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News & Events ➤ Walmart Study

Stuart Varney interviews Dr. Sobel on Fox Business News

Is Wal-Mart so bad?
Professor's study in the spotlight

Dr. Russell S. Sobel, James Clark Coffman Distinguished Chair and Professor of Economics, is back in the spotlight with local and national media coverage about his study of how Wal-Mart affects the U.S. small business sector.

The study, co-authored with graduate student Andrea Dean, “Has Wal-Mart Buried Mom and Pop?: The Impact

http://www.be.wvu.edu/news_events/walmart/

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Walmart Study of Wal-Mart on Self Employment and Small Establishments in the United States” is forthcoming in a top 50 economics journal, Economic Inquiry. The study examines several different measures of small, “mom and pop,” business activity across the United States through time to see the impact of Wal-Mart.

“We examined the data every way possible, and the answer is clear: Wal-Mart’s presence simply has had no impact on the overall size, or profitability, of the U.S. small business sector,” Sobel said. “Instead, Wal-Mart unleashes a process economists call ‘creative destruction’ such as when the automobile replaced the horse and buggy industry, or CDs replaced vinyl records. While some small businesses fail, others rise in their place.”

He points to Morgantown, the downtown area around West Virginia University, as an example of where some businesses shut down and other new small businesses are now in their place. “It is important to remember that Wal-Mart doesn’t put anyone out of business—consumers do,” he said. “They choose to shop at new Wal-Mart stores instead of the old mom and pop stores because they save money. And this is money consumers can now spend on other items, creating opportunities for new small businesses to open.”

Sobel said he became interested in the topic when he was serving as director of the WVU Entrepreneurship Center, helping people open small businesses on a daily basis. There were often discussions of how Wal-Mart harmed the small business sector, and he was interested in actually looking at the data and evidence on the issue. The good news, said Sobel, “is that it’s just as easy to be a small entrepreneur today as it was in the past.”

The flurry of publicity over their article began with a request to write a version more readable by the general public for the Cato Institute’s Regulation magazine. Soon he had requests for radio interviews from California and Canada, and U.S News and World Report covered the article. Most recently he was interviewed locally by Hoppy Kercheval, The State Journal, and even had a national TV appearance on Fox Business News where he was interviewed by Stuart Varney.

Copies of some of these interviews, along with the original article is available on Dr. Sobel’s website.

This is not the first of Dr. Sobel’s research that has drawn national attention. His work on FEMA disaster relief and on safety in NASCAR racing have both garnered similar attention.