

# Wal-Mart, Retail Supremacy, and the Relevance of Political Economy: The Interstitial Challenge of Contemporary Research (Academic, Agitational, and Constructive)

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Nelson Lichtenstein's recent edited collection on Wal-Mart, along with this article, exemplify the best of agitational research as defined by labor economist John R. Commons in 1907. In an address to the New York School of Philanthropy, the pioneering historian of U.S. labor laid out a useful research triad, each with its own rationale and utility. Academic research was defined in lofty terms as "truth for its own sake" with the aim of developing social science. Agitational research, by contrast, "awakens the public" through highlighting a problem in order to build "the conviction that something must be done." Putting aside the positivist aura of the academic, agitational research is imperative to reach the third and final category identified by Commons: constructive research to inform public policy and promote positive government action.<sup>1</sup>

Like Dana Frank's *Buy American* (1999),<sup>2</sup> Lichtenstein approaches "the global integration of capitalism" by intervening in a current public controversy, in this case the role of Wal-Mart domestically and abroad. He effectively juxtaposes Bentonville, Arkansas, and Guangdong, China, as two "dynamic nodes of transnational capitalism," "nerve centers of capitalism's global supply network," and "anchors of the trans-Pacific supply chain." In doing so, Lichtenstein reminds us of the inescapably interstitial (*international/domestic*) nature of our transnationalized global political economy. At his most ambitious, Lichtenstein postulates an epoch-making transi-

1. Nelson Lichtenstein, ed., *Wal-Mart: The Face of Twenty-First-Century Capitalism* (New York: New Press, 2006); John R. Commons quoted in Milton Derber, *Research in Labor Problems in the United States* (New York: Random House, 1967), 26–27.

2. Dana Frank, *Buy American: The Untold Story of Economic Nationalism* (Boston: Beacon Press, 1999).

tion, dated roughly at 1980, that divides the structure of global capitalism into a clear before and after. We live today in a “world of retail supremacy” with “big box retail chains” now occupying “the strategic heights once . . . [held] by the great manufacturing firms.” The shift, in his account, is from commodity chains and manufacturer-controlled distribution channels to the “market-making potential of contemporary buyer-driven supply networks.” His article then goes on to suggest that the upending of the old manufacturing/retail hierarchy has had negative consequences for workers. However loosely, he associates the retail *supremacy* symbolized by Wal-Mart with a transition from a Fordist model, based on relatively high-wage male labor, to the predominance today of flexible low-wage women’s labor.

It is clear that any company with 1.2 million employees worldwide (its nearest rival, GM, comes in second with only 386,000) deserves sustained scrutiny, all the more so when its annual sales are greater than the gross domestic product of 192 countries (even putting to one side its European and U.S. global rivals).<sup>3</sup> Yet I would caution against postulating the “supremacy” of retail or its occupation of the “strategic heights” of the global capitalist system. For one thing, such claims invite a multitude of definitional and analytical disputes about supremacy and the meaning of strategic: what about Boeing and Airbus? Or finance capital? Energy? The Web? And is basic industry, or the producers of nonconsumer goods, entirely irrelevant to the flow of products onto Wal-Mart’s shelves?<sup>4</sup>

More important, proclamations of epochal change are always accompanied by formulas that sound compelling (from Fordism to retail supremacy) but invariably deceive as much as they illuminate. The peril of broad-stroke characterizations is well illustrated by the scholarly vogue for the term *Fordism*, which took hold in the North Atlantic academy in the 1970s as an attempt to label what was being lost in a period of industrial crisis and a shift to the radical market-oriented policy solutions of neoliberalism. Yet historians were among the first to recognize that Fordism as ideal type was empirically flawed on multiple grounds, however compelling it proved as a rhetorical construct. In a similar fashion, the idea of *retail supremacy* fails to contend with the legal and institutional peculiarities that characterize the diversity of advanced capitalist polities, not to mention its limited value in generalizing about the world as a whole. Yet the descriptive weakness of such epochal designations are often overlooked because of an unexamined teleology that assumes an eventual global convergence on what is practiced in the core of the world system.

Whatever its weakness, retail supremacy is used by Lichtenstein to highlight the leverage accrued by Wal-Mart’s unique concentration of power and thus to emphasize the intrasectoral distributional conflict between retailers and manu-

3. Robert J. S. Ross, *Slaves to Fashion: Poverty and Abuse in the New Sweatshops* (Ann Arbor: University of Michigan Press, 2004), 125, 131; Ellen Israel Rosen, *Making Sweatshops: The Globalization of the U.S. Apparel Industry* (Berkeley: University of California Press, 2002), 200–201, 195.

4. On the industrial dynamics of contemporary global capitalism, see the excellent journalistic account by William Greider, *One World, Ready or Not: The Manic Logic of Global Capitalism* (New York: Pocket Books, 1999).

facturers at the expense of workers. Yet this logic of monopoly power is neither new nor distinctive to retail. Given capitalism's internal sectoral, functional, and industrial differentiation, intracapitalist market disputes have always ebbed and flowed in variegated ways, and the results of these cycles of change are often subject to unforeseen reversals. Moreover, Robert Ross has recently analogized the leverage exerted by today's retail giants, which guarantees them a greater profit share in the supply chain, to the power exercised by automobile manufacturers vis-à-vis car dealers and auto-part manufacturers in the United States. In this interpretation, the very real power of retail giants such as Wal-Mart is an illustration of a general tendency of capitalist economics, not proof of retail supremacy.<sup>5</sup>

So, I would treat retail supremacy as a provocative formula designed to highlight an important structural reality: that shifting forms of business organization have direct consequences in terms of workers' conditions and struggles. In this sense, Lichtenstein's article suggests that U.S. labor history, with an eye on today's world, should rediscover its roots in political economy and open itself up more fully to both international and transnational research and a broader interdisciplinary dialogue (his discussion of commodity and supply chains originates with sociologists such as Gary Gereffi). In particular, Lichtenstein's emphasis on the relevance to workers of shifting forms of business organization brought to mind a classic article by John R. Commons entitled "American Shoemakers, 1648–1895: A Sketch of Industrial Evolution."

As a political economist, Commons's masterful 1909 essay offered a stimulating hypothesis that linked the pursuit of "the widest, lowest, and newest markets" to new forms of intraindustry labor organization (artisanal to wage), changes in the structure of production, commercialization, and distribution (the rise of the merchant function and the shift to retail and wholesale stages), and shifts in product quality, standardization, and price.<sup>6</sup> Committed to a systemic optic, the article is most prophetic for its emphasis on what Commons called capitalism's unending "revolutionizing" dynamism. As he notes at one point, "at this stage of the industry we have reached the market afforded by highway and canal, as well as ocean and river," which are inseparable from the expansion of banking and credit system, new forms of storage, and shifts in the relative power of intraindustry actors (masters, journeyman, merchants, and so on). "At the same time," he goes on, the new producer "meets competitors from other centers of manufacture and cannot pass along his increased expenses. Consequently the wage-bargain comes to the front. Wages are reduced by the merchant-as-employer on work destined for the wholesale market. The conflict of capital and labor begins."<sup>7</sup> Whatever the accuracy of this historical thought experiment, the strengths of the analysis lie in its systematic engagement with all dimensions of the industrial and commercial system that bear on workers, with a special eye on the spatial expansion of product markets (an issue at the core of globalization today).

5. Ross, *Slaves*, 125.

6. John R. Commons, "American Shoemakers, 1648–1895: A Sketch of Industrial Evolution," *Quarterly Journal of Economics* 24 (November 1909): 50, 58–59, 60.

7. *Ibid.*

Three decades ago I was inclined to dismiss Commons as a dour and limited institutionalist, although his enterprise now seems surprisingly similar in spirit to Lichtenstein's. Both can be taken to illustrate the utility of systemic analysis, not as a be-all and end-all but for what it can yield in answering the challenges of today. Unfortunately, not enough labor historians read the best work by the political economists who grapple with contemporary globalization. The European sociologist Geoffrey Underhill, for example, has authored a superb 1998 monograph entitled *Industrial Crisis and the Open Economy: Politics, Global Trade, and the Textile Industry in the Advanced Economies*. His ambitious research project, which began in the early 1980s, offers a compelling academic account of "international trade and industrial adjustment spanning twenty years of contemporary globalization." His masterful account deftly sketches out the unfolding crisis and search for solutions as it played out simultaneously within various European countries, the European Union, and the changing institutional structures of the global economy, including the Multi-Fiber Arrangement (MFA) and the Uruguay Round of GATT negotiations (1986–94). Throughout, he addresses big questions of real consequence for workers: not only why protectionism (the MFA within GATT), which seems self-evident, but why the shift to trade liberalization (the 1994 GATT Marrakesh summit that created the World Trade Organization included a ten-year phaseout of the MFA).

Underhill, an academic practitioner of international political economy (IPE), opens his 1998 book by recognizing that even *his* discipline was not initially up to the intermestic challenge posed by neoliberal globalization. Despite its international and comparative thrust, even IPE was still bound by the hallowed assumptions of state- and nationcentric realism that treated extranational factors as of sporadic and secondary importance to the national economies and polities studied.<sup>8</sup> If true for political economy, it is not surprising that the intermestic is an even more formidable challenge for those of us doing labor history, because our enterprise is still defined almost exclusively in national and domestic, if not local and regional, intranational terms.<sup>9</sup> It has proven hard, in other words, for our storytelling to accommodate the extralocal and extranational decisions and processes that have such direct and powerful impacts, not only on the livelihoods of working people but also on their consciousness, whether in the core or in some of the upward-trending new economies on capitalism's formerly underdeveloped periphery.<sup>10</sup>

8. Geoffrey R. D. Underhill, *Industrial Crisis and the Open Economy: Politics, Global Trade, and the Textile Industry in the Advanced Economies* (New York: St. Martin's, 1998), xiii, xii.

9. See my discussion of comparative and transnational research in "The Latin American Labor Studies Boom," *International Review of Social History* 45 (2000): 285–86, 292–98.

10. Labor historians have begun to tackle these analytical and narrative challenges: Jefferson R. Cowie, *Capital Moves: RCA's Seventy-Year Quest for Cheap Labor* (Ithaca, NY: Cornell University Press, 1999); Leon Fink and Alvis E. Dunn, *The Maya of Morganton: Work and Community in the Nuevo New South* (Chapel Hill: University of North Carolina Press, 2003).

The truth is that the most provocative studies addressing globalization are being produced largely by nonhistorians, given our disciplinary difficulty in grappling with multinational research, multiscalar analysis, and transnational narration. One successful example of how to incorporate levels of explanation into a grounded local story can be found in a 2003 book by David C. Ranney, a one-time Chicago factory worker turned urban planning specialist. *Global Decisions, Local Collisions: Urban Life in the New World Order* places local events in Chicago fully within the relevant extralocal dynamics of contemporary capitalism. It covers everything from class consciousness among Chicago's factory workers in the 1970s, to labor's struggle against the North American Free Trade Agreement (NAFTA) in Illinois and the United States, to the national and international politics of government finance and the World Trade Organization (WTO), with lots of room for Chicago mayoral politics and the dynamics of race and real estate. Drawing on a lifetime of research and activism in Chicago, this unique academic work, with an agitational inspiration, speaks to the heart of labor history's concerns as a discipline.<sup>11</sup> In a very real sense, Ranney has tackled with political acuity the analytical challenge posed by Underhill when he observed that

state and market were not opposing principles or dynamics; the state and the market together functioned as integrated ensembles of governance for the management of distributional conflicts across levels of analysis. In this sense, this is also a book about conceptualising the transnational market economy across political and jurisdictional boundaries. . . . The study seeks to link the economic behavior of agents, each with their peculiar strengths and weaknesses in the political economy, to their socio-political and institutional settings and to interstate bargaining processes as sources of structural market change.<sup>12</sup>

Underhill emphasizes that "the construction of markets is mediated by the politics of the state and other layers of institutionalized authority in the global political economy."<sup>13</sup> This point is well illustrated when Lichtenstein rejects the idea that Wal-Mart's rise was "the product of some abstract process of globalization," as opposed to having been "constructed by a set of political and policy choices" within and beyond the United States. Here Lichtenstein reminds the reader of Wal-Mart's seamy under-story, going back to the 1960s, that includes systematic violations of the laws combined with what he calls, in a memorable phrase, a "minimized minimum wage," which worked to its benefit. As he notes, Wal-Mart's "evisceration" of U.S. labor law was combined with "squeezing labor costs out of its vendors," a story that would be incomplete without the phony "Buy American" campaign he exposes so cogently. To

11. David C. Ranney, *Global Decisions, Local Collisions: Urban Life in the New World Order* (Philadelphia: Temple University Press, 2003).

12. Underhill, *Industrial Crisis*, 1.

13. *Ibid.*, 20–21.

this account of Wal-Mart's rise, one might add the U.S. congressional passage of the Consumer Goods Pricing Act of 1975 that abolished the Depression-era laws that, in the name of protecting small retail enterprises, allowed manufacturers to dictate prices to retailers, a political development that contributed decisively to the growth of behemoth retailers such as Wal-Mart.<sup>14</sup>

Not surprisingly, there is still a large gap between the depth of Lichtenstein's knowledge and insight about the United States and his cursory treatment of the multitude of actors and institutional factors at play on the Chinese side. This is not to demand expertise beyond what any of us is likely to achieve outside our own areas of national specialization, yet I suspect readers would be interested in his take on the most relevant U.S. disputes regarding China and Chinese labor vis-à-vis U.S. market access. From reading between the lines toward the end of his article, it appears that Lichtenstein likely agrees with Kent Wong's 2004 criticism of the AFL-CIO's demand for Section 301 trade sanctions against China. Wal-Mart, after all, casts a long shadow over the back and forth between Wong and the AFL-CIO's Barbara Shailor, even if only because, as Wong points out, the company imports 10 percent of all goods shipped from China to the United States.<sup>15</sup>

An even more formidable challenge to the binational reach of Lichtenstein's project lies in the complications entailed by China's status as a "socialist" state with a Marxist-Leninist political system. The contradiction between China's anticapitalist political and ideological superstructure and its increasingly capitalist economic base will continue to spark endless debate. This is all the more true because the issue of contemporary China plays out within the larger geopolitical reality of China's subaltern position vis-à-vis the dominant capitalist world powers, the United States, the European Union, and Japan. The result is a complex political imbroglio that features multiple axes of interpretation. Analysis and political action must simultaneously encompass class against class within China, the country's place as part of the global South versus the North, and China's role as a rising power against a U.S. hegemon whose political leadership is by no means resigned to the rise of even a purely regional rival for dominance.<sup>16</sup>

Lichtenstein's admirable work on Wal-Mart reflects a well-grounded conviction that the labor question occupies a central position in understanding contempo-

14. Rosen, *Making Sweatshops*, 185–86.

15. See the following exchange in *New Labor Forum*: "AFL-CIO Section 301 Petition against China: Executive Summary," 13, no. 3 (2004): 86–89; Kent Wong, "Blaming It All on China," 13, no. 3 (2004): 90–94; Barbara Shailor, "Skirting the Facts on China: Barbara Shailor Responds to Kent Wong," 14, no. 1 (2005): 105–8; and "Kent Wong Replies: China Remains the Exception," 14, no. 1 (2005): 109–11.

16. Opposition from the global South has met U.S. opponents of trade with China, as can be seen in the piece by the antiglobalization activists Walden Bello and Anuradha Mittal, "Dangerous Liasons: Progressives, the Right, and the Anti-China Trade Campaign," *Food First Background* 6, no. 1 (Spring 2000); with a response by the Canadian scholar-activist Ian Robinson, "Dangerous Misinterpretations: A Critique of the Food First Analysis of Opposition to PMFN for China" (2000), in possession of author.

rary world politics, albeit in new and more complicated global ways.<sup>17</sup> The cycle of protests that began with the Seattle World Trade Organization (WTO) meeting of late 1999, climaxing during the July 2001 G-8 summit meeting in Genoa, Italy, dramatized the social and democratic deficit in the world economy and polity. The same period also saw the unimaginable success of Students against Sweatshops, and others, that placed the issue of socially responsible consumption and corporate social responsibility centrally on the public agenda. Spearheaded by a new generation of activists, northern consumers showed a heightened moral sensitivity to consuming goods produced under inhumane, poorly remunerated, and exploitative working conditions in the late 1990s. The resulting demands for international corporate codes of conduct have led to a vast and wide-ranging literature that covers all of the triad of research laid out by Commons.<sup>18</sup>

Lichtenstein speaks directly to the question of “what is to be done *today*” when he takes up the question of the role of such corporate codes of conduct in limiting labor exploitation. To my mind, he uses Chinese examples to correctly emphasize the limited capacity of such codes to produce substantial and sustainable improvements in worker conditions, even if they were backed by greater organized labor strength in any given country because of capital mobility. Yet this does not lead Lichtenstein to a demobilizing conclusion because he correctly understands that the “value of these corporate codes of conduct, even at the best companies, lies in the realm of ideology. They legitimize the idea of a worldwide social standard, even as their chronic failures demonstrate that any real transformation of the global supply chains must come from other sources.”

Lichtenstein’s observation points to the central objective of any future move toward constructive research as defined by Commons. Whether in China or the United States, the challenges facing working- and middle-class peoples in a global political economy will never be resolved on a purely national basis. Even in the best of circumstances, enhanced trade union organization within a given country, even with new political and legislative conquests, is not enough unless one addresses the

17. John D. French, “From the Suites to the Streets of Seattle: The Unexpected Re-emergence of the ‘Labor Question,’ 1994–1999,” *Labor History* 43 (2002): 285–304.

18. Since 2002 alone, a multitude of books and edited collections have addressed these issues with divergent aims from multiple perspectives: Daniel E. Bender and Richard A. Greenwald, eds., *Sweatshop USA: The American Sweatshop in Historical and Global Perspective* (New York: Routledge, 2003); Jill Louise Esbenshade, *Monitoring Sweatshops: Workers, Consumers, and the Global Apparel Industry* (Philadelphia: Temple University Press, 2004); Archon Fung, Dara O’Rourke, Charles F. Sabel, Joshua Cohen, and Joel Rogers, *Can We Put an End to Sweatshops?* (Boston: Beacon, 2001); Laura Pincus Hartman, Denis Gordon Arnold, and Richard E. Wokutch, eds., *Rising above Sweatshops: Innovative Approaches to Global Labor Challenges* (Westport, CT: Praeger, 2003); Theodore H. Moran, *Beyond Sweatshops: Foreign Direct Investment and Globalization in Developing Countries* (Washington, DC: Brookings Institution, 2002); Rosen, *Making Sweatshops*; Andrew Ross, *Low Pay, High Profile: The Global Push for Fair Labor* (New York: New Press, 2004); Ross, *Slaves*.

governance of the global political economy.<sup>19</sup> Intermestic problems demand intermestic as well as domestic solutions, and the challenge of the new millennium is to integrate these very different praxes in response to the ever-deepening integration of the domestic, the transnational, and the international. Hence, we arrive at the need for a new alt-global politics to establish a coherent social dimension to the international trade and investment regime that would range from WTO worker and environmental clauses to a Tobin tax on international financial transactions.<sup>20</sup> Following the example of Lichtenstein, Commons, Underhill, or Ranney, our labor histories will gain conviction and relevance as we place them more consciously within the context of a transnationalized world economy and a lopsided world geopolitical structure characterized by complex economic, political, and ideological conflicts and crosscurrents. There is much to be done. ■

19. John D. French, "Labor and NAFTA: Nationalist Reflexes and Transnational Imperatives in North America," in *Labour and Globalisation: Results and Prospects*, ed. Ronaldo Munck (Liverpool: University of Liverpool Press, 2004), 162.

20. John D. French, *Globalizing Protest and Policy: Neo-Liberalism, Worker Rights, and the Rise of Alt-Global Politics* (Duke University Press, forthcoming); Susan George, *Another World Is Possible If . . .* (London: Verso, 2004); Heikki Patomaki, *A Possible World: Democratic Transformation of Global Institutions* (London: Zed, 2004).