

February 3, 2008

Wal-Mart: The New Washington

By [MICHAEL BARBARO](#)

OBAMA, Clinton, McCain, Romney ... [Wal-Mart?](#)

The nation's largest private employer sure sounds like it's running for president these days.

It's making sweeping commitments to reduce America's energy use and improve its health care system. It's obsessively polling voters, boasting of a higher favorability rating than Congress. It's even touting an "economic [stimulus plan](#) for American shoppers" in the form of steep price cuts made last week. (Four 12-packs of [Pepsi](#)? \$10.)

That last one may be slightly tongue in cheek — even discount retailers have a sense of humor — but the bigger message is not: after years of running afoul of the United States government on labor and environmental issues, Wal-Mart now aspires to be like the government, bursting through political logjams and offering big-picture solutions to intractable problems.

As the federal government debates how to wean the country from its addiction to oil, Wal-Mart just announced it would require suppliers to make major appliances that use 25 percent less energy within the next three years.

While Congress wrings its hands over higher health care costs, Wal-Mart vowed to save companies \$100 million this year by processing their prescription drug claims. (It already sells generic versions of prescription drugs for just \$4, well below the national average.)

Sounding like a politician, the chief executive of Wal-Mart, H. Lee Scott Jr., said in an address to employees two weeks ago, "We live in a time when people are losing confidence in the ability of government to solve problems." But Wal-Mart, he said, "does not wait for someone else to solve problems."

In Wal-Mart we trust? After years of criticism that it was a poor corporate citizen and miserly employer, maybe.

The company's transformation from a laggard to a leader on issues like health care and the environment can arguably be traced to two epiphanies. The first was that a wave of negative publicity threatened to alienate consumers and block the opening of new stores.

For decades, Wal-Mart was associated with low wages, skimpy [health insurance](#) coverage and poor treatment of workers — and not without reason. An internal memorandum in 2005 showed that though Wal-Mart earned \$10 billion a year, 46 percent of its workers' children were uninsured or on [Medicaid](#).

(There is even progress on that front: a new, more affordable Wal-Mart health plan has persuaded half of its 1.4 million workers to sign up for coverage in 2008, up from 45 percent several years ago.)

The second epiphany? Wal-Mart, the nation's largest retailer, discovered that doing good was, in fact, good for business. That was the lesson of [Hurricane Katrina](#). Wal-Mart's rapid response — truckloads of water and food, much of it reaching residents before federal supplies — won it widespread admiration.

All of this encouraged Wal-Mart to think bigger. If the company was such an effective problem solver — more effective, at times, than the federal government — why not tackle the big issues of the day?

“With their unique combination of scale and speed they are able to leave any government agency in the dust,” said Amory Lovins, chairman and chief scientist at the Rocky Mountain Institute, an energy research group.

Certainly, Wal-Mart's efforts are savvy business decisions with a profit motive — it's making money on the health care services it markets and green products it sells, for instance. But that is not considered such a bad thing.

“You wouldn't expect that Wal-Mart's business objectives are perfectly coincident with what the government should do,” Mr. Lovins said, “but there are large areas of overlap.”

In some ways, Wal-Mart has begun to assume a role once played by [General Motors](#), whose large size, healthy profits and corporate generosity inspired the slogan, “What's good for General Motors is good for America.”

“Wal-Mart is trying to assume the responsibility that their size confers on them,” said Len Nichols, health economist at the New America Foundation, which supports universal health coverage. “It's a challenge to the government to step up to the plate.”

Not everyone, however, is convinced that what's good for Wal-Mart is good for America. Critics still contend that, because of its enormous size, the retailer's low-price business model has depressed wages and exported manufacturing jobs overseas, hurting Americans as much as helping them.

Even some of those who applaud Wal-Mart's progress say it is not enough, particularly in employee health care. "They have taken the first steps, but they are nowhere near the finish line," said Andrew L. Stern, president of the [Service Employees International Union](#).

Still, it's hard to argue with results. Take the case of electricity-sipping compact fluorescent light bulbs. Since Wal-Mart began heavily marketing them two years ago, it has sold 145 million bulbs, saving enough electricity, it says, to forestall the need for three coal-fired power plants in the United States.

No wonder, then, that the giant company now sees itself — and at times talks about itself — as if it were a government. Last week, when it announced price cuts on a range of products, it playfully likened the plan to Congress's latest economic stimulus package. Then there are those polling numbers.

In a recent presentation to Wal-Mart store managers, Wal-Mart's executive vice president for corporate affairs, Leslie Dach, explained that 90 percent of Americans shop at Wal-Mart and that, among them, Wal-Mart's "favorability ratings" are 91 percent.

He attributed those numbers, in part, to progress on big issues like health care and environmental sustainability. "Any politician in America would trade their soul for these numbers," he said.

Again inviting comparisons to the government, Mr. Dach added that the President Bush's approval rating is 35 percent and Congress's 25 percent.

"As they see their elected leaders doing less to solve problems they care about," said Mr. Dach, "people are looking to businesses to step up."

Wal-Mart's next big challenge? Finding a running mate.

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