

★ Video sales in the U.S. topped \$12.2 BILLION in 2002. Wal-

Mart's share of that revenue was 21%, but the percentage of units it moved was higher—about 24% of the 835 MILLION movies sold nationwide—because of Wal-Mart's cinema pricing.

★ Wal-Mart sold 15% to 20% of the 640.5 MILLION CDs and musical albums that Americans bought in 2002.

★ Wal-Mart began selling groceries in 1988 and is now the largest grocer in the U.S., with annual revenue of more than \$72 BILLION and a market share approaching 15%.

BENTONVILLE

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The Wal-Mart formula? Pay less and charge less. Make up for tiny profit margins by getting huge.

to the faithful. This is New Bentonville: The congregation, sleek and coiffed, in golf shirts and pastel dresses, listens quietly as if watching a movie and stands primly to join hymns when called.

At the Freewill Baptist Church, built into the front of an old single-story house on Southeast J Street, I finally find black culture, though every face is white. These folks, I'm told, are Old Bentonville, the people who enjoyed Mr. Sam when he was alive but who now feel pushed around and looked down upon by the unshackled vendor-and-executive brigade. They are stomping their feet, swaying as they sing and shouting down the preacher with hearty cries of "Yes, Lord!" A woman who must be 80, with a shriveled face, cottony white hair and an incongruously terrific figure, belts out—a capella—a rousing rendition of "God Will Wipe Every Tear From My Eye."

Bart Bauer moved here from Michigan three years ago to develop real estate—he tells me he won't build anything that sells for less than \$135,000—and business is booming. "I've got to be the luckiest guy in the world," he sings. He's already built hundreds of houses, some as expensive as \$400,000, and expects to build about 2,000 more before he's done. The result can be seen in endless plains of huge spanking-new houses that look as if they don't weigh very much, each covering its entire yard. From a short distance the area looks less like a neighborhood than a kind of monster-home sales lot where you'd buy a house to be delivered elsewhere. And just when you think such opulence will go on forever, you cross an invisible line, and suddenly you're looking at double-wides and clapboard houses with sagging porches and dead refrigerators in front yards—Old Bentonville.

"People from New York City or Chicago don't want to come and live in Bentonville, Arkansas," says Marts of the *Daily Record*. "They expect *Deliverance*. So the people here demand a lot of money. It's changed the town. About five years ago my own kids started asking, 'How come we don't go skiing every winter? How come we don't go to Disney World every year?'"

THE DOWNWARD SPIRAL

To young Sam Walton retailing was more than a job, it was a calling—divining people's desires, buying wisely, pricing with precision and displaying prod-

ucts with flair—as high and noble as any. When he opened his Bentonville five-and-dime, Sears, JCPenney and Montgomery Ward stood astride the retail world as giants. Their stores, sensibly, were set down where people were concentrated, in the cities and suburbs. That's where Walton longed to be.

Nobody will ever know if Walton latched on to the ideal of small-town America to make the best of a bad situation, out of a genuine love for the down-home life, as a marketing ploy or through some combination thereof. At the time, Korvettes, Kresge and a few other chains were toying with something new, called discounting—buying up seconds, irregulars and discontinued products and selling them cheaply—and Walton began thinking about enlivening his exile by building a business on the basis of low prices. In 1962 he opened the first store, called Wal-Mart Discount City—"We sell for less"—on a broad avenue outside Bentonville that had plenty of parking spaces. In its first year it tripled the earnings of his downtown Ben Franklin five-and-dime.

Walton elevated his apparent geographical disadvantage to a sacred mission. He talked of the "right" of his rural brethren to enjoy the same low prices and wide selection as city people. He proclaimed his mission to bring a "higher quality of life" to rural America. He promised to expand in the countryside his giant urban competitors overlooked.

This commitment to a rural strategy is the moment from which all Wal-Mart history flows. Going rural gave Walton three hard-nosed advantages: It let him buy cheaper land than was available in urban centers. He could get away with paying as little as 60 cents an hour—about half the 1962 federal minimum wage—because of a legal loophole and because work was scarce in rural America, where family farms had been disappearing for decades. And he remained invisible to his urban competitors. By the time the oil-shock inflation and recession of the early 1970s hit, Wal-Mart had 104 stores hidden from competitors' sight along the byways of the South and Midwest and was positioned to make a killing. In 1974, when city stores were cutting one another's throats, Wal-Mart sales rose 41 percent because its everyday low prices were what inflation-harried Americans wanted. From there, Mr. Sam never looked back.

A company map at Wal-Mart head-

quarters looks, at first glance, like an array of missile sites. Small rings of stores are spread across the vast empty center of the country, even in places such as the Wyoming-Nebraska border, where you wouldn't expect 300 customers. And big rings of stores surround cities at a range of roughly 10 to 40 miles—in outer rather than inner suburbs, usually. Wal-Mart has few stores in big cities and, a representative is careful to point out, none in the five boroughs of New York.

Eighty years ago Henry Ford—the exemplar of early 20th century business innovation—famously paid his assembly-line workers enough to afford the expensive products they made. It was an upward-reaching spiral that helped transform America. Higher wages drove demand for higher-priced goods. As the 21st century begins, we are seeing a reversal of this trend. The formula with which Wal-Mart is conquering the world calls for a spiral toward the bottom: Pay people less and charge them less, keep the whole operation at the nickel-and-dime level, and make up for tiny profit margins by becoming gigantic.

For the company and its shareholders, the strategy has paid off. Wal-Mart's stock has split 11 times since the company went public in 1970 and has appreciated almost 16 percent annually for the past five years. For a part-time employee like Alice, the equation looks like this: Thirty-eight hours with no overtime means she brings home \$317.30 a week before taxes, and she's still able to rent a two-bedroom apartment near her work. If she wants to buy a house, though, which in Bentonville starts at about \$75,000, she has to come up with almost \$4,000 cash and more than \$400 a month. "You need two incomes, really, to get into this market," says Roger Wingert, a local real estate agent. "It's sad. A lot of people don't make it." So Alice's best bet is to try to buy a share or two of company stock out of her tiny paycheck—and do as much of her buying as possible at the company store, because that's where the prices are lowest.

Being part of the biggest and fastest-growing company that ever existed counts for something, though. Wal-Mart's tiny-profit-margin strategy requires it to grow obsessively: The bigger it gets, the cheaper it can buy products, and the lower it can set its prices, the bigger it gets. The company churns out breathlessly expansive news to its employees: more sales targets reached, more stores opened, more countries entered. Americans like a winner, and Wal-Mart kicks ass at everything it does. It's the ultimate rising tide, and being a small boat upon it doubtless feels a lot better than tearing feathers off dead chickens.

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THE WHOLE GAME

Think about this: If Alice and the rest of Wal-Mart's 1.4 million employees demanded and got even a tiny increase in wages, the cumulative hit could be big enough to force the company to raise prices, shaving its advantage and potentially unraveling its entire "We sell for less" formula. So Wal-Mart must constantly market itself to its employees to retain their goodwill (every morning you can hear them: "Give me a W! Give me an A! Give me an L!"), and it does this with the same skill it brings to everything else. Alice can buy stock without paying commissions, a benefit offered to employees of many corporations, but she's come to believe that it's akin to a miracle; while store workers can rarely buy enough to achieve real security, there is the dream: Anyone who bought 10 Wal-Mart shares in 1970 owns stock worth \$1.2 million today.

Wal-Mart appeals to its workers' loyalties with policies that are seemingly unrelated to wages and benefits. First among them is a commitment to live on as tight a budget as any of the company's store employees. The top offices of the world's largest corporation are situated not in a New York City office tower but in a cheaply remodeled warehouse on Bentonville's Walton Boulevard. The main lobby is as dreary as an unemployment office: rows of plastic chairs, a Formica reception counter, gray linoleum floors, a Pepsi machine and a box where employees can rest worn-out American flags from their homes and car aerials "to be respectfully retired." Posters of a glowering eagle representing freedom are taped to the walls, and fliers invite all comers to a Wal-Mart-sponsored "patriotic music festival" with "over 1,000 flags and balloons, a special salute to all our

veterans and those currently serving in the armed forces."

Wal-Mart doesn't care if you're the top sales executive of Procter & Gamble: This cavern is where you wait until the executive you're meeting—who is invariably dressed in the chinos and sport shirts sold off Wal-Mart racks—shuffles down the corridor to get you.

Beyond the lobby is a long hallway of supplier rooms, where some of the biggest and most important deals in modern retailing are struck. If you were to fire a revolver at a police officer you'd be interrogated in a nicer setting. Each room is a booth just big enough for a Formica counter and four vinyl chairs, open to plain view through a glass wall. In each, under a frowning photo of Mr. Sam and his stern warning against offering gifts to buyers, people huddle over paperwork, examining lineups of fuzzy slippers, a stack of bar soap or a pile of brassieres on the counter between them.

Wal-Mart's headquarters are so breath-takingly ugly, so studiously low-rent, that saving money can't be the entire motive for it. The message to employees is: You live on a budget, and so do we. Talk to any Wal-Mart employee long enough and you'll hear about the old dog-scented pickup truck Sam Walton drove to the end, even when he was one of the world's richest men. The truck is the centerpiece of the Wal-Mart museum, and for good reason: It establishes Mr. Sam, and by extension his company, as having no personal interest in finery or anything besides his mission of delivering goods to working people at the lowest possible price.

Chief executive officer Lee Scott earned \$18 million last year (twice that the year before), but employees won't see his home in *Architectural Digest*. What they see is boxes of goods from the warehouse all emblazoned RETURN FOR CREDIT. EACH BOX COSTS THE COMPANY AN AVERAGE 75

CENTS. How can you ask for a raise from a company that thrifty? When employees do see Scott, it's usually in the stores, where, like the lowest grunt, he rolls up his sleeves to stock shelves or guide customers. Wal-Mart's top managers don't constantly roam as the regional vice presidents do, but they periodically show up unannounced in stores to ask questions and help out, just as Walton did. Wal-Mart buyers, with the power to make or break a brand, are royalty to consumer-products companies, but most qualify for the job only after serving six months on the floor of a store. Every few months they go back for a three-day refresher, stocking shelves and running registers.

Again and again the company goes out of its way to declare itself on the side of decent, ordinary, unsophisticated Americans who city folk just don't get. It has a policy of allowing people who roam the country in recreational vehicles to camp overnight, free, in any store parking lot, and it sometimes sends employees out with coffee in the morning. It lets retirees who like to hang out in the store run no-stakes bingo games in the aisles at night, and it sometimes donates inexpensive items such as paper towels as prizes.

"Wal-Mart is a cultural thing," says Richard Kochersperger, who teaches marketing at Saint Joseph's University in Philadelphia. "Scott was tutored and mentored by former chief executive officer David Glass, who was tutored and mentored by Mr. Sam himself. What's amazing is that so far they've been able to replicate that culture in 3,000 stores and among 1.4 million employees. That's the whole game."

ENTER THE PRINCE OF DARKNESS

Two stools down at the Ruby Tuesdays bar, a man introduces himself as Tony and says he moved here from Virginia a year ago. Not for a fancy job—"I'm just a janitor," he says happily, over the din—but for the sake of his church, the Word of Life Fellowship, out on Highway 102. Why he chose Bentonville is the logical next question, and hearing it he leans close and stage-whispers, "To fight Satan."

Tony is about 40, with shiny black hair, rapturous eyes and a brilliant white smile. "Ever wonder why the most powerful economic entity in the country is right here in the most religious spot in the country?" he asks me, signaling for another Coke. "Satan is a mimicker. God is here, so Satan is here. Wal-Mart started out good, selling things cheap to people who didn't have a lot of money. But that's how Satan works," Tony says conspiratorially. "He starts out good, but it's a deception, always. Wherever God lays down his power base, Satan mimics him. This is the capital of the good, so Wal-Mart started out good. The reason the religious right is here in Bentonville is that it's holding off Wal-Mart. This is the power center. This is where the final bat-

tle is shaping up. Bentonville is five years behind the satanic curve."

"Meaning what?" I ask. "The final battle is five years away?"

Tony just lifts his eyebrows meaningfully. He will be drawn out no further. Instead, he begins the windup to a full-blown pitch. He wants me to renounce that beer in front of me and all it represents and join the struggle.

In the next few days I run his theory by some locals—the waitress at Maude Ethel's Family Restaurant, the young cashier at the Panda Chinese Restaurant and Ned, a self-described redneck, buying Mountain Dew at the 6-12 Convenience Store off Highway 62. None dismiss it. "I've thought that too," Ned says judiciously. "Doesn't seem a coincidence you have so much religion and so much money in the same little place. It isn't something I like to think about too much, to tell you the truth."

Wal-Mart cultivates the loyalty of its rural, largely female workforce by taking the side of the strict parent when it comes to the magazines, music and movies it sells. It won't sell CDs with parental-warning stickers on them, the company says, "after listening to our customers and associates" (*associates* being Walton-speak for "employees"). The stores dropped *Maxim* and *FHM* from their lucrative newsstands and this spring began covering up *Cosmopolitan*, *Glamour*, *Marie Claire* and *Redbook* and placing them in special racks "to accommodate those customers who are uncomfortable with the language on some of the magazine covers," a company representative says.

The First Amendment prevents censorship by the government, but Wal-Mart is now so huge that its perfectly legal corporate policies can hinder freedom of choice. In communities where Wal-Mart replaces independent bookstores and record shops, only music, films and literature that has been pre-approved by Wal-Mart's executives will be available to consumers.

"The distinction between public and private is not as distinct as it once was, especially when you consider companies as big as Wal-Mart," says University of South Carolina sociologist Mathieu Deflem, who studies the effects of corporate policies on society. "Wal-Mart has huge public relevance, and its actions affect society on a huge scale. The Constitution doesn't allow for this. It was written in very different times."

The counterculture loves to vilify Wal-Mart's minions as "self-appointed moral guardians of the Christian Coalition," and Wal-Mart doesn't take any pains to disabuse them of that notion. I suspect that, like the exhortation to save boxes for 75 cents' credit, Wal-Mart's ostentatious piety is for the benefit of its vast rural workforce as much as for its customers. Dressing up an enormous, aggressively anti-union corporate entity as

a devout, culturally strict, frugal country store run by a single glad-handing ghost, with the possibility of a better life someday thrown in—could that be what keeps an employee like Alice cheerful while on her knees with the Woolite?

PUNKS ON CAPITALISM

Bentonville has no local hangouts. Someone throws a switch at nightfall, and downtown goes dark. If you want a beer after work you go out to the strip, where chain restaurants rise from the asphalt like neon petit fours. At the Chili's bar sits a young guy who appears to be a full-on punk, from his nasty little goatee and black T-shirt to the red-and-green tattoo of a Japanese-style fish snaking down his arm. His name is Tony Diaz, and remarkably, he was a Wal-Mart toy buyer before leaving for San Diego to become a freelance toy developer. He's back in town to see his old colleagues and friends.

Diaz says he was aware the minute he started at Wal-Mart that he didn't fit in. "When you first start working there you wonder, Is this a cult or something? Because it's like everybody loves the place," he says. But even he was drawn in and now loves working with Wal-Mart above all other toy sellers. "Buyers at other companies always want to be wined and dined. They want a weekend at this golf resort or tickets to this ball game," he says. "Wal-Mart says, 'We don't need any of that crap. Just give us the lowest price you can sustain every day.' You can't buy a cup of coffee for a Wal-Mart buyer, and they take that shit seriously."

The breathtaking efficiency of Wal-Mart is the workingman's friend, he says. "A guy gets off work and has to go *here* to get his hardware and *here* to get his clothes and *here* to buy his groceries," he says loudly. "He has to spend all that time, or he can go to Wal-Mart and he ends up paying less." As for the local hardware stores, haberdashers and grocers forced out of business by Wal-Mart's

buying power, Diaz has no sympathy. "Consumers vote for what they want," he says. "The very essence of this country is capitalism, and if you don't like it, find someplace else to live." He lays a few bills on the bar and stands up. "My grandfather owns a chain of plumbing-supply stores on the East Coast," he adds quietly. "And he used to ask me, 'How can you work for those bastards?'"

Wal-Mart has never been able to square its professed Main Street values—the greeters at store doors, the flag-waving patriotism—with the uncomfortable fact that it's bad news for Main Street wherever it goes. An Iowa State University professor who studied Wal-Mart's impact on his state in the 10 years after it first appeared in 1983 quantified what downtown and buy-local activists have long asserted: Wal-Mart kills off mom-and-pop stores. Who can compete with a company that buys items by the trainload? In Iowa hundreds of clothing, hardware, grocery and shoe stores have been hurt or wiped out, with hundreds of millions of dollars going instead to Wal-Mart.

Bentonville is getting a taste of its own medicine. Several storefronts are vacant, and some shops are teetering. A lovely coffee shop within walking distance of the courthouse, with easy chairs around a fireplace and a cappuccino maker as big as a locomotive, is failing. "Everything's moved out to the strip," owner Pam Darst says with obvious bitterness. "If the local people don't want us, fine." The independent bookstore on the square is in its final days as well. "No other way to say it: Big-box killed us," says the manager, who, when she sees my notebook, suggests with a wry smile that I speak to the store's owner. That would be Lynne Walton, daughter-in-law of Sam, put out of business by the phenomenon her father pioneered. (She did not return my calls.)

At the Bentonville chamber of commerce, which ostensibly represents the town's small businesses as well as the big,

economic development director Rich Davis asserts that downtowns killed off by Wal-Mart "were dead already—they just didn't know it." Family-owned businesses don't want to compete, in Davis's opinion. "If you're open only Monday through Friday from eight to five, what happens at night or on the weekends in our consumer-driven society?"

Sleep, I suggest, or recreation. Visit friends. Relax. Davis grimaces. He brandishes data showing that while a new Wal-Mart may finish off downtown dinosaurs, it's a magnet for "restaurants, convenience stores, 24-hour activity." Sales-tax revenue—"aggregate business activity"—often goes up, he says, not down, when a Wal-Mart comes to town.

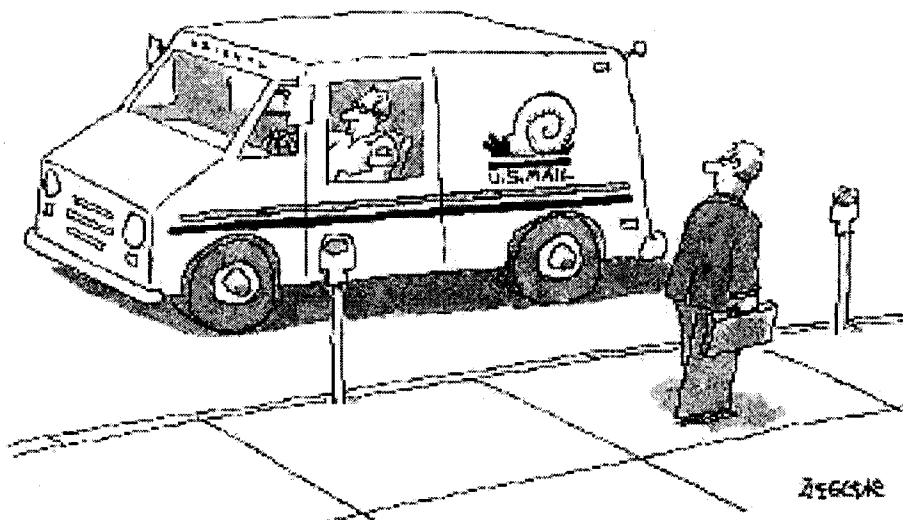
I go looking for aggregate business activity in Bentonville. As might be expected, it's out on the strip, clustered around a Wal-Mart Supercenter the size of the Pentagon. What survives on this airport-size slab of asphalt is businesses that don't (yet) compete with Wal-Mart: Benton House Carpet, Perfect Tan, pawnshops, radiator shops, an auto-parts store. I looked forward to finding a down-home barbecue shack or one of those good Southern restaurants serving black-eyed peas, collards and sweet-potato pie. But every time I ask a local for a recommendation I get steered out here to Chili's, Applebee's or one of the other national chains on vast pools of blacktop parking lots.

"I don't cry over mom-and-pop businesses that have to close because a Wal-Mart moves in," says a graveyard-shift greeter at one of the 24-hour Wal-Marts I stopped at on my way from the airport. He's a retired civil servant, as perky at one A.M. as a bandleader on speed. "Compete is what I say. Do it better," he says. "If you offer a good product at a fair price and take care of your customers, you'll succeed. You can do this. Mr. Sam did it."

WHY GO ANYWHERE ELSE?

Wal-Mart has only begun to transform our lives. The company continues to grow like kudzu, opening, on average, a store a day somewhere in the world. (*Store* isn't an adequate word: The average Wal-Mart Supercenter occupies almost four acres of floor space plus roughly three or four times more in parking.) Today Wal-Mart has conquered Mexico, Puerto Rico, Canada, Argentina, Brazil, China, Korea, the U.K. and Germany—tomorrow the world. Leading retail trade journal *Retail Merchandiser* effectively threw in the towel on behalf of other retailers, declaring on its May cover, IT'S WAL-MART'S WORLD.

Signs in the stores ask incessantly, WHY GO ANYWHERE ELSE?, which raises the possibility that someday there may not be anywhere else, that Wal-Mart will have conquered every category of commerce and be the everything company. This year Wal-Mart was *Fortune* magazine's number one choice for America's



Most Admired company for its remarkable skill at logistics, computerization and marketing. But its greatest achievement has been convincing hundreds of thousands of low-wage workers that the world's biggest corporation is really just a big old country store that feels their pain and shares their values.

How long Wal-Mart can keep this up is the question. As much as Sam Walton's practices have changed the modern world, the modern world has changed Bentonville and, perhaps by extension, the company that strives so hard to identify itself with it. Benton County is the third-fastest-growing county in the United States, according to the local chamber of commerce. There's no telling how all those city people pouring in, with their enormous salaries and bloated housing allowances, will corrupt Wal-Mart's small-town values from within. Could it be that the seeds of Wal-Mart's downfall are buried in the flower of its success?



In the men's department of the Bentonville Wal-Mart I find Bugle Boy shorts from China, Wrangler soccer shorts from Bangladesh, Puritan sleep sets from El Salvador and golf shirts from Israel, all at incredibly attractive prices. There are Simply Basic shorts from Mexico and Simply Basic golf shirts from Honduras, Hanes boxers from the Dominican Republic, Snoopy running shorts from Cambodia, Racing Champion jackets from Macao and a Team Starter Arkansas Hogs T-shirt with a label that, hanging in a Wal-Mart in Bentonville, Arkansas, makes my head swim: *HECHO EN PAKISTAN*.

Offering the lowest-priced goods from all these nations where workers' rights are often a joke, Wal-Mart must always be on guard to avoid doing business with sweatshops, child-labor mills and other purveyors of misery in global production. In fact, when I ask Wal-Mart representative Tom Williams about the issue, I expect the whole we-have-rules-and-monitors spiel, but to his credit he merely lowers his eyes and says, "The sweatshop issue is really touchy for us."

On my way out of the store I find a rack of Faded Glory short-sleeve shirts from India that are somehow selling for \$7.36 each. It's almost impossible to believe. For less than \$8 a shirt, people grew the cotton, spun it into cloth, dyed it, designed the shirt, cut the cloth, sewed the shirt, added the buttons, printed the labels, shipped the shirts to the U.S., distributed them to some 3,000 stores and put them on display. Like Alice, these people are dependent on Wal-Mart and its policies and practices, and I try to imagine how much they could possibly earn for their labor. Then I notice that, hey, these are really nice colors, and they're only \$7.36.

I buy four of them.

