

IS WAL-MART GOOD FOR AMERICA? Teacher's Guide

ABOUT THE FILM:

FRONTLINE offers two starkly contrasting images: one of Circleville, Ohio, where the local TV manufacturing plant has closed down; the other -- a sea of high rises in the South China boomtown of Shenzhen. The connection between American job losses and soaring Chinese exports? Wal-Mart. For Wal-Mart, China has become the cheapest, most reliable production platform in the world, the source of up to \$25 billion in annual imports that help the company deliver everyday low prices to 100 million customers a week. But while some economists credit Wal-Mart's single-minded focus on low costs with helping contain U.S. inflation, others charge that the company is the main force driving the massive overseas shift to China in the production of American consumer goods, resulting in hundreds of thousands of lost jobs and a lower standard of living here at home.

A NOTE TO TEACHERS:

For classes in Social Studies, American Government, Current Events and Economics;
Grade level 9th – 12th

"Is Wal-Mart Good for America?" provides a provocative examination of the impact Wal-Mart has had on the U.S. economy. The documentary highlights the changing relationship between manufacturers and the so-called "big-box" retailers, exemplified by Wal-Mart, that has contributed to the bankruptcy of some American businesses and a growing unemployment rate. While Wal-Mart supporters tout the advantages of one-stop, low-cost shopping, others are alarmed at both the outsourcing that has made these low prices possible and how large retailers affect smaller, local businesses. FRONTLINE examines the winners and the losers as it documents how:

- Global retailers are superceding manufacturers in making decisions about product quality, type and price.
- A basic flaw in the United States-China trade relationship is that we can afford to buy Chinese products, but they cannot afford to buy ours.
- Wal-Mart has approximately 6,000 global suppliers; 80 percent of these are from China.
- China is becoming the biggest producer of high-tech products in the world.
- TCL, a Chinese company, is now the largest producer of televisions in the world and almost all of their U.S. exports go to Wal-Mart.
- The United States is exporting raw materials to Third World countries and importing their manufactured products, which is a reversal of former economic relations.
- In 2003, the United States had a \$120 billion trade deficit with China and it is expected to be even higher in 2004.

DISCUSSION QUESTIONS:

A list of questions for students to discuss after viewing "Is Wal-Mart Good For America?"

FEATURED LESSON PLAN:

Are Low Prices Always a Good Thing?

Students will examine the costs and benefits of outsourcing for consumers, manufacturers, retailers and workers in the United States by:

- Completing a viewer's guide for the documentary
- Researching the costs and benefits of outsourcing

ADDITIONAL LESSON IDEAS:

Editorial Statements

Students will use information from the film and/or additional research to create a persuasive letter, poem or cartoon that illustrates their viewpoint.

Outsourcing and Campaign Promises

Students will explore the different approaches to outsourcing advocated by the Democratic and Republican political parties in the 2004 campaign.

Store Wars: When Wal-Mart Comes to Town

These online lesson plans will allow students to:

- Study the advantages and disadvantages of allowing a major chain store into their community
- Role-play persons involved in the study by simulating a talk show
- Conduct a cost-benefit analysis of accepting a chain store into a community

PURCHASING THE FILM:

"Is Wal-Mart Good for America?" can be purchased from **Shop PBS for Teachers** [<http://teacher.shop.pbs.org/home/index.jsp>]. Also, teachers and students can watch the film streamed in its entirety on **FRONTLINE's Web site** [<http://www.pbs.org/wgbh/pages/frontline/shows/walmart/>].

CREDITS:

This teacher's guide was developed by Simone Bloom Nathan of Media Education Consultants. It was written by Patricia Grimmer of Carbondale High School, Carbondale, Illinois. Advisers were Ellen Greenblatt of University High School, San Francisco and Michelle McVicker of the Rutherford County Schools, Tennessee.

DISCUSSION QUESTIONS

1. What did you know about Wal-Mart before viewing the documentary?
2. Do you know anyone that works at Wal-Mart? If so, how would you characterize their experiences?
3. What most surprised you about the film?
4. Do you think the strategies that Wal-Mart is using are fair? Why or why not?
5. What new kinds of jobs might be created as a result of outsourcing? What jobs might be eliminated?
6. Who gains the most from Wal-Mart's price policies? Why?
7. Has the documentary influenced how or where you will shop? Explain.
8. Who has benefited from Wal-Mart? In what ways? Who has not benefited from Wal-Mart? In what ways?
9. How should Wal-Mart balance the needs for worker benefits, low prices for consumers and high profits for shareholders?

LESSON PLAN

Are Low Prices Always a Good Thing?

Lesson Objectives:

In this lesson, students will evaluate:

- The positive and negative aspects of Wal-Mart's pricing policies
- The impact that outsourcing has had on the United States economy

Materials Needed:

Internet Access

Student Handout: Viewer's Guide

Student Handout: Are Low Prices Always a Good Thing?

Time Needed:

60 minutes to watch the documentary

10 – 20 minutes for the discussion questions

60 – 90 minutes for researching and reporting on the material from the student handout

Procedure:

1. Instruct students to read the definitions and then answer the questions as they view the documentary.
2. Conduct a large group discussion using the questions from the Viewer's Guide.
3. Divide the class into small groups and have half of the groups research the advantages of outsourcing and the other half the disadvantages.
4. Ask each group to make a short presentation about their research findings or have individuals from each group take part in a debate on the advantages and disadvantages of outsourcing.

Method of Assessment:

Class discussion

Submission of handouts

Research presentation

STUDENT HANDOUT:
"Is Wal-Mart Good for America?"
Viewer's Guide

Directions:

I. Review the following terms prior to watching the documentary:

- **Outsourcing** is when a business obtains services or products used in manufacturing, such as parts for a television set, from an outside (often overseas) supplier or manufacturer in order to cut costs.
- **Offshore Companies** conduct most of their business outside of the country in which they are incorporated. These companies are also known as non-resident companies.
- **Push Production** is when **manufacturers** of products decide what to produce, how much to produce and the price of the product.
- **Pull Production** is when **retailers** determine what the manufacturer will produce, how much to produce and the price of the product.

II. Answer the following questions as you view the documentary:

1. What did you notice at the Wal-Mart shareholders meeting? Do you think this is different from other shareholders' meetings? If yes, in what ways?
2. How is Wal-Mart able to keep track of its inventory? Why is this important? List the effects this has on producers.
3. Trace the decline of Rubbermaid from 1994 to 2004. What factors most contributed to this decline?
4. What is an opening price point? How does it influence sales?
5. Wal-Mart started a campaign encouraging people to buy products that were made in America. What influence did this have on Wal-Mart's buying practices? Be specific!
6. In 1994, President Clinton said that new trade agreements would create a market for American products in China. What happened to the United States companies after opening trade with China? Include statistics, companies and places.
7. List the arguments in favor of outsourcing and those that are against it.
8. Compare the situation at Five Rivers Electronics and the Thomson Plant. What caused problems and what was the result for each?

STUDENT HANDOUT: Are Low Prices Always a Good Thing?

Note to Students:

- Wal-Mart is the biggest retailer in the world.
- Wal-Mart's growth can be largely attributed to their ability to keep prices low.
- Outsourcing is one method of keeping the cost of production down.

You will be divided into groups to research the advantages or disadvantages of outsourcing. Take careful notes and be prepared to defend your group's position in a class debate.

The Advantages of Outsourcing

Directions:

Using the following Web sites, information from the documentary and additional information found on the Internet, support the concept that outsourcing is good for the United States. Organize this information for a short presentation to class.

The Great Hollowing-Out Myth (*The Economist*)

http://www.economist.com/agenda/displayStory.cfm?story_id=2454530

Jobs, Immigration, and Outsourcing (*The Cato Institute*)

<http://www.cato.org/current/outsourcing/index.html>

Top Economists Square Off in Debate Over Outsourcing (*The Wall Street Journal*)

<http://www.careerjournal.com/hrcenter/articles/20040520-aeppl.html>

The Disadvantages of Outsourcing

Directions:

Using the following Web sites, information from the documentary and additional information found on the Internet, support the concept that outsourcing is bad for the United States. Organize this information for a short presentation to class.

Towards A Progressive View on Outsourcing (*The Nation*)

<http://www.thenation.com/doc.mhtml?i=20040322&s=cavanagh>

Interview with Lou Dobbs (*NOW with Bill Moyers*)

http://www.pbs.org/now/transcript/transcript334_full.html#dobbs

Top Economists Square Off in Debate Over Outsourcing (*The Wall Street Journal*)

<http://www.careerjournal.com/hrcenter/articles/20040520-aeppl.html>

ADDITIONAL LESSON IDEAS

Editorial Statements

- Ask students to write a one paragraph summary of what they believe is good or bad about Wal-Mart.
- Based upon this summary, information from the film and/or additional research, have students create a persuasive letter, poem or cartoon that illustrates their viewpoint.
- Encourage students to use computer technology to create graphs, import pictures or use clip art in their projects.

Outsourcing and Campaign Promises

- Break students into small groups and ask them to brainstorm strategies to improve America's trade imbalance.
- When completed, have students compare their ideas to those the 2004 presidential candidates proposed at:

George W. Bush: A Plan for Creating Opportunity for America's Workers

<http://www.georgewbush.com/agenda/Chapter.aspx?ID=1>

John F. Kerry: Plan to Keep High-Paying Jobs in America

<http://www.johnkerry.com/pdf/offshore.pdf>

[Note: This is a pdf file; Adobe Acrobat required.]

Store Wars: When Wal-Mart Comes to Town

This documentary, which aired on PBS several years ago, looks at the story of the how the people of Ashland, Virginia, dealt with Wal-Mart's decision to open a store in their community. The accompanying **Web site** [URL:

<http://www.pbs.org/itvs/storewars/teachers.html>] includes the following lesson plans:

The Impact of Big Box Stores on Ashland, Virginia, (and on your town)

Students will learn about the impact and effect a big-box department store chain has on a community by analyzing the Ashland, Virginia, situation. They will also analyze how chain stores impact their own communities.

Role-Playing the Ashland/Wal-Mart Story

In this activity, students will role-play persons involved in the Ashland/Wal-Mart story in a "talk show" format, demonstrating their knowledge of the implications of this issue as seen through the eyes of the participants.

Should We Let Them In? A Cost-Benefit Analysis of Allowing a New Chain Store Into Town

Students will summarize the possible costs and benefits of a Wal-Mart opening in their town in economic, social and environmental terms, and write an assessment for their town's mayor.

RESOURCES

In addition to the Web resources included in the guide, students and their teachers might want to take a more detailed look at sites devoted to Wal-Mart.

Media literacy note: As with all issues, especially ones that are politically charged, students must learn to be savvy and discriminating readers. No Web site can provide all the information a student needs to know, and teachers should encourage students to "interrogate" Web sites even as they are reading. Guiding questions as they work through these activities should be: What did you learn from this source? What didn't you learn from this source? Who sponsors this source? What bias might the sponsor have? What sites does the source link to?

Web Sites

Is Wal-Mart Good for America?

<http://www.pbs.org/wgbh/pages/frontline/shows/walmart/>

The companion Web site to the FRONTLINE film provides a closer look at how Wal-Mart became the largest and most powerful global retailer, an examination of Wal-Mart's role in driving U.S. manufacturing overseas to China, and more on the U.S. trade deficit with China. Also included is analysis of whether Wal-Mart is good for America and extended interviews with Wal-Mart insiders and observers.

About Wal-Mart

<http://www.walmartstores.com/wmstore/wmstores/Mainabout.jsp?pagetype=about&categoryOID=-8242&catID=-8242&template=ContentLanding.jsp>

This area of Wal-Mart's corporate Web site offers information about the company's culture and history.

Store Wars: When Wal-Mart Comes to Town

<http://www.pbs.org/itvs/storewars/>

This site, which accompanies a PBS documentary, tells the story of a small Virginia town's reaction when Wal-Mart proposes building a Supercenter on the edge of town. The site offers the pros and cons on the issue, plus resources for teachers and more.

2004 Pulitzer Prizes -- National Reporting -- *Los Angeles Times*

<http://www.pulitzer.org/year/2004/national-reporting/works/>

This award-winning series of articles written by *Los Angeles Times* staff examines positive and negative factors about Wal-Mart.

Union-4-Wal-Mart -- The Official Nationwide Campaign Web site

<http://www.union4walmart.com/websites.htm>

Wal-Mart resists the unionization of its employees. This site, created to encourage unionization, has many links to Web sites created by unions, individuals and Wal-Mart/Sam's Club associates.

Books

Joel Bakan. *The Corporation: The Pathological Pursuit of Profit and Power* (Free Press Books, 2004) This book by a law professor and legal theorist makes the argument that corporations, if unchecked, can lead to disgrace and destruction.

Robert Slater. *The Wal-Mart Triumph: Inside the World's #1 Company* (Penguin Group USA, 2004) This book offers insights into Wal-Mart management and the company's worldwide expansion. It also examines Wal-Mart's response to its critics and competitors.