By David Moberg

CHICAGO

This Sears sale item is not in the catalogue

IN THE LATE AFTERNOON SUNLIGHT THE 110-story Sears Tower glistens from afar like a giant pillar of gold, a monument to the fortunes made over the past century in creating and catering to a mass consumer market. When Sears built the tower in the early '70s, executives thought it only fitting that the world's largest retailer should occupy the world's tallest building.

Now Sears is selling the building and—after provoking an intergovernmental bidding war of states offering the company public subsidies—is moving most of its nearly 8,000 employees to a remote northwestern Chicago suburb, Hoffman Estates. Sears is still —barely—No. 1 in retailing, but its share of the market is slipping sharply. The building sale and the move are only small parts of a dramatic remaking of Sears.

Sears as a symbol: The changes at Sears have big real-life consequences for the employees—who face increasing job pressures and more drastic cutbacks in employment—and for Chicago. But they are also symbolic of major trends in the economy.

Here is the once arrogantly impregnable and highly insular "big store" now humbled by upstart, once-scorned competitors, its old middle-class market declining, the forces of consumerism it stoked now undermining its foundations. Here is a multinational giant, regarded as an American institution, forced into defensive actions by the specter of takeover bids. Here is a company that once tried to spread the benefits of its awesome purchasing power around the country now engaging in fashionable corporate blackmail to get the biggest possible public giveaway while continuing to abandon inner-city minority communities.

Sears has played a central role in the emergence of the U.S. mass consumer market. As historian Alfred Chandler has argued, from the middle 19th century on, the railroad and the telegraph made the mass market possible, first with the grain exchanges, then with wholesale jobbers of merchandise. Chicago quickly became the nexus of the new mass market economy. In the exploding big cities, department stores displaced specialized shops. Soon mail order firms targeted farmers. A little more than a century ago, Richard Sears and Alvah Roebuck first marketed watches by mail, later such newfangled items as sewing machines and cream separators. Then retail chains like S.S. Kresge went after small towns.

When the rural market declined with the agricultural recession of the '20s, Sears shifted gears and established the nation's largest chain of stores. It hoped to provide everything needed by the middle 80 percent of the population. It thrived with the post-World War II boom in housing construction as families loaded up on Kenmore appliances.

Sears no-bucks: But the world changed. Starting in the early '70s, real income growth per capita stagnated, and if families made any gains it was because two parents were working. After 1979 economic inequality increased sharply, and much of the stressed middle class slipped downward. As home ownership became less affordable, Sears' fortunes slipped.

Coinciding with this erosion of Sears' traditional customer base, "retail trade was becoming polarized," according to Northwestern University professor of marketing Louis W. Stern. "There were experts in warehouse technology with the ability to move goods rapidly and efficiently and set up no-frills stores like K mart, Wal-Mart and Price Mart. On the other pole were the specialty stores, highly targeted, classification-dominant, lifestyle-oriented like Toys R Us, The Limited, Crate and Barrel, and Athlete's Foot. People became enamoured with pizzazz, service, a tailored assortment of goods. Or they said, 'If we're not going to get that, we'll go where it's really cheap.' It was a high-touch, high-tech world, and Sears fit into nothing. It was the blob sitting in the middle."

ECONOMICS

Ironically Sears had triumphed with its catalogues and stores by mastering the earlier technologies that permitted it to maximize turnover, reduce costs and make high profits on low margins through huge volume and centralized purchasing. But K mart, Wal-Mart and other discounters began beating Sears at its own game, maintaining lower prices through tighter inventory control. The discounters reflected the new computer technology, much as Sears had reflected railroads and the telegraph.

The discounters also cut costs by providing minimal service by a poorly paid, part-time workforce. Sears, by contrast, had long tried to develop in its employees a familial sense of career identity with the company. Sears' overhead costs even now run 50 percent higher than those of its discount competitors.

No go without a logo: Sears also began losing ground to the specialty retailers. Instead of being everything to everybody, as Sears tried to be, Highland, Fretter and Circuit City concentrated on brand name electronics. They offered greater variety (instead of Sears' house brands), low prices and a specialized image.

In other products, especially clothing, Sears was totally outclassed. The mass consumerism that Sears pioneered had created a mentality that Sears could no longer satisfy. Consumerism always flourished in part as an outlet for self-expression. And increasingly, customers weren't interested in simply practical, sensible but undistinctive mass-produced items. They wanted to buy a bundle of symbols as much as a useful article made of cloth or plastic or metal—a little alligator on the shirt, Nike on the shoe, Sony on the Walkman.

Americans, especially the "baby boomers," increasingly found their identity not in the old particularities of region or ethnicity or in the generic Americanism of the postwar mass market of Sears. They sought identity in terms of their "lifestyle" and its attendant purchases: I shop, therefore I am. And they wanted shopping to be an experience, fun, entertaining. Sears could hardly compete with spending a day at Bloomingdale's or the Sherman Oaks Galleria for chic street theater.

Ironically, Sears—one of the inventors, with Montgomery Ward, of mail order marketing—was also hurt by the explosion of catalogue marketing firms that nibbled away at bits of its markets while keeping their overhead low and catering to the families too busy to shop.

Wealth and tower: Sears too slowly recognized the threats of these changes, in part because it was still big and profitable and in part because it had an extremely ingrown corporate culture. Ward's and Penney's, Sears' traditional rivals, were forced to make changes earlier.

After years of sluggish but profitable performance, Sears last year had to act quickly when rumors and speculative purchases of its stock pointed toward a possible takeover bid. With the takeover of Kraft, a raid on Sears no longer seemed absurd. The retail industry had been wracked by waves of takeovers in recent years, some of them driven by speculators' calculations that the break-up asset value of some retailers was greater than their stock market value.

So Sears headed off takeover talk by announcing that it was selling the tower, which it hopes will bring in more than $1 billion. Northwestern University real estate professor Edwin Mills calculates it's an optimal time for Sears to sell since it has already milked all of the federal tax depreciation credits available. But by vacating nearly half the building, it ironically makes the property less valuable.

With the cash Sears hopes to buy back its own stock, so that the company and its employees will own about one-fourth of the shares, thus creating a strong takeover barrier. At the same time, Sears announced it would sell off the corporate-oriented part of its real estate and insurance businesses, developing a concentration on retail merchandise and financial services (such as its Dean Witter brokerage firm, Allstate Insurance and Discover Card).

The changes at Sears—including the sale of the Sears Tower—have big real-life consequences for the employees and for Chicago. But they are also symbolic of major trends in the economy.

Internally Sears will organize its stores around several "power centers," attempting to duplicate the "superstores" by offering a wide variety of name-brand and house-brand products at "everyday low prices" (a more efficient method of managing inventory than relying on repeated sales). Many middle managers will lose their traditional autonomy as centralized control increases over purchasing and pricing, what economist Barry Bluestone has called the "industrialization" of retailing.

Alms for the rich: Sears could have continued to have a cheap office whether it owned or leased space in Sears Tower, but by building a new headquarters for its merchandise group, it can gain new depreciation credits. By playing off Chicago and Illinois against sites in Texas, North Carolina and elsewhere, Sears was able to squeeze an enormous subsidy from the state for moving jobs out of Chicago to the suburbs, precisely the opposite direction that social needs dictate. With no public transportation to the area of Sears' new home, and with the suburbs all but lily-white, the new site will make it hard for black workers to keep their jobs. But it will be handy for many white executives.

Although the city offered land near O'Hare airport at a subsidy of $104 million, Illinois Republican Gov. James Thompson's representatives early on began suggesting suburban alternatives. Thompson essentially offered Sears a blank check. Sears filled in the amount: at least $62 million in site preparation, highways and tax breaks, plus an additional $178 million in property tax breaks gained through establishment of a "tax increment financing" (TIF) district (for 20 years Sears' local property taxes will primarily pay off bonds issued to acquire the land). The boondoggle subsidizes not only the 200 acres Sears says it needs for its new offices, but also 586 acres for Sears' real estate subsidiary to develop.

The price is incredibly high: it is a state record for subsidies per job, and perhaps a national record as well. Furthermore, no new jobs will be created in the area. Indeed, Sears has announced it will be cutting employment. But former Chicago economic development aide Robert Mier said the worst of the deal is not just the cost. There were no quid pro quos exacted (such as guaranteeing low-income housing nearby for minority employees), and the state will make the Sears site in an affluent suburb both a TIF district and an enterprise zone—two development tools that were created explicitly for aiding economically depressed areas.

Once a paragon of inventive capitalism, Sears has joined the corporate line at the public trough. Increasingly public opinion is turning against such subsidies, argues Northwestern management professor Donald Haider, co-author of the forthcoming *Place Wars*. "The Sears deal isn't the straw that breaks the camel's back," he said, "but it's one more national celebration of communities giving away their tax bases and not thinking through their benefits and strategies." Once a source of wealth to Chicago, Sears has become a parasite. That may simply be further appropriate symbolism of the condition of American big business. □

By Doug Turetsky

NEW YORK

The exclusive democracy club: how voter-roll purges pick on minorities

DESPITE A MASSIVE VOTER REGISTRATION effort by progressive and non-partisan organizations during the last presidential election, the number of currently registered voters in most cities and states remains virtually the same. The reason: following the election, municipalities purge thousands of voters from the election rolls for failing to vote.

Nationwide, 44 states have purge rules that wipe voters off the rolls for non-voting. These states demand that voters reregister after failing to vote over periods ranging from two to 10 years. But a lawsuit filed by Human SERVE, a voters' rights group, and the Community Service Society (CSS), a New York City advocacy organization, in federal district court in Brooklyn seeks to overturn purge rules.

The lawsuit has already prevented a purge of New York City's voter rolls before the 1989 school board and mayoral elections. Voter registration groups in the city had added some 300,000 people to the rolls during the last presidential election. The scheduled purge would have erased the names of 312,000 voters—or about 12 percent of the city's registered voters.

Still, purges go on throughout the nation. Approximately 10 percent of Kentucky voters were disenfranchised following the recent presidential election. Some 60,000 voters were recently struck from Chicago's voter rolls. After the 1984 presidential election Chicago's election board disenfranchised 100,000 residents—a number equal to those added to the rolls during a large-scale registration drive during the election.

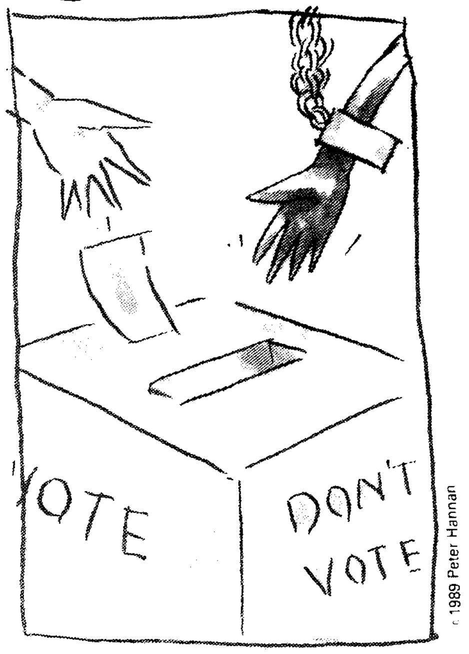
Voting the dread: Voter rolls are regularly purged to prevent election fraud—for example, people voting outside their district or using names of the dead. But Human SERVE's legal director, Deborah Karpatkin, argues that the "dumping" of voter records at a time when so much information is kept on computer files about individuals—and often freely traded among government agencies and corporations—is a backward method of trying to ensure clean elections. And there's little hard data about how much fraud really exists and what, if any, connection it has to registration rules. Although Illinois has some of the toughest voter registration rules in the country, Chicago retains its reputation for fraudulent elections.

ELECTIONS

Purge methods and requirements differ from state to state, yet they appear to be uniformly clumsy and impact most heavily upon minority voters. Just before Chicago's recent mayoral election, it was discovered that black independent candidate Timothy Evans and his wife had been erroneously purged from the city's rolls.

Even if a voter is not disenfranchised erroneously, anti-purge advocates argue that the practice is wrong. Most voter registration drives concentrate on poor white and minority residents, who have traditionally seen elections as having little effect upon their lives. Louise Altman, New York director of Human SERVE, contends that purging underscores "the fragility of the relationship between voters and the system." Once purged, it becomes less likely that voters with only minor experience at the polls will renew that relationship with the electoral process.

Legal reasoning: The federal lawsuit filed in Brooklyn charges that purging of voters violates the Voting Rights Act and the First Amendment of the U.S. Constitution. While



voting rights advocates—and many elected officials—have long believed that purging results proportionately in the disenfranchisement of more minority than white voters, they have not previously backed up that belief with facts. It is only with the filing of the lawsuit that a detailed statistical analysis of a local purge has been undertaken.

In a study accompanying the suit, Allan Lichtman, a history professor at American University, compared the number of voters scheduled to be purged in 24 New York City assembly districts composed of populations either 90 percent white or 90 percent minority. He found that within the predominantly white districts, 11 percent of voters were slated for disenfranchisement, but in the minority districts the number was 15 percent. In an affidavit filed in federal court Lichtman declared that of the 1 million voters encompassed in this study, a minority voter was 35 percent more likely to be purged from registration rolls.

The House Committee on Administration has approved a bill that would establish national voter registration procedures. The bill gives states two options for updating voter records without purging. One copies a system already used in Washington, D.C., where the election board sends a non-forwardable card to anyone who did not vote in a previous election, which is followed with a second forwardable card if the voter has not responded. If there is no response to either mailing, the voter is placed on an inactive list but may vote in the next election with valid identification. The second option is for states to develop a system to update registration records when a voter files for a change of address with the post office, eliminating the need to reregister or face being purged from the rolls.

The legislation is expected to reach the House floor in the fall. But many incumbent elected officials, aware that most of those unregistered are minority or poor, are reluctant to support anti-purge legislation because marked changes among their constituencies could alter future electoral results.

Approximately 70 million Americans are currently not registered to vote. Many of them may well have been churned from the rolls at one time or another. Given the cost and impracticality of registering and reregistering the same people, Altman calls the anti-purge fights "the ultimate registration drive." ☐

***Doug Turetsky** is editor of City Limits, an alternative publication in New York City.*

By Chris Norton

SAN SALVADOR, EL SALVADOR

Another State Department disinformation campaign?

THE BUSH ADMINISTRATION AND THE NEW rightist Salvadoran government are making a coordinated effort to brand Nicaragua the violator of the Arias peace accords in preparation for the Central American presidents' August summit meeting.

Charges of Nicaraguan arms running to the Salvadoran guerrillas—the original justification for U.S. funding of the contras—have been revived, with Vice President Dan Quayle posing among hundreds of Eastern-bloc AK-47s allegedly captured in a guerrilla safehouse and shipped from Nicaragua. Both the U.S. Embassy in San Salvador and the Salvadoran military have accused the leftist guerrillas of killing a string of government officials and prominent rightist intellectuals. The Salvadoran military even claims that all the killings have been carried out by a special Nicaraguan-trained unit under the direct control of the unified guerrilla leadership.

But while the guerrillas make little secret of their new stocks of AK-47s with which they are replacing their aging stocks of U.S.-made M-16s, there has been no convincing evidence that they come from Nicaragua. The rebels say they've been buying them from the inactive contras.

And while the guerrillas have admitted several of the political assassinations—including the April 19 killing of Attorney General Roberto García Alvarado—they have categorically denied killing either Minister of the Presidency Antonio Rodriguez Porth or rightist ideologue Edgar Chacon, two killings the embassy and the government are trying to pin on the rebels. Although U.S. Ambassador William Walker says he has proof of rebel involvement, he refuses to produce it.

Sources on the left say that several previous guerrilla assassinations were carried out

EL SALVADOR

by an urban commando unit of the communist party, without authorization of the guerrilla unified command. The killing of the attorney general provoked a major dispute inside the rebel structure, with many of the leaders critical of the unilateral action by the guerrilla unit. Guerrilla sources say that an agreement was reached that in the future, such actions can be undertaken only with the approval from the unified command.

Polarization or provocation? The Salvadoran army's allegations about a Nicaraguan-trained guerrilla hit squad were even more transparently propagandistic and aimed at the presidential summit. Curiously, rightist President Alfredo Cristiani was the most honest. "It is my personal conviction the FMLN [Faribundo Marti National Liberation Front] are responsible for the assassinations," Cristiani told reporters. "There is an investigation underway which we hope will prove this, but I cannot really come out and say there is hard evidence right now."

Privately, the Salvadoran military's most experienced intelligence officer admits the army is confused by who is behind the killings. And "in a country like this who knows which group may be doing the killings," adds Christian Democratic spokesman Eduardo Colindres.

Nor are the sources of the FMLN's new AK-47s any clearer. FMLN arms probably come from a variety of sources and are smuggled in through many routes. While some may come from Nicaragua, the black market and the warehouses of the Honduran army (stocked by the U.S. in connection with its arms shipments to the contras) are equally plausible sources.

The U.S. Embassy and the Salvadoran military launched a coordinated campaign in mid-May to link the arms to Nicaragua and to counter FMLN claims to have bought them from the contras. And just before the June 1 inauguration of the new Arena government the Salvadoran army announced it had uncovered a major FMLN arms cache in a San Salvador lumberyard.

Once again, the U.S. is blaming Nicaragua for arming Salvadoran guerrillas.

Coincidentals: But there is much skepticism about the army's story. First, the timing was too perfect—the cache was supposedly found at the time of highest media visibility, the inauguration, when the U.S. delegation, and Vice President Quayle a week later, could have photo opportunities in the midst of the so-called captured arms. Different versions of the captured arms story didn't help their credibility. The army variously claimed they had all been found at the lumberyard and that they had come from different sites. "The stories were completely contradictory," says one Western (not U.S.) diplomat who went to the army briefing. "I'm sure the guerrillas have a lot of arms in the capital, but I doubt they'd keep 300 assault rifles in one location." Commented another diplomat, "We saw AK-47s, but we have no idea where they came from or how they got here."

Once again the U.S. Embassy is asking reporters to accept charges about Nicaraguan arms shipments on faith. But after the systematic disinformation campaigns of the Reagan administration, the State Department's credibility rating isn't terribly high. ☐

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