

Walmart and Values: Painting the Town Red?

By: Art Carden, [Charles Courtemanche](#), and Jeremy Meiners

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Abstract:

This essay explores the relationship between commerce and culture in the context of the recent debate over the social effect of Wal-Mart. In spite of much public debate, little is known about how Wal-Mart affects values. Using data collected from multiple sources, we show there is little evidence that Wal-Mart makes communities more conservative or more progressive.

KEYWORDS: Walmart, social capital, community, values

Article:

I. Introduction

Does Wal-Mart's presence affect individual values? Does it make people more conservative or liberal? This debate has appeared in several media outlets and recent polemics. Wal-Mart's left-wing critics argue that Wal-Mart can use its market power to squelch artistic expression and promote rural, conservative values. On the other hand, Wal-Mart's conservative critics argue that it has subverted traditional family values by joining the National Gay and Lesbian Chamber of Commerce. Both sides have criticized the company's decision to carry (or not carry) drugs that terminate pregnancies. Using data covering 1985 through 1998, we show that Wal-Mart does not appear to exert a robust effect on values. In short, Wal-Mart is not painting the town red, so to speak, nor is it painting the town blue. Wal-Mart appears to be socially neutral.¹

"Values" here are the underlying moral and ethical principles that govern behavior. In a larger sense, the Wal-Mart debate speaks to the broader relationship between advancing capitalism and social/cultural mores. Inglehart and Baker (2000:19) argue that "(e)conomic development is associated with shifts away from absolute norms and values toward values that are increasingly rational, tolerant, trusting, and participatory." McCloskey (2006) argues that capitalism and its attendant prosperity not only make us wealthier, but more ethical. Since "values" are multi-dimensional, we use several measures to gauge this aspect of *The Wal-Mart Effect*.²

There is no single, universal measure of "values," and Wal-Mart might make communities more progressive on some margins and more conservative on others. With this in mind, we follow the advice of Putnam (2000:17), who writes: "*In assessing social change, two observations are better than one, but many is much better than two*" (emphasis in original). We consider several measures of "values" that fall into four main categories: personal habits, morals and ethics, the role of women in society, and religion. We acknowledge that we paint with a broad brush, but our measures suggest that one's values can be called "conservative" or "traditional" if he or she believes that homosexual marriage is illegitimate, that a husband is the head of the household while his wife's place is in the home, and that abortion is unethical. Popular discourse suggests that "traditional" values include abstention from drugs, drink, pornography, gambling, and the conviction that others should also abstain.³

Evidence suggests that Wal-Mart communities have not sold their souls to Sam Walton and his heirs. Combining data compiled by Emek Basker (2005a, 2005b) on Wal-Mart with data collected by Putnam (2000) on social capital and values, we find that the impact of Wal-Mart on values is statistically zero across a range of specifications.

II. Wal-Mart

We add to a growing literature on the economic, political, social, and cultural effects of the world's largest retailer. Discussing a survey by the Pew Research Center, Basker (2006:2) reports that 19% of those surveyed who live in close proximity to a Wal-Mart thought that it had "a negative effect locally," while 24% of those polled "thought that Wal-Mart was bad for the country." The company has drawn increasing attention from the academic community, with the bulk of the economics literature on Wal-Mart concerning the company's effect on prices, wages, and employment. Wal-Mart reduces prices and may increase employment slightly (Hausman and Leibtag 2004, 2005; Basker 2005a, 2005b; Vedder and Cox 2006).⁴ Indeed, Hausman and Leibtag (2004, 2005) argue that Wal-Mart's impact on prices is so large that it is causing the federal government to mis-measure the Consumer Price Index. The poor enjoy large gains from the company's "Every Day Low Prices" (Hausman and Leibtag, 2005), but Goetz and Swaminathan (2006) use county-level data to show that Wal-Mart's entry is correlated with increases in the poverty rate. Fishman (2006) summarizes various aspects of the Wal-Mart debate. Progressive critics argue that the Wal-Mart causes small businesses to close and replaces high-paying jobs with lower-paying ones.⁵

Wal-Mart has also been criticized for its apparent effect on the quality of community life. Goetz and Rupasingha (2006) argue that Wal-Mart reduces social capital, but using more comprehensive data, Carden et al (2009) find no support for this hypothesis. The literature on the social effects of Wal-Mart entry is growing, and further refinement is needed before we can draw conclusions about Wal-Mart's influence.

Wal-Mart has the potential for pervasive influence. In 2005, 84% of Americans made at least one trip to Wal-Mart, and the company has as many as 100 million customers in a given week (Basker, 2006). By comparison, only about 61 % of the US voting-eligible population voted in the 2004 presidential election.⁶ An organization that interacts with that many people, many of them on a repeated basis, is in a position to influence culture. The theoretical effect of Wal-Mart on values, however, is ambiguous.

III. The Social Effects of Every Day Low Prices

Wal-Mart can affect values in several ways. First, Wal-Mart may use its market power to exercise a degree of cultural hegemony, giving its *imprimatur* to some magazines, CDs, and books and restricting access to others, thereby making communities more conservative.⁷ On the other hand, Wal-Mart's activities may affect social norms by reducing the stigma associated with behaviors like homosexuality and abortion, making communities more liberal. Next, income effects from Wal-Mart's entry may allow people to manifest preferences that are either more traditional or more progressive. Finally, Wal-Mart may lead to a change in relative prices that might induce people to behave in more traditional or more progressive ways.

Wal-Mart is alleged to be a "conservative cultural gatekeeper" that is able to use its market power to encroach on freedom of expression, as Dicker (2005) suggests in a volume containing a sub-section cleverly titled "Cosmo Gets a Burka." The company's insistence on modesty in front-of-the-store displays for magazines like *Cosmopolitan*, their refusal to carry magazines like *Maxim*, *Stuff*, and *FHM*, and their insistence that album art and song titles be altered to be more "Wal-Mart friendly" have put Wal-Mart squarely in the sights of progressive critics.⁸ The company has also refused to carry certain CDs that they deem offensive, perhaps most notably a release by Sheryl Crow that could be interpreted as a criticism of the company. Dicker (2005) and others argue that Wal-Mart can use its market power to squelch artistic expression. Wal-Mart's market power may give them the ability to insist on conformity to norms that the company's traditionally rural, conservative customer base finds acceptable.⁹ A "thumbs up" or "thumbs down" from Wal-Mart determines the size of the market that a magazine or musician will be able to serve.

Wal-Mart has even been named a “merchant of shame” by the National Organization for Women. Liza Featherstone, quoting Ellen Rosen of Brandeis University, suggests that “Wal-Mart’s business practices ‘may be leading to a new kind of globally sanctioned gender discrimination’” (Featherstone, 2002).

There is also reason to suspect that Wal-Mart makes communities more socially liberal. Conservatives criticize Wal-Mart for its support of the “radical homosexual agenda” through its membership in the National Gay and Lesbian Chamber of Commerce.¹⁰ By stating an explicit preference for homosexual employees and suppliers, Wal-Mart can increase the return to being openly homosexual or at least reduce the social stigma attached to it.¹¹ Wal-Mart’s critics have also taken the company to task for dispensing pregnancy-terminating drugs through their pharmacy. Such drugs lower the cost of pre-marital sex, possibly increasing its frequency.

Also, Wal-Mart’s low prices may create income effects that allow people to further manifest their preferences toward virtue or iniquity. To illustrate, consider what might happen in the self-checkout line at Wal-Mart one evening.¹² One line has a mother who is picking up a roast for dinner and a coloring book for the kids while using her Wal-Mart savings to purchase a copy of Rick Warren’s *The Purpose-Driven Life* for her Sunday School Book Club. This works in favor of conservative, traditional values. Suppose further that, at the other end of the store, her teenage son is using his Wal-Mart savings (and the relative anonymity of self-checkout) to buy a small stack of fitness magazines featuring scantily-clad models. Here, Wal-Mart’s low prices have worked to the detriment of conservative, traditional values. The overall effect is ambiguous.

A priori, we cannot tell what the “Wal-Mart effect” on values will be. To determine whether Wal-Mart makes communities more conservative, more progressive, or whether Wal-Mart even matters, we turn to the data. Fortunately, scholars before us have made available a range of data on Wal-Mart and on individual values allowing for a comprehensive statistical determination of what effect Wal-Mart may have on values.

IV. Data and Model

We combine two data sources: Emek Basker’s data on Wal-Mart location and entry and Robert Putnam’s individual-level data on measures of social capital, civic participation, and beliefs/values that he used for his book *Bowling Alone*.¹³ Putnam collects data from the General Social Survey and the DDB Needham Lifestyle Surveys from 1976 to 1998, wherein he is able to ascertain some of the factors that reflect one’s values.¹⁴ To allow time for Wal-Mart entry to affect values (Wal-Mart did not reach \$1 billion in sales until 1979), we include only the years 1985 and later.¹⁵

We model values as a function of Wal-Mart prevalence, a vector of control variables, and a vector of time effects. We begin by estimating a model with county random effects. The equation takes the following form:

$$Values_{ict} = \alpha_0 + \beta_{WM} * WalMart_{ict} + \beta * X_{ict} + t_t + v_c + \epsilon_{ict}. \quad (1)$$

WalMart is the number of Wal-Marts in period t in respondent i ’s county c , per 10,000 residents.¹⁶ X is a vector of individual-level control variables, t represents year effects, and v is the random effect. We include a number of controls that may affect values, such as marital status, number of children, age, gender, and race. We also use a detailed set of controls for income, education, and population density.

The estimator of β_{WM} may suffer from bias due to unobservable heterogeneity, as Wal-Marts tend to locate disproportionately in less-educated and poorer rural areas, which are also known for conservative, traditional values. The control variables should mitigate the extent of this bias but may not eliminate it completely. Therefore, we also estimate models including county fixed effects (a.) instead of random effects:

$$Values_{ict} = \alpha_0 + \beta_{WM} * WalMart_{ict} + \beta * X_{ict} + t_t + \alpha_c + \epsilon_{ict}. \quad (2)$$

The inclusion of both county and time fixed effects removes potential bias from county-level omitted variables that do not vary over time in addition to national trends.¹⁷ Since our data do not track the same individuals over

time, the use of individual fixed effects is not possible. However, since the variable of interest is county-level, including individual fixed effects in addition to county effects would be unlikely to reduce the extent of any bias in β_{WM} .

In (2), β_{WM} can be interpreted as the causal effect of Wal-Mart under the following assumptions: conditional on the controls, 1) changes over time in county Wal-Mart presence are uncorrelated with changes over time in values, and 2) values do not directly determine Wal-Mart presence. While these assumptions are not nearly as strong as those necessary to assume causal inference in the random effects model, they are still potentially problematic. The first assumption would be violated if trends in economic development impact both Wal-Mart entry and political views, and the controls for income and population density do not fully capture a county's level of development. The second assumption would be violated if, *ceteris paribus*, conservative municipalities are less likely to block Wal-Mart entry than liberal ones. Given these potential problems, our estimates should be interpreted as associations that provide suggestive but not conclusive evidence about the causal effects.

An additional concern with the specification in (2) is that values may take a long time to change in response to stimuli, and (2) assumes that the Wal-Mart effect is the same if the store entered last year as it is if the store had existed for a decade. We next relax this assumption by using a different variable of interest: the natural logarithm of the sum of the number of years each Wal-Mart in the county has existed.¹⁸ This variable is defined by $\ln(\sum_j \text{YEARS}_j)$, where $j=(1,\dots,J)$ indexes the Wal-Marts in the county and YEARS_j is the number of years that Wal-Mart j has been in business.

Finally, it is possible that the effect of Wal-Mart on values has been strongest in the South, which has experienced more rapid cultural change than other regions over the past several decades. To account for this possibility, we run the regression (2) including only the southern states. Following the Library of Congress, we define the "South" as the portion of the continental U.S. east of the west Texas border and south of the Mason-Dixon line and Ohio River.¹⁹ These states include Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

One problem with using "values" as a dependent variable is that values are multi-dimensional. There is no single index of "values," nor do values correlate perfectly. Church-going, for example, may be an example of "traditional" values, but it is not necessarily "conservative" or "liberal." Following Putnam's advice (and using his data), we estimate Wal-Mart's impact on a number of proxies. This approach eliminates the problem of assigning weights to an index and potentially biasing the results through measurement error. However, conducting multiple estimations removes the possibility of deriving a single, overall effect of the variable of interest on values unless all of the estimations reveal the same effect. This is not necessarily a weakness here. Wal-Mart's impact on values may not be uniform, meaning that Wal-Mart may increase tolerance for same sex marriages but not for the equality of women within a household. Nevertheless, reaching a single measure of the "Wal-Mart effect" is not possible without weighting the results of the estimations, unless all estimates are uniform in size and direction.

The variables used to capture the relationship between Wal-Mart and values fall into five categories: personal habits, moral and ethical issues, the role of women, religion, and two variables in which respondents identify themselves as "conservative" or in which they identify their values as "traditional." "Personal habits" do not map well into "conservative" or "liberal" distinctions, but they do measure the degree to which the respondent engages in activities that are or are not consistent with "traditional" or "family-oriented" values. These variables include how often an individual goes to a bar, a casino, a pop or rock concert, and rents X-rated movies.²⁰ The second category consists of variables measuring an individual's feelings towards national moral and ethical issues. These variables are how strongly an individual believes that abortion should be legalized, the government should censor television, individuals should have the right to own guns, marijuana should be legalized, and same-sex marriages should be legalized.

Table 1 – Summary Statistics

Variable Name	Description	Mean (Std. Dev.)
Number of Wal-Marts per 10,000	Number of Wal-Marts in the respondent’s county of residence per 10,000 residents	0.0520 (0.1118)
Bar	Times went to a bar or tavern in the preceding 12 months	5.6334 (11.494)
Casino	Times gambled in a casino in the preceding 12 months	1.6348 (4.9695)
Religious Attendance	Times attended church or another place of worship in the preceding 12 months	21.5306 (21.7960)
Pop/Rock Concert	Times went to a pop or rock concert in the preceding 12 months	0.5911 (2.2926)
X-Rated	Times rented an X-rated movie in the preceding 12 months	0.8192 (3.6615)
Abortion	Level of agreement with the statement, “I am in favor of legalized abortions;” ranges from 0 (definitely agree) to 5 (definitely disagree)	2.4216 (2.0391)
Boss	Level of agreement with the statement, “The father should be the boss in the house;” ranges from 0 (definitely disagree) to 5 (definitely agree)	2.3052 (1.6876)
Drink	Level of agreement with the statement, “A drink or two at the end of the day is the perfect way to unwind;” ranges from 0 (definitely agree) to 5 (definitely disagree)	3.5353 (1.6032)
Censoring Television	Level of agreement with the statement, “The government should exercise more control about what is shown on TV;” ranges from 0 (definitely disagree) to 5 (definitely agree)	1.8768 (1.6965)
Gun	Level of agreement with the statement, “There should be a gun in every home;” ranges from 0 (definitely disagree) to 5 (definitely agree)	1.6573 (1.7767)
Marijuana	Level of agreement with the statement, “The use of marijuana should be legalized;” ranges from 0 (definitely agree) to 5 (definitely disagree)	3.8358 (1.6693)
Men Leaders	Level of agreement with the statement, “Men are naturally better leaders than women;” ranges from 0 (definitely disagree) to 5 (definitely agree)	1.5661 (1.5407)

Table 1 – Summary Statistics (Continued)

Variable Name	Description	Mean (Std. Dev.)
Old Fashioned	Level of agreement with the statement, “I have somewhat old-fashioned tastes and habits;” ranges from 0 (definitely disagree) to 5 (definitely agree)	3.7012 (1.1997)
Religion	Level of agreement with the statement, “Religion is an important part of my life;” ranges from 0 (definitely disagree) to 5 (definitely agree)	3.2489 (1.6998)
Same-Sex Marriages	Level of agreement with the statement, “I am in favor of legalizing same-sex marriages;” ranges from 0 (definitely agree) to 5 (definitely disagree)	3.5943 (1.7502)
Women’s Liberation	Level of agreement with the statement, “I think the women’s liberation movement is a good thing;” ranges from 0 (definitely agree) to 5 (definitely disagree)	2.2911 (1.4935)
Women’s Place in the Home	Level of agreement with the statement, “A woman’s place is in the home;” ranges from 0 (definitely disagree) to 5 (definitely agree)	1.5064 (1.6343)
Political Views	Respondent’s political views; ranges from 0 (very liberal) to 4 (very conservative)	2.3378 (0.9327)
Population Density 2	1 if the respondent lives in the central city of a metropolitan area with population 50,000-499,999 and 0 otherwise	0.0915 (0.2883)
Population Density 3	1 if the respondent lives in the suburbs of a metropolitan area with population 50,000-499,999 and 0 otherwise	0.1027 (0.3036)
Population Density 4	1 if the respondent lives in the central city of a metropolitan area with population 500,000-2,000,000 and 0 otherwise	0.1217 (0.3269)
Population Density 5	1 if the respondent lives in the suburbs of a metropolitan area with population 500,000-2,000,000 and 0 otherwise	0.1701 (0.3757)
Population Density 6	1 if the respondent lives in the central city of a metropolitan area with population greater than 2,000,000 and 0 otherwise	0.0940 (0.2919)

Table 1 – Summary Statistics (Continued)

Variable Name	Description	Mean (Std. Dev.)
Population Density 7	1 if the respondent lives in the suburbs of a metropolitan area with population greater than 2,000,000 and 0 otherwise	0.1908 (0.3929)
Income 2	Total annual household income is between \$20,000 and \$40,000	0.3497 (0.4769)
Income 3	Total annual household income is between \$40,000 and \$60,000	0.2127 (0.4092)
Income 4	Total annual household income is between \$60,000 and \$80,000	0.0980 (0.2973)
Income 5	Total annual household income is between \$80,000 and \$100,000	0.0382 (0.1917)
Income 6	Total annual household income is greater than \$100,000	0.0319 (0.1756)
Married	1 if the respondent is married and 0 otherwise	0.7230 (0.4475)
Number of Children	Number of children under age 18 living with the respondent	0.9787 (1.1837)
Age	Respondent's age	46.4994 (15.9528)
Female	1 if the respondent is female and 0 otherwise	0.5568 (0.4968)
Education 2	Respondent graduated from high school but did not attend college	0.3565 (0.4790)
Education 3	Respondent attended college but did not graduate	0.2859 (0.4518)
Education 4	Respondent graduated college but did not take any post-graduate classes	0.1309 (0.3372)
Education 5	Respondent took post-graduate classes	0.1276 (0.3336)
Race: Non-White	1 if the respondent is not white and 0 otherwise	0.1128 (0.3163)

The third category is the individual's views towards the role of women in the home and the workplace. The variables included are how strongly the individual believes that the father should be the boss of the home, that men are naturally better leaders than women, that the women's liberation movement was a good thing, and that the woman's place is in the home. The fourth category measures an individual's degree of religiosity. The two variables in this category are how often the individual attends church and their degree of agreement with the statement that "religion is an important part of my life." Church-going and religiosity are not necessarily "liberal" or "conservative," but religious activity is interpreted as an expression of "traditional" values.

Finally, we consider two questions in which the respondent identifies his or her values and beliefs. The first asks whether the respondent considers himself or herself relatively more "conservative" or "liberal." The second asks whether the respondent feels that his or her values are "old-fashioned." In summary, we consider eighteen measures of individual values.

Table 1 reports the summary statistics for variables used in this paper. Variables indicating "level of agreement" have been adjusted so that a higher number reflects values that are more traditional or conservative.

V. Results

Table 2 presents our coefficient estimates for the Wal-Mart variable. Column (1) reports β_{WM} for estimates of equation (1), which includes county random effects. Column (2) reports β_{WM} for estimates of equation (2), which include county fixed effects. Column (3) reports fixed effects estimates in which our Wal-Mart variable is the natural log of the number of Wal-Marts per 10,000 inhabitants times the number of years each Wal-Mart has been open. Column (4) reports estimates of equation (2), restricting the sample to the South. Table 3 reports the magnitude of each coefficient, expressed as a percentage change in the dependent variable ten years after the entry of two Wal-Marts into a county with a population of 500,000. The aforementioned column numbers refer to both tables.

In column (1), where county fixed effects are not included, β_{WM} is statistically significant in all specifications. Wal-Mart's presence is correlated with reduced trips to bars, casinos, rock concerts, and X-rated video rental outlets and an increase in religious attendance. Note that we have ordered all the other dependent variables in such a way that a positive coefficient represents an increase in traditional values. Therefore, Wal-Mart entry is associated with a rise in values using all 18 measures. Averaging the magnitudes from the first column of table

4, we calculate that the entry of two Wal-Marts increases our measures of traditional values by an average of 1.47%.

Including county fixed effects, however, reveals a much different story. The estimates reported in column (2) are now all statistically insignificant (except for X-rated movie rentals, for which the availability of this variable in only one year necessitates the use of state instead of county effects, making the statistical reliability of the result suspect). The signs of the coefficients are no longer robust: 12 of the 18 estimates point in the direction of increasing values, while 6 point toward decreasing values. Moreover, the magnitudes are, in general, much smaller. The average of the estimates from column (2) of table 4 (with X-rated movie rental excluded) shows that the entry of two Wal-Marts makes values more “traditional” by an average of only 0.11%. This suggests that omitted variable bias is driving the coefficients calculated in column 1. We conduct Hausman tests to evaluate the consistency of the random effects estimators. In column (2) of table 2, +++ (++, +) indicates that the Hausman test rejects the null hypothesis that the parameters of interest in the random and fixed effects models are the same at the 1% (5%, 10%) level. We can conclude that the random effects estimators are biased for 9 of the 18 dependent variables. For 7 of the 9 dependent variables for which the Hausman test does not reject the null hypothesis, including fixed effects still reduces the magnitude of the Wal-Mart effect substantially. The alternate measure of Wal-Mart presence in column (3) leads to results that are similar to those in column (2). Most of the estimates are statistically insignificant, and Wal-Mart is associated with a rise in 12 measures of values, but a drop in 6. Excluding X-rated movies, the average percentage change in values ten years after the entry of two Wal-Marts is -0.08%.

With regards to the Wal-Mart effect, the South appears similar to the rest of the country. In column (4), 8 of the coefficient estimates point toward increasing values while 10 point toward decreasing values. Excluding X-rated movies, the average impact is 0.12% and all estimates are statistically insignificant.

Evidence from multiple indicators suggests that “the Wal-Mart effect” on values is neither statistically, economically, or culturally significant. Also, it appears that the presence of omitted variable bias would lead to severely misleading results in the absence of variation over time. Indeed, the finding that Wal-Mart reduces the frequency with which people rent X-rated videos is likely due to the fact that data limitations prevent the inclusion of county fixed effects in that estimation. Overall, these findings suggest that Wal-Mart does not reinforce or erode values, nor does it appear to make people more liberal or conservative. Given the high consistency in the estimates, it is unlikely that a different method of measuring values (such as an index) would reveal new information.

Table 2 – Coefficient Estimates for the Wal-Mart Variable

Dependent Variable	Random Effects	Fixed Effects	Fixed Effects; ln(Numwmyrs)	Fixed Effects; South
Bar	-3.261 (0.569)***	-0.042 (1.215)+++	-0.206 (0.331)	-0.692 (1.690)
Casino	-0.808 (0.312)***	-0.137 (1.416)	0.514 (0.379)	-1.457 (1.019)
Religious Attendance	4.783 (1.059)***	-1.050 (2.268)+++	-0.376 (0.706)	-1.308 (4.288)
Pop/Rock Concert	-0.265 (0.067)***	-0.130 (0.252)	-0.073 (0.069)	0.338 (0.268)
X-Movie	-1.149 (0.491)**	-1.197 (0.493)** #	-0.310 (0.142)**	-1.810 (0.820)**
Abortion	0.707 (0.098)***	0.094 (0.221)+++	0.116 (0.065)*	-0.074 (0.419)
Boss	0.580 (0.078)***	-0.058 (0.196)+++	-0.002 (0.053)	-0.233 (0.344)
Drink	0.152 (0.077)**	-0.068 (0.179)	-0.051 (0.053)	0.019 (0.334)
Censoring Television	0.197 (0.079)**	0.259 (0.203)	0.051 (0.055)	0.183 (0.291)
Gun	0.631 (0.103)***	-0.199 (0.192)+++	-0.219 (0.057)***	0.286 (0.331)
Marijuana	0.470 (0.075)***	0.123 (0.178)++	0.083 (0.051)	-0.029 (0.296)
Men Leaders	0.190 (0.083)**	0.120 (0.292)	0.039 (0.088)	-0.558 (0.433)
Religion	0.846 (0.080)***	0.119 (0.169)+++	-0.029 (0.050)	0.046 (0.295)
Same-Sex Marriages	0.444 (0.221)**	0.213 (0.226)####	0.070 (0.065)	0.207 (0.269)
Women's Liberation	0.215 (0.073)***	-0.007 (0.165)	-0.097 (0.051)*	-0.054 (0.117)
Women's Place in the Home	0.222 (0.073)***	-0.051 (0.169)+	0.097 (0.053)*	-0.014 (0.308)
Old Fashioned	0.260 (0.053)***	0.117 (0.149)	0.043 (0.040)	-0.096 (0.233)
Political Views	0.305 (0.068)***	0.102 (0.309)	0.069 (0.112)	0.461 (0.333)

Notes: *** statistically significant at the 1% level; ** 5% level; * 10% level. +++ Hausman test rejects null hypothesis that the random effects estimator is consistent at the 1% level; ++ 5% level; + 10% level. Standard errors are in parentheses. All standard errors are heteroskedasticity-robust and clustered by county. # indicates state instead of county effects are used, and clustering is at state level. Year effects and the controls are included in all regressions.

Table 3 – Percentage Change in the Dependent Variables Ten Years After the Entry of Two Wal-Marts

Dependent Variable	Random Effects	Fixed Effects	Fixed Effects; ln(Numwmyrs)	Fixed Effects; South
Bar	-2.3%***	-0.0%	-1.2%	-0.5%
Casino	-2.0%***	-0.3%	10.6%	-3.6%
Religious Attendance	0.9%***	-0.2%	-0.6%	-0.2%
Pop/Rock Concert	-1.8%***	-0.9%	-4.2%	2.3%
X-Movie	-5.6%**	-5.9%** #	-12.8%***	-8.8%***
Abortion	1.2%***	0.2%	1.6%*	-0.1%
Boss	1.0%***	-0.1%	-0.03%	-0.4%
Drink	0.2%**	-0.1%	-0.5%	-0.02%
Censoring Television	0.4%**	0.6%	0.9%	0.4%
Gun	1.5%***	-0.5%	-4.4%***	0.7%
Marijuana	0.5%***	0.1%	0.7%	-0.02%
Men Leaders	0.5%**	0.3%	0.8%	-1.4%
Religion	1.0%***	0.1%	-0.3%	0.1%
Same-Sex Marriages	0.5%**	0.2%#	0.7%	0.2%
Women's Liberation	0.4%***	-0.01%	1.4%*	-0.09%
Women's Place in the Home	0.6%***	-0.1%	2.2%	-0.04%
Old Fashioned	0.3%***	0.1%	0.4%	-0.1%
Political Views	0.5%***	0.1%	1.0%	0.8%

Notes: *** statistically significant at the 1% level; ** 5% level; * 10% level. # indicates state instead of county effects are used. All calculations assume a county population of 500,000.

VI. Conclusion

We find no evidence that Wal-Mart “paints the town red” or blue. These results suggest that Wal-Mart is neutral with respect to its impact on values. One weakness in our study is that it only covers the period from 1985 through 1998. Thus, it is possible that the relationship has changed as Wal-Mart has grown, as new empirical research has appeared, and as criticism has expanded across the World Wide Web. Re-examination of these trends as Wal-Mart grows may, at some point in the future, tell a different story.

At this point, evidence suggests that Wal-Mart has no identifiable effect on values. While Wal-Mart may be “red state to the core” (Lichtenstein 2006:16), Wal-Mart entry does not appear to spread or erode red-state values. Using pooled cross-sectional data on Wal-Mart prevalence as well as a comprehensive array of measures of values, we show that Wal-Mart’s impact on values is practically nil: regressing different measures of “values” on different indicators yields statistically insignificant coefficients on measures of Wal-Mart’s presence. This implies that the alleged *High Cost of Low Price*, in terms of what we might call erosion of “traditional American values,” is overstated. To the extent that American values are becoming either more or less traditional, Wal-Mart appears to be a symptom rather than a cause.

Notes

Author Notes: Mike Hammock, seminar participants at Rhodes College, session participants at the 2007 World Meetings of the Public Choice Society, session participants at the 2007 meetings of the Association of Private Enterprise Education, and session participants at the 2007 Missouri Valley Economic Association meetings provided valuable comments. Suzanne Wineke and Dylan Chambers proofread the manuscript. Presentation of this work was supported by a grant from The Association of Private Enterprise Education in conjunction with the Goodrich Foundation, The Koch Foundation, The Templeton Foundation, and University Francisco Marroquin. Final revisions were made while Carden was a Visiting Research Fellow at the American Institute for Economic Research.

1. The battle is being fought over the internet. Union-funded websites critical of Wal-Mart include www.walmartwatch.com and www.wakeupwalmart.com. Websites tied to the company include www.walmartfacts.com, www.paidcritics.com, and www.forwalmart.com. www.savewalmart.com is an evangelical Christian website critical of Wal-Mart’s support of homosexual groups. Plaintiffs in the gender-discrimination lawsuit maintain a website at www.walmartclass.com. Similar action has been taken against Costco; information is available at <http://genderclassactionagainstcostco.com>.
2. *The Wal-Mart Effect* is the title of Fishman (2006).
3. We certainly recognize that one may have “traditional values” and still hold the belief that coercion is immoral. For our purposes, though, we hold that disagreement with a statement like “the use of marijuana should be legalized” is “traditional.”
4. The literature on Wal-Mart is surveyed extensively by Basker (2006). See also Carden et al (2007). Neumark et al. (2005) criticize the instrumental variable technique employed by Basker (2005a); Basker (2007) responds by arguing that Neumark et al. (2005) do not solve the identification problem. She suggests that the estimates reported in Basker (2005a) are reliable.
5. Vedder and Cox (2006) take Wal-Mart’s critics to task, discussing their objections point-by-point and upbraiding them for an increasingly shrill mode of discourse.
6. The United States Elections Project at George Mason University estimates that 55.27% of the voting-age population voted in the 2004 election while 60.93% of the voting-eligible population voted. Data are available online at <http://elections.gmu.edu/VoterTurnout2004.htm>. Last accessed February 16, 2007.
7. See on this Dicker (2005) and “Wal-Mart Bans Bawdy Mags,” [CNNMoney.com](http://money.cnn.com/2003/05/06/news/companies/walmartmags/), May 3, 2003. <http://money.cnn.com/2003/05/06/news/companies/walmartmags/>, accessed January 30, 2007. Later that year, Playboy announced a search for the “women of Wal-Mart” (“Playboy wants Wal-Mart Women,” [CNNMoney.com](http://money.cnn.com/2003/09/15/news/companies/walmartplayboy/), September 15, 2003, <http://money.cnn.com/2003/09/15/news/companies/walmartplayboy/>, accessed January 30, 2007).
8. Dicker (2005) points out that the title of a Nirvana song was changed from “Rape Me” to the more confusing “Waif Me” on a version of their album “In Utero” sold at Wal-Mart.

9. As the markets for music, magazines, and information are growing increasingly competitive (especially with the spread of the internet), it is perhaps unlikely that Wal-Mart would be able to use market power to restrict expression. If Wal-Mart decides to forgo profitable opportunities to sell *Stuff*, *Maxim*, and *FHM*, it creates an opportunity for its competitors to fill a gap in the market. While it is improbable, the argument that Wal-Mart can use market power to forestall certain kinds of expression remains plausible, especially in rural communities with few shopping options.
10. For detailed criticism, see www.savewalmart.com, which carries the sub-heading “help save Wal-Mart from the Radical Homosexual Agenda.”
11. Wal-Mart’s decision to join the National Gay and Lesbian Chamber of Commerce falls outside the time period considered in this essay. At this point, the controversy is likely too recent to produce a measurable effect. A direct study of this decision on norms in Wal-Mart communities will be in order after the controversy has passed.
12. This example is inspired by and adapted from Dicker (2005).
13. Both datasets are available online. Basker’s data are available on her website, www.economics.missouri.edu/~baskere, and Putnam’s data are available at www.bowlingalone.com.
14. Putnam’s data are described in detail in Putnam (2000).
15. Results are robust to the choice of starting year.
16. This is the measure used by Goetz and Rupasingha (2006) and Carden et al (2007). Therefore, the number of Wal-Marts in a market is adjusted for the potential size of a market that a Wal-Mart can serve. There are numerous methods of approximating the size of markets, but for the purposes of this study, each county is considered to be its own isolated market. This dismisses the possibility that individuals access markets across county lines; however, there is no reason to suspect that this specification will result in any systematic bias.
17. In two estimations, those using X-Rated video rentals as well as the degree an individual agrees with same-sex marriages, the sample size does not allow for the use of county fixed effects. Instead, state fixed effects are used. This raises the potential of omitted variable bias in these two regressions.
18. We do not count years in business before 1979, when Wal-Mart reached \$1 billion in sales, assuming that Wal-Mart was too small a company to exert a cultural influence before 1979.
19. The classifications are available at <http://memory.loc.gov/ammem/gmdhtml/rrhtml/regdef.html>.
20. For all dependent variables that represent annual frequencies, the survey questions grouped responses into the following categories: none, 1-4 times, 5-8 times, 9-11 times, 12-24 times, 25-51 times, and 52+ times. We constructed continuous variables by assigning them the mean of the chosen category. We assigned a value of 52 if “52+ times” was chosen; for all variables, very few people were in this category.

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