

Wal-Mart and County-Wide Poverty

October 18, 2004

AERS STAFF PAPER No. 371

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*Earlier versions of this paper were presented at the American Agricultural Economics Association Annual Meeting, Denver, Colorado, August 1-3, 2004 and the Rural Sociological Society Annual Meeting in Sacramento, CA, August 12-15, 2004
The authors thank session participants and Martin Shields for their comments.*

The research underlying this paper was supported in part by NRI Competitive Grants Program 03-35401-12936. Goetz is Professor of Agricultural and Regional Economics and Swaminathan a former Post-Doctoral scholar at Penn State. Opinions expressed are those of the authors, and their affiliation appears for informational purposes only.

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Abstract

Wal-Mart has created tremendous economic benefits for consumers by providing more choices at lower prices, especially in communities that had only local retail monopolies prior to the chain's arrival. Yet no retailer evokes stronger negative emotions than this chain. Recent media attention has focused on questionable labor practices and other impacts of the stores, while academic studies have examined impacts on retail wages, employment levels and existing stores. Missing from the literature is an analysis of whether the "Wal-Mart effect" is large enough to influence *community*-wide poverty rates.

We find, after controlling for other factors determining changes in the poverty rate over time, that both counties with more initial (1987) Wal-Mart stores and with more additions of stores between 1987 and 1998 experienced greater increases (or smaller decreases) in family poverty rates during the 1990s economic boom period. We offer three possible explanations for this finding, including that Wal-Mart stores destroy civic capacity in the communities in which they locate by driving out local entrepreneurs and community leaders.

