



Written by [Bob Adelman](#) on July 11, 2013

## Walmart Shrugs: Pulls Plans to Build Stores in Washington, D.C.

Writing in the *Washington Post* [on Tuesday](#), Walmart's regional general manager Alex Barron told Washington, D.C.'s city council that if they voted to pass the [Large Retailer Accountability Act](#) (LRAA), his company would "not pursue [building] stores at Skyland, Capitol Gateway or New York Avenue" shopping centers, and they would "thoroughly review" their interest in completing three other stores near completion elsewhere in the district.



The LRAA was dreamed up by council member Vincent Orange, chairman of the Business, Consumer and Regulatory Affairs Committee and first introduced earlier this year by council member Phil Mendelson. In its original form, it called for large retailers (such as Walmart) to pay a minimum "living" wage of \$11.75 an hour to its employees, instead of the district's current minimum wage of \$8.25 an hour. It was designed to target Walmart, but it was later revised to mandate a \$12.50 an hour minimum wage and would apply to any retail outlet affiliated with a parent company with annual revenues of \$1 billion or more. That would then impact other retailers, such as Target, Nike, Apple, Costco, Macy's, and Home Depot, as well. The new rule would apply to existing retailers already in place within two years.

Said Barron:

For almost three years, Wal-Mart has worked on a plan to bring new stores to Washington, and we are close to opening our first location in the city....

In November 2010, Wal-Mart announced a plan to bring more jobs, shopping options and fresh food choices to Washington's residents. Just 12 months ago, we increased our investment — from four stores to six and from 1, 200 jobs to 1,800 — in an effort to expand access and opportunity to more under-served communities in the city.

The company invested heavily in promoting its plans, including an unprecedented Community Partnership Initiative, essentially a public service announcement that invited public feedback in response to its plans. It pointed out that Walmart was not accepting any tax incentives, was planning to stock products from local producers and allow space inside their stores for local retailers, and was creating a job-training program open to the city's residents. It also promised to support local non-profits with some of its revenues. As a result, a recent poll showed nearly three out of four residents favoring the additional investment in stores by Walmart in the D.C. area.

But, said Barron,

Despite the consensus ... about the economic value that our stores would bring, some members of the DC Council are advancing an eleventh-hour effort to try to undermine our efforts and change the way businesses like Wal-Mart must operate in the city.



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This legislation is arbitrary and discriminatory and ... it discourages investment in Washington... The LRAA would result in fewer jobs, higher prices and fewer total retail options [for consumers]... As a result, Wal-Mart will not pursue stores at Skyland, Capitol Gateway or New York Avenue if the LRAA is passed.

The next day the city council passed LRAA, 8-5. Council member Orange retorted: "Washington, DC, is the hottest market, not just for businesses but for residents, and they have a lot of disposable income. I believe businesses are going to come in and get this anyway."

This puts Mayor Vincent Gray in a bind. He has been actively promoting Walmart's investment into the district as part of his administration's economic development plan. He expressed great pleasure at Walmart's Community Partnership Initiative, saying, "This agreement represents an unprecedented citywide commitment from a retailer.... Wal-Mart is showing what it means to be a good corporate neighbor."

Gray is also running for reelection and needs votes, and passage of the LRAA leaves him with the option of vetoing the legislation and forcing the council to override it (it would take nine votes to do so), or let it ride, and let his administration's efforts go for naught.

One of the five council members who voted against the bill, Yvette Alexander, represents Ward 7 where two of Walmart's stores were slated to be built. She said she was "angry and upset" about the council's intransigence: "This means back to the drawing board for Ward 7.... This is going to just about ruin two major development plans [in my ward]."

Walmart's decision would also drastically impact at least one of the shopping centers where it would have been an anchor tenant, Skyland. [Said project developer Gary Rappaport](#): "If there's not a Wal-Mart in Skyland, then Skyland is not able to go forward."

LRAA is not only foolish economically but discriminatory as well. [As the blogger at Antiplanner noted](#): "Why is it that only employees of Wal-Mart [are targeted] and not employees of smaller retail shops, supermarkets, restaurants or other businesses?" In one phrase the blogger pointed out the economic foolishness of the LRAA and minimum wage laws in general: "Certainly \$12.50 an hour is more than \$8.25, but \$12.50 times zero jobs is a lot less than \$8.25 times 1,800 jobs."

Walmart has built itself into the world's largest retailer by serving customers. With gross revenues approaching half a trillion dollars annually and employing more than 2 million people worldwide, the company now has 8,500 stores in 15 countries. It scarcely needs to bother itself with self-serving, economically ignorant but politically correct politicians who seek their own ends at the expense of consumers. If Mayor Gray doesn't veto the measure (or if his veto is overridden by the D.C. council), Walmart will just shrug its shoulders and move on to other places where it can more freely serve its customers better.

Economist Mark Perry [noted](#) that the consumer rules, or should:

French economist Frederic Bastiat wrote almost two hundred years ago in the early 1800s that "It is necessary to view economics from the viewpoint of the consumer. All economic phenomena must be judged by the advantages and disadvantages they bring to the consumer."

If we apply that profound, timeless economic insight to the DC situation today and consider the significant economic benefits that six Wal-Mart stores will bring to inner-city DC residents (everyday low prices for groceries, clothing, household and other consumer goods, \$4 drug



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prescriptions, etc.), in addition to creating 1,800 new retail jobs and 600 construction jobs for workers, it would really be a politically-motivated “economic death wish” for the DC city council and mayor to drive Wal-Mart away from the District.

For Walmart such a decision would merely be an annoyance. For those consumers, however, that decision would mean higher prices, fewer jobs, and a generally poorer economy. These are economic principles that even city councils should not ignore.

*A graduate of Cornell University and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [www.LightFromTheRight.com](http://www.LightFromTheRight.com), primarily on economics and politics. He can be reached at [badelman@thenewamerican.com](mailto:badelman@thenewamerican.com).*



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