

Do Big Box Retailers Harm the Quality of Life?

by Russell Roberts, Ph.D. in economics

Question for Thought: Do Big Box Retailers such as Walmart hurt or help local small-town communities?

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Near where I live is a charming little stretch of shops called "the Loop" that caters to students and the university community. There are bars and restaurants and a gorgeous restored movie theater from the 1920s and a bike shop and a juice bar and a used book store and a vintage clothing store and a used CD store and you get the idea. In many ways, it's much nicer than it was when I moved here a dozen years ago. The stores are a little more upscale and everything is cleaner and nicer as older buildings have been renovated.

The Loop is about a ten-minute walk from my house. We love being able to walk there and we're happy it's nicer than it was when we first arrived. But in another dimension, the Loop is not as nice. Two wonderful stores have gone out of business and have not been replaced: a lovely independent bookstore called Paul's Books, and Smith Hardware, one of those phenomenal hardware stores where the owner and his daughter knew everything from bird seed to PVC pipe.

Paradoxically, the best way to describe Smith Hardware is the smell. You can't convey smell in print or online, but it doesn't matter. You know what a hardware store like Smith Hardware smells like. It's that mix of mulch, bug spray, and who knows what else.

My kids will never know that smell. To them, a hardware store looks and smells like Home Depot. Home Depot may have a few spots that smell like Smith's, but it's too big and diverse a place to have a single smell. Home Depot destroyed Smith Hardware, and a Barnes and Noble superstore about three miles away destroyed Paul's Books. Home Depot and Barnes and Noble are typical "big box" retailers, enormous stores with enormous inventories that strike fear into the heart of small, independent merchants. So now if I want a book or just want to browse, or if I want to replace the mechanism inside my toilet or pick up some wood screws to repair a piece of furniture, I have to get in my car.

So who is to blame for the demise of Paul's Books and Smith Hardware? I said a moment ago that they were destroyed by Barnes and Noble and Home Depot,

but that's hyperbole designed to lull the reader into a false sense of economics. I was just testing you.

If I really want to find the culprit, he's easy enough to spot. I see him in the mirror every morning. I put Paul's and Smith out of business.

Oh sure, I shopped there from time to time. But when I wanted a book that Paul's didn't have, I would get it at Barnes and Noble rather than have Paul's order it. And while I was there, I might pick up a few others as well, ones I could have bought at Paul's on another visit.

And if I wanted to fix the toilet at ten o'clock at night, sometimes I'd just get in my car and go to Home Depot. They're open 24 hours a day. And they have everything. In profusion. In every size.

I love walking around there and I'm not even a fixit type. My children will never know what Smith Hardware smells like, but they know what Home Depot sounds like. I used to take my oldest son there as a toddler. We'd hear the whine of the forklift and race our cart over to the appropriate aisle and watch it pull down a pallet down from the ceiling.

And while I was picking up the piece to fix the toilet, I'd stock up on light bulbs at a fraction of the price that Smith charged. And they'd have every kind I needed, even the weird halogen ones for the living room.

There must be a lot of people like me—people who liked Paul's and Smith but who found themselves shopping there less often than they once did. No one forced us to shop at Home Depot and Barnes and Noble. And nobody stopped us either. We made the choices we thought were best for us at the time.

You could argue that if we had realized that our choices had consequences beyond the price of those halogen bulbs, we might have shopped more at Paul's and Smith. That is, you could argue that if I and all the other shoppers had known that we were destroying Paul's and Smith, we might have made a different decision.

We didn't realize that each of our small wounds to the bottom line of Paul's and Smith summed up to mortal blows. If we had realized that, we would have been more loyal, Paul's and Smith would still be around, the Loop would be a nicer place and we'd be happier.

You can make that argument, but it's hard to marshal any evidence for it other than a wispy desire on my part to be able to walk to my hardware store. I do miss Paul's

and Smith, but frankly, not that much. Not enough to give up the benefits of Home Depot and Barnes and Noble.

And I suspect the non-romantics among my neighbors miss them not at all. A lot of people actually enjoy driving to stores rather than walking. They don't like to walk back with a backpack or shopping bag, lugging those purchases. And I respect that set of preferences along with my own.

But there are folks on the other side of me on the romance-of-small-business spectrum as well. Folks who would never shop at Barnes and Noble or Home Depot even to save money or time because they were loyal to Paul's and Smith. Their lives are diminished a little by their departure. And it is those people who make the most noise when small businesses go under. When the local coffee shop that is full of charm gets replaced by a Starbucks, some of those folks are genuinely sad.

I'd like to cheer up the people who decry the homogenization of America. I'd like to cheer up the people who despise the big boxes on the edge of town and the corporate machines—the Home Depots and Wal-Marts and Costcos and Starbucks—who crowd out the little guys.

Here are my words of consolation:

You worry that the world is getting less interesting. You worry that when Main Street gets replaced by Edge City that something intangible is lost. You may be right. But there are some intangibles (and tangibles) on the plus side as well.

Think of all the people in the small towns of America who before Wal-Mart came along had to shop in dingy general stores on Main Street with high prices and poor selection. When Wal-Mart came to town, the people in those towns whooped and cheered. Because of Starbucks, some people have access to the first intensely flavorful cup of coffee they've ever had outside their home, maybe even their first great cup of coffee ever. Because of Barnes and Noble, people can shop among 100,000 books.

And because of Home Depot and Wal-Mart and all these other corporate behemoths, people have saved a lot of money. It's only money, but having more money left over after shopping creates all kinds of other activities and businesses that are hidden but real.

They've used all that money they once spent on higher-priced hardware and underwear and used it to do all kinds of glorious things we can't see but can only imagine, sending kids to college or giving them music lessons, buying a nicer house or taking a longer vacation, funding a charity or contributing to a political cause.

The left-over spending power has flowed into a million other places, allowing all kinds of businesses and non-profits to get a start they wouldn't have had if retailing hadn't gotten more efficient and cheaper.

Finally, think of Mr. Smith's daughter. Like Mr. Smith, she knew everything about everything you needed to know. She may be miserable now or thrilled that the store is gone. Its closing may have liberated her or punished her. We don't know.

But think about her children, if she has any. They may have dreamed of working in a hardware store like their mother and grandfather. But there is a chance, and my guess is that it's more than an even chance, that they would dream of doing something else.

And the changes keep coming. Barnes and Noble is now struggling to survive in the face of Amazon. I love going into a bookstore and browsing. Now, most of us do that on the web and we're happy to be able to browse millions of books instead of tens of thousands. And our Kindles let us travel with over a thousand books in the palm our hand without renting a truck to follow us around on vacation to let us read what we want.

Because of the efficiency of Wal-Mart and Home Depot and Barnes and Noble and now Amazon, fewer resources and management talent are involved in retailing and more are available elsewhere.

That means more opportunity for the next generation. That is the true fruit of economic change, and most of us, maybe almost all of us, want our children and our children's children to be able to enjoy it.

So for most of us, even many of us who miss Paul's Books and Smith Hardware, there are many consolations. The world of economic change is full of hidden delights that sweeten the sorrow of saying goodbye to Paul's Books and Smith Hardware.

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Concluding questions: Are big box retailers successful because they offer products that consumers value at low prices and satisfy customers' wants and needs or are they successful because they force customers not to shop at smaller local businesses?

Do you think many or most consumers regret the changes in the economic landscape of their towns—more Starbucks stores, more big retailers and fewer independents?

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