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OP-ED CONTRIBUTOR

## Don't Blame Wal-Mart

By **ROBERT B. REICH**

**B**erkeley, Calif. — BOWING to intense pressure from neighborhood and labor groups, a real estate developer has just given up plans to include a Wal-Mart store in a mall in Queens, thereby blocking Wal-Mart's plan to open its first store in New York City. In the eyes of Wal-Mart's detractors, the Arkansas-based chain embodies the worst kind of economic exploitation: it pays its 1.2 million American workers an average of only \$9.68 an hour, doesn't provide most of them with health insurance, keeps out unions, has a checkered history on labor law and turns main streets into ghost towns by sucking business away from small retailers.

But isn't Wal-Mart really being punished for our sins? After all, it's not as if Wal-Mart's founder, Sam Walton, and his successors created the world's largest retailer by putting a gun to our heads and forcing us to shop there.

Instead, Wal-Mart has lured customers with low prices. "We expect our suppliers to drive the costs out of the supply chain," a spokeswoman for Wal-Mart said. "It's good for us and good for them."

Wal-Mart may have perfected this technique, but you can find it almost everywhere these days. Corporations are in fierce competition to get and keep customers, so they pass the bulk of their cost cuts through to consumers as lower prices. Products are manufactured in China at a fraction of the cost of making them here, and American consumers get great deals. Back-office work, along with computer programming and data crunching, is "offshored" to India, so our dollars go even further.

Meanwhile, many of us pressure companies to give us even better bargains. I look on the Internet to find the lowest price I can and buy airline tickets, books, merchandise from just about anywhere with a click of a mouse. Don't you?

The fact is, today's economy offers us a Faustian bargain: it can give consumers deals largely because it hammers workers and communities.

We can blame big corporations, but we're mostly making this bargain with ourselves. The easier it is for us to get great deals, the stronger the downward pressure on wages and benefits. Last year, the real wages of hourly workers, who make up about 80 percent of the work force, actually dropped for the first time in more than a decade; hourly workers' health and pension benefits are in free fall. The easier it is for us to find better professional services, the harder professionals have to hustle to attract and keep clients. The more efficiently we can summon products from anywhere on the globe, the more stress we put on our own communities.

But you and I aren't just consumers. We're also workers and citizens. How do we strike the right balance? To claim that people shouldn't have access to Wal-Mart or to cut-rate airfares or services from India or to Internet shopping, because these somehow reduce their quality of life, is paternalistic tripe. No one is a better judge of what people want than they themselves.

The problem is, the choices we make in the market don't fully reflect our values as workers or as citizens. I didn't want our community bookstore in Cambridge, Mass., to close (as it did last fall) yet I still bought lots of books from [Amazon.com](http://Amazon.com). In addition, we may not see the larger bargain when our own job or community isn't directly at stake. I don't like what's happening to airline workers, but I still try for the cheapest fare I can get.

The only way for the workers or citizens in us to trump the consumers in us is through laws and regulations that make our purchases a social choice as well as a personal one. A requirement that companies with more than 50 employees offer their workers affordable health insurance, for example, might increase slightly the price of their goods and services. My inner consumer won't like that very much, but the worker in me thinks it a fair price to pay. Same with an increase in the minimum wage or a change in labor laws making it easier for employees to organize and negotiate better terms.

I wouldn't go so far as to re-regulate the airline industry or hobble free trade with China and India - that would cost me as a consumer far too much - but I'd like the government to offer wage insurance to ease the pain of sudden losses of pay. And I'd support labor standards that make trade agreements a bit more fair.

These provisions might end up costing me some money, but the citizen in me thinks they are worth the price. You might think differently, but as a nation we aren't even having this sort of discussion. Instead, our debates about economic change take place between two warring camps: those who want the best consumer deals, and those who want to preserve jobs and communities much as they are. Instead of finding ways to soften the blows, compensate the losers or slow the pace of change - so the consumers in us can enjoy lower prices and better products without wreaking too much damage on us in our role as workers and citizens - we go to battle.

I don't know if Wal-Mart will ever make it into New York City. I do know that New Yorkers, like most other Americans, want the great deals that can be had in a rapidly globalizing high-tech economy. Yet the prices on sales tags don't reflect the full prices we have to pay as workers and citizens. A sensible public debate would focus on how to make that total price as low as possible.

*Robert B. Reich, the author of "Reason: Why Liberals Will Win the Battle for America," was secretary of labor from 1993 to 1997.*