

The background of the cover is a photograph of a shopping cart's wheels and frame on a cracked asphalt surface. In the upper right, a map of the world is visible, with the Americas highlighted in a lighter color. The text is overlaid on a dark, semi-transparent rectangular area in the upper left.

The World's Biggest Corporation
in the Global Economy

Wal★Mart World

Stanley D. Brunn, Editor

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Introduction

In February 2004 I was invited to participate in an interdisciplinary conference at the University of California, Riverside, entitled "Globalization in World Systems: Mapping Change over Time." Attending this three-day National Science Foundation-funded conclave were junior and senior scholars from a number of social, behavioral, and policy sciences, including anthropology, economics, geography, political science, and sociology. Paper and panel sessions were devoted to a wide range of topics, including international finance, labor regulations, urbanization, governance, development, the applications of geographical information systems (GIS), and social network theory. The regional impacts of globalization on individuals, economies, institutions, and communities were highlighted during the formal and informal discussions, as was the emergence of antiglobalization and global justice movements. The major objective of this conference was to provide opportunities for those attending to discuss current research directions in their fields and to ferret out possibilities for individual and team research. By the end of the second day, I noted that the single major international corporation most mentioned in prepared papers, question-and-answer sessions, and panels was Wal-Mart. Others mentioned included McDonald's, Exxon, IBM, and KFC. While only a few of the papers were specifically devoted to finance, labor, and logistics issues involving Wal-Mart (the world's largest retail chain, with nearly 3,500 stores in the United States), it became apparent that, as social and policy scientists interested in labor, community, marketing, and organizational issues, we should examine more closely this Arkansas-based global retail giant.

In the conference's final session, I suggested that it seemed propitious for an edited volume to be devoted to various facets of this corporation's past, present, and future, including its "footprint" on U.S. cities, towns, and neighborhoods, and also its successes and failures in other countries. The contributors to such a volume could and would come from various disciplines and perspectives, including those from outside the United States. I identified a number of prospective authors at this Riverside conference who expressed interest in contributing to such a volume. The need for the volume became further evident when I participated in a small international and interdisciplinary conference, "Gated Communities," sponsored by the University of New Orleans, also in February 2004, and in a one-day meeting in March of that year sponsored by the Center for Work, Labor, and Democracy, the Humanities Center, and the Women's Center at the University of California, Santa Barbara. The title of this conference was "Wal-Mart: Template for 21st Century Capitalism." This was, to my knowledge, the first major interdisciplinary conference specifically devoted

to Wal-Mart's world—economic clout, corporate culture, financial networks, labor issues, and community relations. I identified scholars at both the New Orleans and Santa Barbara conferences who wished to contribute to an edited volume.

Once I returned to the University of Kentucky from Santa Barbara, I prepared a prospectus for an edited volume on Wal-Mart, a prospectus that listed nearly thirty individuals who expressed interest in preparing original chapters. One of my specific aims was to ensure that the contributors included a wide-ranging group of scholars who would address a broad array of topics about the corporation. I wanted the chapters to appeal to colleagues in their own disciplines, but also to interdisciplinary, transdisciplinary, and international audiences. It seems to me that chapters dealing with the company's origins, financial history, labor relations, health care, supply chains, advertising, and marketing would be of interest to readers in the trade market as well as scholars and students. I sought authors who could write about Wal-Mart histories and experiences in countries and regions outside the United States, including those who worked outside North America. This international and interdisciplinary perspective seems especially important as we witness Wal-Mart's growth and expansion in Europe, Asia, and Latin America, albeit with varying degrees of success.

Authors contributing to this volume were given relatively free rein with respect to what approach and methodology they chose to employ. As social and policy scientists, we are used to and familiar with various perspectives and conceptual frameworks when writing about a corporation's structure, marketing and advertising, gender and labor relations, and community relations. In short, any volume that includes varying interpretations and insights is considered a strength by those in the social sciences. As editor, I placed no personal or philosophical litmus tests on the content of chapters. The result of this inclusiveness is that the volume, in my estimation, represents some of the best current thinking and research about this retail colossus, written by some of our brightest and most creative junior and senior scholars in geography, retailing, marketing, sociology, community relations, women's studies, and popular culture. This mix of authors is absolutely imperative in presenting state-of-the-art thinking and discussion about any major corporation. We also expect there will be views both supportive and critical of Wal-Mart's positions on a wide range of social, economic, and policy issues.

I am very pleased with the twenty-five chapters in this volume and with the forty-two authors, nearly half of whom are women. The mix includes graduate students and senior scholars from the United States, Mexico, United Kingdom, Germany, and China. Almost all of those I identified early on and invited to contribute a chapter came through. A few did not because of other pressing research commitments. Only a few prospective authors I contacted expressed some apprehension about contributing a chapter in a volume that they perceived or thought would be harshly or unfairly critical of the corporation. I am grateful to friends who suggested other authors who might fill in important lacunae about this corporation's operations in the United States and elsewhere. And I will not forget the handful of authors (they know who they are) who came through at the last minute with quality, important, and substantial contributions. There are twenty-six different universities represented among the authors. This mix of authors and universities attests to the transdisciplinary and international interests scholars have in studying this global retailing giant.

The result of the past eighteen months is a volume in which the academic community can take much pride. I believe it is the first interdisciplinary and international treatment of Wal-Mart in which a half dozen major issues are addressed. These include its early financing, labor and gender relations, views from popular culture critics, marketing and retailing, logistics chains, community relations, and operations in the United States, United Kingdom, Germany, Japan, China, and Mexico. Mention is made of successes and setbacks elsewhere, including South America, Southeast Asia, and Asia. While other books on Wal-Mart have appeared that focus on labor history issues and the corporation's images, this volume stands alone at this point in offering a comprehensive treatment of a larger number of related topics. The importance and immensity of Wal-Mart on the global scale is highlighted in various ways in the ensuing chapters. Suffice it to say that the number of hits for Wal-Mart in the Google search engine in late October 2005 was nearly 37 million, more entries than in the same database for Geneva, Vienna, Madrid, or Istanbul.

Organization

The volume is organized into five parts, each of which addresses a specific theme. Part I, "Wal-Mart and the World," includes three chapters. Peter Hugill looks at major transnational and international corporations throughout history, and places Wal-Mart's recent expansion into a global systems context. Matthew Zook and Mark Graham develop the "Wal-Mart nation" concept and present a cartographic essay that examines the location of stores throughout the United States and Canada and their densities and distributions near major interstates and selected metropolitan areas. The third chapter takes a look at Wal-Mart's global reach. Steve Burt and Leigh Sparks, two scholars who have published previously on this corporation, investigate the corporation's global reach, including countries where it has been more and less successful.

Part II, "Early Years and Store Location," also contains three chapters. William Graves investigates the source of early capital to finance this corporation; he concludes that investment came primarily from northeastern and midwestern states. Dennis Lord specifically looks at Wal-Mart's grocery retail successes in major metropolitan areas. Holly Barcus develops the concept of "Wal-Mart-scapes" and applies it to small towns and rural areas of northern Wisconsin. Her story is familiar to many residents in rural and small-town America.

In Part III, "Organizational Culture," the themes invoke Wal-Mart's culture and the major worker and supplier issues the company faces. Jane Dunnett and Stephen Arnold present an interesting, not always flattering view of the corporation's image. Ellen Rosen examines in greater detail some of the major issues faced by women who work for this retailing colossus. Jennifer Bair and Sam Bernstein zero in on Wal-Mart's recent history of labor relations with workers and suppliers. Finally, Lea VanderVelde meticulously looks into the company's legal history and concerns in the United States.

Part IV, "Culture, Communities, and Conflicts," contains six chapters, which cover a rather wide range of topics. Inasmuch as images are an important part of any major corporation's place in the marketplace and consumer mind-set, it only

makes sense that Wal-Mart's images be subject to scrutiny. Stephen Arnold and colleagues, including authors from Germany and China, look at the images and wording used on Wal-Mart fliers. Barney Warf and Thomas Chapman develop a "cathedrals of consumption" concept; they look at what Wal-Mart's successes in the marketplace tell us about American consumerism. Ben Smith takes a slightly different angle on Wal-Mart's images, specifically how the company has been portrayed in a recent Hollywood movie, *Where the Heart Is*, and on a television sitcom, *King of the Hill*. The next chapter, by Alecia Brettschneider and Fred Shelley, takes a closer look at Wal-Mart's advertising budgets and compares them to the budgets of other large discount stores, and also examines what kind of community relations and contributions the corporation makes. Community relations have been a focus of renewed attention by this corporation. The final two papers in this part look at different perspectives on the Wal-Mart community. Fred Shelley, Adrienne Proffer, and Lisa DeChano compare the distribution of Wal-Mart stores to "red and blue states" and conclude, not too surprisingly, that there is a positive relationship between recent presidential voting in "red" states and Wal-Mart stores. A local controversial issue involving a Wal-Mart store is the theme of the chapter by Margath Walker, David Walker, and Yanga Villagómez Velázquez. They discuss local resistance to a recently opened Wal-Mart store near the historical and sacred site of Teotihuacán, Mexico.

Globalization is the focus of Wal-Mart's operations in Part V. These nine chapters address histories, successes, failures, and problems the corporation has experienced in various countries. Edna Bonacich and Jake Wilson investigate Wal-Mart's logistics operations, which are among the reasons the corporation has been successful in moving merchandise from manufacturers to its stores. They focus in particular on the China and southern California connections. Steve Burt and Leigh Sparks, who in Chapter 3 looked at Wal-Mart's global network, here consider the corporation's mixed record in the United Kingdom. Susan Christopherson then discusses Germany, another country where Wal-Mart has not enjoyed overwhelming success. Yuko Aoyama and Guido Schwarz compare Wal-Mart's recent retail histories in Germany and Japan, both countries where the company faces challenges from national firms. The next three chapters are devoted specifically to China, the country that is Wal-Mart's major supplier and where it has enjoyed much success, although not without problems. Shuguang Wang and Yongchang Zhang investigate some of the difficulties the company had entering China's consumer landscape. Lucia Lo, Lu Wang, and Wei Li examine the specific successes Wal-Mart is enjoying in Shenzhen. And Chris Webster focuses on the supermarket concept in China's retailing history. The final two chapters in this part look at Wal-Mart in Mexico. James Biles focuses on Wal-Mart's successes and problems vis-à-vis food retailing, while Chris Tilly looks into retailing, but also worker and wage issues.

This volume is meant for several readers. First and foremost, it could be used by those in the social, policy, and behavioral sciences who examine corporation history, logistics, labor relations, market expansion, international initiatives, corporate law, popular culture, and community relations. These are also topics discussed in intermediate and advanced classes in corporate history, business administration, economic development, sociology of work, worker and corporate culture, labor law, relations between the state and the private sector, big-box retailing, globalization, and

economic geography. Second, it could be used in reading groups and book clubs in which members with various backgrounds and interests discuss timely national and international issues. Wal-Mart would certainly seem to qualify as a topic for those readers. Third, individual chapters could be read, discussed, and assigned in classes or seminar or study groups. Even though the contents have some formal structure, one could read the chapters in different sequences. For example, some may choose to read the chapters in Part I last.

Where We Go from Here

After reading and rereading these chapters, I remain convinced, as I was in early 2004, that there is still little we know about the corporation, including its impacts on individuals, communities, economies, and consumers in the United States and elsewhere, and what it says about its successes and popularity among a certain consumer clientele, American popular culture, and the cultures of globalization. We do know much more about certain facets, as many of these authors have written cutting-edge papers that will interest scholars in their own disciplines and beyond. Each chapter and bibliography (the references are among the major strengths of this volume) suggests a number of topics awaiting the curious and investigative eye of the sociologist, economist, anthropologist, political scientist, photojournalist, media critic (visual, print, and sound), human and environmental geographer, and those in women's studies, international law, and corporate organizational behavior. Let me suggest a number of topics that might be addressed in future investigations; they are not listed in any priority.

First, we need to know more about the specific economic impacts of Wal-Mart's operations on local retailers and consumers in rural America, not only places on the fringes of metropolitan areas but also places where the populations are declining. These impacts might examine the "magnet" effects a superstore has on adjacent real estate, traffic patterns, and community relations.

The investors and stockholders of Wal-Mart and also the networks of corporate executives merit investigation. Do most of the stockholders come from the South, Midwest, East Coast, or West Coast? Are they in areas and regions where the store is most economically successful? What kind of interlocking executive networks are there with Wal-Mart's top brass and other corporations, and with political and non-political organizations? What is the nature and extent of Wal-Mart's linkages with corporate and nonprofit boards in Europe and Asia? Answers to these questions will provide further insights into the regional preferences (if any) for Wal-Mart stock and also the company's international networks.

What are the impacts of Wal-Mart on northwest Arkansas and the University of Arkansas? The corporation plays major roles in this region and the university, including construction of corporate offices and homes for business executives as well as provision of large endowments for the university's business school and fine arts and athletic programs. There are also impacts on Sunday store hours and liquor sales. What influence does the corporation have on small-town and city planning and zoning boards and school boards in Arkansas and elsewhere?

Fourth, what can Wal-Mart teach other companies and local and state governments about responding to megadisasters? Since the company has a strong and effective business logistics network, it was able to provide supplies to its stores immediately after destructive hurricanes in the United States in September and October 2005. Could Wal-Mart's response model be adapted to natural disasters in other regions where it operates stores?

The economic impacts of Wal-Mart on existing towns outside the United States, particularly in China, Japan, and Mexico and where expansion is occurring, merit study. Are the issues of land use and land use conflicts, worker issues (pay, gender, working conditions, etc.), community relations, and marketing the same in Asian as in European and North American contexts?

What does the "Wal-Martization of the United States" say about America's popular culture and consumer tastes, whether for music, videos, clothing, or purchase of non-U.S.-made products? What images of the corporation are appearing in television dramas, in poetry and short stories, in cartoons, and even as backgrounds for candidates running for local and national political offices? I have also heard that Wal-Mart's annual stockholder meetings have elements of a festive circus, religious revival, and national political convention simultaneously. I wonder what these energizing events say about the company's image, regional roots, stockholders, philosophy, and also American popular culture.

Seventh, an investigation of the music Wal-Mart plays in its stores, which I understand is decided in Bentonville, would be fascinating. Who decides what music is played when and where? What kinds of regional variations exist? Are selections the same for a store in rural Georgia as rural Iowa? Suburban Washington, D.C., and suburban Los Angeles? Do English-language lyrics dominate? What music is played in stores outside the United States? What kinds of music produce high and low sales volumes on specific products? What music is deemed appropriate for holiday seasons, cold and hot days, and weekdays? Must one camp out in stores to learn about Wal-Mart's music selection?

Eighth, what kinds of corporate philanthropy does the company practice in urban and rural areas outside the United States? Do the corporation and its workers (associates and executives) express concern about environmental quality issues, literacy programs, or the living conditions of the poor? What kind of volunteer efforts are most and least successful?

What are the major legal controversies the company is dealing with outside the United States? Are employee issues of gender, race, and age discrimination paramount? Or are land use siting, store acquisition, worker unions, and worker health benefits more important? How is Wal-Mart changing international corporate retail law? How has it worked within the confines of Chinese and Japanese law to accomplish its goals?

How important are environmental and preservation issues in store location in the United States and elsewhere? Are these issues important only in selected regions of the United States or other countries? How has Wal-Mart confronted such issues considering that local and state regulations may welcome or inhibit construction in inner-city, suburban, or rural areas? Does it promote its "environmental and

preservation messages” in store expansion proposals outside the United States, and with what success?

What controversial land use issues challenge Wal-Mart in rural and urban areas of Europe, Asia, Latin America, and potentially Australia and Africa? How does the company address local conflicts that may have a religious or spiritual base (as we observe in the Mexican case discussed in this volume) or the exporting and potential opposition of American consumer preferences, values, and products? And how does its southern small-town worldview and “Every Day Low Prices” message play in large cities and rural markets in the developed world?

Twelfth, and last, what is Wal-Mart’s foreign policy? Considering its colossal strength in global retailing and expansion of stores, one might argue it plays a major role in U.S. foreign policy decisions regarding China, for example, and potentially other places where growth is sought. Suppliers, quotas, preferential treatment, and labor issues would seem to be topics of importance to Wal-Mart, whether one is studying its global worldview or its national views. Just as Sam Walton had a distinct view about the corporation’s place in the rural South, so do his successors have a distinct view about internationalizing the company. Lobbying and contributions to political parties and individuals both in the United States and elsewhere might be a part of such inquiries.

I remain enthusiastic, as many of the authors do, about the prospect of continued study into Wal-Mart’s operations, legal controversies, and community outreach efforts. Certainly there are ample opportunities for the enterprising social and policy scientist and the engaging journalist to study this corporation in small towns, large suburbs, and inner cities in the United States and abroad. I can envisage those wishing to study the corporation from “inside the store” as well as in the community and beyond. All scales of inquiry are welcome in the scholarly community. Only in this way will we be able to place our findings of Wal-Mart into our previous investigations into other megacorporations, such as Standard Oil, General Motors, Ford, Exxon, and Microsoft.

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Stanley D. Brunn
Lexington, Kentucky

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Part I

Wal-Mart and the World

The Geostrategy of Global Business: Wal-Mart and Its Historical Forbears

Peter J. Hugill

Introduction

In 2004, Jon Talton, a reporter for the *Arizona Republic*, noted that the previous year, “*The Los Angeles Times* reported: ‘Wal-Mart’s decisions influence wages and working conditions across a wide swath of the world economy. ... Its business is so vital to developing countries that some send emissaries to the corporate headquarters in Bentonville, Ark., almost as if Wal-Mart were a sovereign nation’” (Talton 2004). Certainly Wal-Mart’s annual income as the modern world’s wealthiest corporation is well above the gross domestic product (GDP) of most sovereign states. With sales of \$256.3 billion in 2003, Wal-Mart would have ranked twentieth, just above Austria. Talton concludes his piece by stating that Wal-Mart “is something new, a global economic superpower operating beyond the reach of fair competition, empowered workers or even national governments” (Talton 2004).

Since Wal-Mart makes few statements of purpose, it is hard to judge its behavior as a “global economic superpower” except on the basis of its performance, although when dealing with a firm, that seems entirely appropriate. Nevertheless, two significant historical-geographical facts stand out about Wal-Mart that help explain its behavior: (1) its geographical roots are in the small towns of the American South and West, regions well known for their dislike of planning and zoning, regulation, and unions, as well as for low wages, which has certainly helped promote Wal-Mart’s obsessive “low price” policy; and (2) almost all the firm’s international growth and success has been achieved since the end of the Cold War, in a period in which the world economy has been totally dominated by the return to global liberalism and the ideals of free trade. At one level this second fact is similar to the first: the ideals of global liberalism include free entry to the marketplace and unrestrained global wage competition. Judged by its performance, Wal-Mart’s geostrategy is based on the fact of the return to a genuinely global world economy after the end of the Cold War, in which one country in particular, China, has sought to improve its relative position by offering itself as a major source of cheap labor.

The First “Global Economic Superpowers”

The historical geographer in me notes that firms such as Wal-Mart are, despite the press comments cited in the first paragraph of this chapter, not at all new or out of the ordinary. Trading companies such as the Hanseatic League operated well “beyond the reach of ... national governments” and dominated European trade for several centuries from the start of the second millennium (Hugill 1993: 50–51). Much more significantly, in the first round of expansions of the European world economy after the year 1431, two economic superpowers would emerge, operating even further “beyond the reach of fair competition, empowered workers or ... national governments” than the Hanseatic League had ever dreamed. Both were based in the emerging nation-states of the early 1600s. The first would become as powerful as any state on the planet, rule a “sovereign nation,” and eventually have to be brought to heel by the state in which it was embedded. This was the British East India Company, founded in 1600 to establish trade with the Spice Islands of the Indonesian archipelago. The second was the Dutch *Verenigde Oostindische Compagnie* (VOC), founded in 1602 for the same purpose. Both quickly expanded into something much more, establishing major footholds on the Indian subcontinent in the early 1600s to acquire the cotton textiles they needed to persuade the inhabitants of the Spice Islands to part with their nutmeg, cloves, cinnamon, and pepper. This Indian textile trade quickly assumed much greater importance than the spice trade, especially for the British East India Company (Irwin 1955, 1956, 1957). French attempts to copy these British and Dutch companies were much less successful. During the Seven Years’ War (1756–1763; called the French and Indian War in American history) the British East India Company, operating as a sovereign nation well beyond British control, though acting generally in British interests, used its huge private armies to wrest control of the Indian subcontinent from the French.

Before the emergence of the territorially bounded nation-state (a complex process that cannot be said to have gotten under way until the Peace of Westphalia ended the Thirty Years’ War in 1648, and which was not completed until the emergence of the “New Nationalism” in the late 1800s), such private economic superpowers were a normal part of the geopolitical process as Europeans reached out to the rest of the world and, as many claim, began to exploit it. Only powerful states could control powerful firms.

Although for these eighteenth-century firms we lack the accurate financial data that we now have for the present day, which allows us to calculate national accounts, we can be sure that in its heyday the British East India Company ranked well above twentieth as a global power. It cannot be measured as simply as we can today measure the strength of a firm such as Wal-Mart, by expressing its sales as a percentage of GDP. Much of the economic return to Britain from the East India Company actually came from the private activities of its employees, who were paid extremely poor wages, speculated very heavily on the side, and returned, or hoped to return, to Britain with large private fortunes (Furber 1976: 227). Nearly all the output of economies before the Industrial Revolution of the late 1700s was agricultural, thus a product primarily of the natural endowment of land, soil, and climate. Nearly all the output of a modern economy is in industry and services, thus a product of capital and labor.