

# Wal-mart is dangerous for economics and small business

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The modern day market has taken some interesting turns with innovations such as the television, the car, and internet. While the moral values of such turns has always been in question, it is no question that every major corporation has taken efficiency to a new level. Corporations like McDonalds, GE, and Bank of America have completely dominated the market with not only their vast resources and effective marketing systems, but by people simply knowing they exist.

While most of these businesses have not gotten much more powerful in past decade due to government regulation of competition, there is one business that continues to grow at a dangerous rate: Wal-Mart. It has now become apparent that its growth has reached Trumbull, Connecticut and in no way should a Wal-Mart be built in our community. It is not even a matter of the problems our town would face as much as it is a moral wrong to the world as a whole. Wal-Mart may be “ legal” in our “ free-market” economy, but economics are never that simple and must be treated very carefully.

It would not only ruin businesses in the area, but exercise the power of corporations whose business tactics seem unstoppable to modern regulation. The Wal-Mart is not only store, but an inevitable business tactic that will decimate the economy in both the short and long term. Wal-Mart’s rise to power is interesting and uncomfortable in how quickly it flourished. The first store was opened in 1962 by Sam Walton in Rogers, Arkansas. By 1970, there were 38 stores, and by 1975, there were 125. In 1983, Wal-Mart had made its eighth year in a row as Forbes Magazine’s 1# retailer.

In 1985, 882 stores had already been built, and in the next 10 years would reach a stunning 1,995 stores. Currently, there are 8,970 Wal-Marts; an average of 50 a state, and this number continues to grow. The story of Wal-Mart is truly nothing short of business success story, but the speed of its success is slightly unnerving. So what do you think would be the result of building this Wal-Mart in town? I suppose it would open maybe around 60 jobs tops in town, but a majority of the jobs would be minimum wage jobs.

Raising the employment rate of your town has nothing to do with the actual quality of the town, and that's saying that all the people hired come from our town. Also, studies have shown that Wal-Mart generally pay their employees 25-28% less than other retail/grocery stores (Dube, Lester & Eidlin 559). Maybe teenagers will have a bit more money, but the jobs that Wal-Mart creates have little impact on the flow of money. In fact, building a Wal-Mart would only hurt the flow of money in our town. All of the surrounding businesses will not be able to compete. Retail prices typically drop by 1 to 1.5% the moment a Wal-Mart opens (Dube, Lester & Eidlin 562). Local grocery stores like Poricelli's and Plasko's can not be expected to compete with a business of such power. If small businesses fall to this Wal-Mart, then the unemployment rate will probably just about balance out with jobs your Wal-Mart will have created. This will destroy the peaceful, small town feel of Trumbull, and replace it with room for corporate siege. Our town would be quite different if we allowed this, but it would also support an economic movement that could tear our economy apart.

One thing that must be understood in order to understand the entire threat of Wal-Mart is the causes and effects of a monopoly. The definition of a monopoly by the Merriam-Webster dictionary is, " Exclusive ownership through legal privilege, command of supply, or concerted action. " Monopolies can be held upon anything, but typically the term refers to a corporations hold on one particular industry. This was more of a problem preceding the great depression. Old corporations such as Standard Oil, U. S. Steel, and at the time GE held what is called a coercive monopoly, which is an absolute hold that can for the most part, can not be beaten without government intervention. These old corporations would dominate by not only controlling their market, but the markets of the related goods and means of production. For example, U. S. Steel would have powerful holds in the railroads so that they may transport there steel to cities free of charge. With such control, the industries were free of competition being that they had the means to set the standard for prices.

Some would argue that this is good for an economy because it keeps prices at an all time low, but this typically lowers the quality of the goods they are selling as well as maintain low wages for workers being there very few places of work when one company controls it all. Nowadays, the government has precautions to prevent such dominating businessmen, but the economic order that is currently in place of the monopoly system, is not all that better. The type of economic system the U. S. currently has is called a monopolistic competition. In order for the U.

S. government to deal with monopolies, they had made it illegal to hold such power in one business. Businesses, such as standard oil, were forced to break up into many different businesses so that they may compete with each other. This keeps the market ever changing and not stagnant, allowing for more free choice in a capitalist economy. Now even though there is no “super power” of the market, there still are businesses that are significantly more powerful forces than others. This is what defines our monopolistic competition of our economy.

It is an economy generally guided by larger corporations, but are not so powerful that they snuff out any smaller business below them. So while we have been able to make the “free market” as “free” as possible, there is still very much so a hierarchy. Wal-Mart sells everything cheaper than everyone. It has a hold not only over one market, but many. Therefore if factors are left unchanged, Wal-Mart would win the game of capitalism. These factors, as of now, are unchanged. First, Wal-Mart simply needs to be everywhere. With 50 Wal-Marts a state and growing, that goal has clearly been reached.

Their numbers are only increasing, this way in the future, anyone can reach a Wal-Mart. This also keeps their employment up. The more jobs they give out, the more control of the standard of wages they have. It also is good for publicity. Second, they need to maintain their influence on the media, other businesses, and government. Commercials and internet make keeping up appearances in media more than easy. Same with other businesses being

that they need only to market their products. Government though is trickier, but they exercised this strength of theirs fairly recently.

Since 1998, a campaign of women has been trying to sue Wal-Mart for wrongful discrimination. More than 100 women have been trying to attack the corporation for many individual accounts of discrimination and finally made it to the Supreme Court in June 2011. Unfortunately, the court ruled in favor of Wal-Mart due to that these individual accounts have nothing to do with the corporation as a whole. This ruling shows that corporations are not held in contempt for the acts of their employees, which makes little to no sense.

While this does not quite mean Wal-Mart is above the law, it still shows the type of influence they can hold in the law if need be. Although, even with this power, they can not hold absolute market control unless they maintain the lack of competition. Luckily, Wal-Mart still has competition, especially with those who find shopping their morally wrong, but this lack of competition may soon be at hand. The current debt crisis is continuing out of control, and nobody knows where it is quite going yet, but the outcome that is feared more is a depression.

With a depression, many businesses, big and small, will fall and the economy will be an empty husk. The only people who will seem unscathed in the mist of this chaos are the massive businesses, or Wal-Mart. They will have the resources to conquer an economy that has been wiped clean. Therefore, if there were on in Trumbull during such harsh times, it would be near impossible to open any new business in the area. Without new businesses, an economy is very hard to rebuild, especially on a local level.

More importantly, in a time a crises, one of the last things you want is for a majority of the wealth to go to one place as history demonstrates. Having such an economic power exist in such fragile times is perhaps the most danger we have been in for decades. As you can see, it is not very difficult for Wal-Mart to become dangerous, but what does this contrast? Why it contrasts the support for small business. Small businesses create a self sustaining system for the area, rather than an area's income being controlled by corporate conglomerates.

The only problem with this is the system of economics. If a small business is successful, it is inevitable it becomes a big business, which could lead to another company to big for our own good. This is a cycle that must happen as a result of capitalism. If we are expected to have such a free moving economic system, we must learn to be responsible with our economy, and not allow businesses, such as Wal-Mart, to spread as rapidly as they do. This is a lesson that will be learned the hard way if a Wal-Mart is built. Wal-Mart is the product of a capitalist economy. While it is simply good usiness, is an example of the inevitability of monopolies in a free market system. Thankfully, we have regulations to hold them back, but you can not count on the government to control the market for you. People need to see this pattern and realize that you can not fall into the lock step of a consumer. Every Wal-Mart that is built just increases the risk of economic domination, and we can not contribute to this. It may be small in scale to the power they already hold, but every movement starts with a step. I hope you see the risk you take in considering this decision. Work Cited

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