

**FREE SEMINAR:**

# ***The Myth of Corporate Efficiency***

Why giant corporations are **not**  
more efficient than small businesses.

10 A.M., Saturday, December 3, 2005, Friends Meeting House  
4836 Ellsworth Avenue, Pittsburgh, PA 15213 **RSVP** at (412) 687-5263

## **Examples**

- Family farms vs. corporate farms
- Wal-Mart, Home Depot, etc.
- TV, radio and cell phones
- Internet and software

## **Promoters of the myth**

- Corporate self-promotion
- Big unions
- Big government
- Capitalist ideology
- Socialist ideology

## **Land efficiency vs. labor efficiency**

- Big business more labor-efficient
- Small business more land-efficient
- Taxes favor labor-efficiency

## **Producing vs. distributing**

- Big business efficient producers
- Small business efficient distributors
- Transportation subsidies favor big businesses

## **Producing vs. promoting**

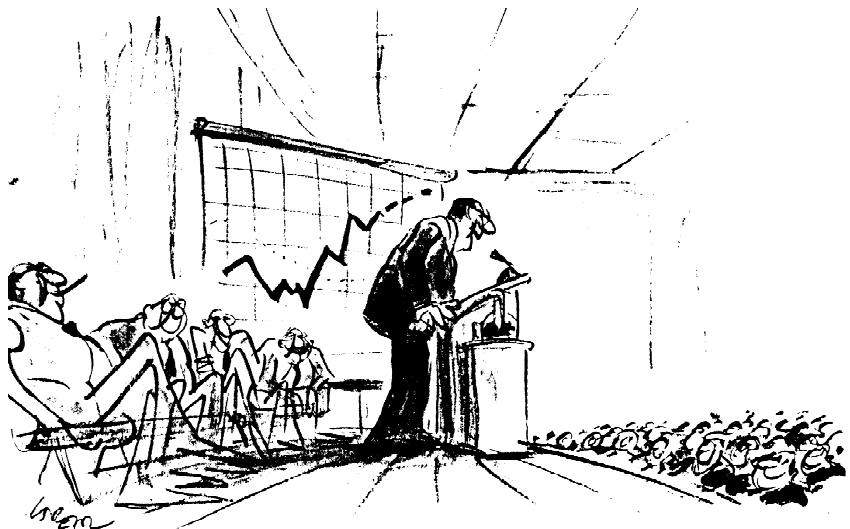
- Media favors big advertisers
- Loss leaders and price games
- Manipulating desires

## **Producing vs. monopolizing**

- Right-of-way monopolies
- Patent monopolies
- License monopolies
- Land monopolies
- Money, credit and debt

## **Producing vs. politicking**

- Political lobbying
- Supplying "expert advice"
- Funding civic organizations
- Noblesse oblige
- Public-private partnerships



*"...management was able once more, through a combination of deceptive marketing practices, false advertising, and price fixing, to show a profit which, in all modesty, can only be called excessive."*

## **Clout vs. Cooperation**

- Direction vs. cooperation
- Vendor dependency
- Access to big government
- Intimidating small towns
- Too big to be allowed to fail
- Too big to be allowed to leave

## **Bureaucrats vs. Owners**

- Top-heavy management
- Looking good on paper
- Corporate governments
- Failure of democracy
- Lack of human attributes

## **Fundamental Remedies**

- End fictional personhood
- Untax labor and exchange
- Tax land, resources and pollution
- End subsidies
- Localize government

## **Upcoming Seminars**

Saturdays, 10 a.m.  
Friends Meeting House

Jan.  
7 Land Tenure and Race

Feb.  
4 Land Tenure and Warfare

Mar.  
11 Gentrification & Displacement

Apr.  
1 How to Fund Transportation

May  
6 The Free Trade Fraud

**RSVP** to Saving Communities  
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<http://savingcommunities.org>

# The Root Cause of WalMarts

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## It's bigger than WalMart

Although WalMart epitomizes the big-box self-serve superstore, with a small number of low-paid employees moving a high volume of merchandise, they are really just the tip of the iceberg.

Super K-Mart; Petco and Pet Supplies Plus; Home Depot and Lowes Hardware; Bed, Bath & Beyond; Office Max, Office Depot and Staples; and businesses like them essentially follow the same formula and contribute to the problems.

## Opposing WalMart is not enough

Big-box stores are taking over the retail trade so rapidly that fighting them one at a time, through boycotts, opposition to building permits, etc., is as futile as swatting flies in a barn. Eventually, we have to deal with the root cause of the problem.

## Labor efficiency

Big-box stores are labor efficient, spending less on payroll. Smaller, more full-service stores have higher labor costs.

Because America's tax burden falls mostly on wages, labor-efficient big-box stores generate less tax revenue than the traditional stores they displace. Indeed, one of the ways customers save at big-box discount stores is by doing much of the labor themselves. Employees do little more than stock the shelves, as the customer finds the

product, brings it to a highly automated check-out system, and sometimes even does self-check-out, essentially doing the store's work themselves to save money.

Customers who earn a little extra so they can patronize full-service stores generate wage tax on that extra earnings, and so do the store employees who provide that extra service. Customers of self-serve stores generate no extra tax themselves and help the store generate less wage tax by reducing its payroll.

As a result, the more the tax burden falls on wages, the bigger the competitive advantage enjoyed by big-box stores.

## Land inefficiency

However, big-box stores are terribly inefficient users of land — big empty shells fronted by vast expanses of parking lots.

Neighborhood stores with a significant share of walk-in trade have proportionately smaller parking lots. Also, because finding products in big-box stores takes longer, each parking space is occupied longer. The full-service store that gets people in and out quickly is less dependent on large lots.

Neighborhood stores not only tie up less land, but less valuable land. Big-box stores are always located at interchanges of major highways, and often at the convergence of multiple highways, where land values are particularly high. Neighborhood stores, drawing from more localized markets, do not need such prime locations.

## A tax on land value is a tax on WalMart

Shifting from wage taxes back to property taxes, or, better yet, to land value taxes, shifts the tax burden from traditional full-service neighborhood stores to

big-box, self-service stores like WalMart. In so doing, it shifts the competitive advantage away from the big-box stores and back to the neighborhood stores.

## A principled tax

We advocate land value tax to conform with justice, not to hurt big-box stores or help small business. Based on the principle that the earth is a commons, land value tax charges each person in proportion to the share of the commons he holds.

Ben Franklin, Tom Paine, Thomas Jefferson and William Penn all advocated land value tax. Our first constitution, the Articles of Confederation, even called for the federal government to be funded from a land value tax.

Today, land value tax is supported by public figures from across the political spectrum — from liberals like Ralph Nader and Dennis Kucinich to conservatives like Milton Freidman and William F. Buckley.

## Tax locally, win locally

Pennsylvania already allows cities and boroughs to tax land values. Those that have done so have enjoyed increased construction and renovation and lower taxes on home owners and productive businesses.

There are things the state and federal governments should also reform, in the areas of highway policy, energy policy and banking, but, given the dominant attitude at the federal level, it's good to know that you can make a difference in your own municipality.

*Men did not make the earth... it is the value of the improvement, only, and not the earth itself, that is individual property. Every proprietor...owes to the community a ground-rent for the land which he holds.*

— Tom Paine, "Agrarian Justice"