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Smarter Wal-Mart Defenders, Please!

Kevin Carson

July 25, 2006

The Mises Blog linked to another by-the-numbers defense of Wal-Mart, this time by Paul Kirklin. The article was about what you'd expect (he even repeated the "best available alternative" cliché in the comment thread, in response to a discouraging word about sweatshops).

You have to wonder if these things are written on a prefab template:

1. Nobody's forced to shop there;
2. Nobody's forced to work there;
3. Its sweatshop suppliers beat the best available alternative for foreign labor;
4. And you're an ignorant socialist! Neener neener!

What stands out, though, is a great comment by our own frequent commenter, Joshua Holmes (aka Wild Pegasus):

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Wal-Mart:

- soaks up hundreds of millions in direct subsidies
- gets millions more in wildly unfair tax breaks
- steals tens, perhaps hundreds of thousands of acres of land through public domain
- buys most of its products in blatantly corporatist China
- gets free access to the interstate highway system

Fuck them and their “free-market” defenders.

So what do you *really* think, Josh? In response, Mises comments frequenter “Person” repeated a predictable line of argument he has resorted to more than once (and taken a beating every time:

Yep, “foul” everyone who has and uses free access to the interstate highway system. They’re obviously criminal and any business success they had obviously wouldn’t have happened without the state.

Everyone is a statist. Everyone should be looted for that crime.

Person followed up shortly thereafter with

I have one more question for everyone who likes to play the game of “ooh, look at this one state intervention that appears to help Wal-mart and ignore all the others that hinder it, so obviously Sam Walton would have been incapable of success in business without the state”:

If some anti-statist movement was able to achieve some success, would you say, “Obviously, they had an

immense subsidy due to their ability to freely travel on the interstate highway system, so any success they can claim must be due to the state.” ?

No, no of course you wouldn't. If you made the first claim about Wal-mart, you're probably not mentally capable of maintaining that much consistency in your positions.

Ahem. The argument, I believe, is that a subsidy to a given input disproportionately benefits those firms which make heaviest use of that input. Businesses operating over large market areas, and relying most heavily on long-distance distribution, will benefit disproportionately from the Interstates. Therefore, they constitute a subsidy to economic centralization. Anyone incapable of following that train of thought ought to go easy on the “mental capability” remarks; you know, glass houses and all that.

Yancey Ward also joined in with this argument:

Several commenters have complained that WalMart uses eminent domain. This is not true. WalMart may benefit from its usage, but it is government that actually wields the power.

Holmes attempted to explain why highway subsidies have this effect, and also used Brad Spangler's brilliant gun man/bag man analogy:

Yep, “foul” everyone who has and uses free access to the interstate highway system. They're obviously criminal and any business success they had obviously wouldn't have happened without the state.

They might have had business success, but certainly not on the scale they have it.

Compare the damage done by trucks to the damage done by cars. Trucks cause significantly more damage to highways than cars, for obvious reasons. So, are trucks and trucking companies paying more in taxes due to the damage they cause? No, of course not. This is a subsidy. A free market highway system, if such a creature could even exist, would have to charge trucks much more for access due to the extensive damage they cause.

Several commenters have complained that WalMart uses eminent domain. This is not true. WalMart may benefit from its usage, but it is government that actually wields the power.

So they're just holding the bag while the government holds the gun. Gotcha.

For those unfamiliar with the "holding the bag" reference, here's the original:

...one robber (the literal apparatus of government) keeps you covered with a pistol while the second (representing State-allied corporations) just holds the bag that you have to drop your wristwatch, wallet and car keys in. To say that your interaction with the bagman was a "voluntary transaction" is an absurdity. Such nonsense should be condemned by all libertarians. Both gunman and bagman together are the true State.

...at least to anyone outside of Galt's Gulch, where all the cheekbones are sharp and everyone's above average. Next came quincunx:

take an army of ethical theorists forever to work through all the complexities and permutations of moral ambiguity like that. Certainly anyone who jumps to moral conclusions about something as iffy as the free market credentials of I.G. Farben must be barking batshit insane. In the meantime, let's get back to praising Wal-Mart's holy name!

Another great comment came from Shane Steinfeld, Minister of Truth for the Bureaucrash Activist Network:

I have a hard time thinking of Wal-Mart as a "shining example" of market economics. First, Wal-mart is a corporation — a business that has purchased "limited liability" protections from the government, in the form of a "corporate license". Corporations (in the "limited liability" sense; not the formal, "corporate structure" sense) wouldn't exist in a truly free market.

Too many "free-market" libertarians seem to forget (or fail to realize) that Adam Smith's *Wealth of Nations* was the premiere anti-corporate manifesto: The free market was conceived as a way of protecting against the unholy marriage of business & government. I'm no economist, but I'd venture to guess that the issuance of corporate licenses represents the single-biggest intrusion of government into the economy today.

Second, let's not forget that Wal-Mart is one of the nation's largest beneficiaries of eminent domain abuse. The company seems to have no problem asking local governments to grab up private property & transfer it into their hands.

Let's not all line up to be corporate cheerleaders, just because it's the opposite of what the socialists are doing. Wal-Mart is no hero, in my book.

A free market highway system, if such a creature could even exist, would have to charge trucks much more for access due to the extensive damage they cause.

Well it did exist sans trucks in the early 1800s (~3500 mi of private roads). Vehicles were charged for their tire width and number of axles.

BTW, toll booths charge for axles even today (at least in my corner of the country).

Unless you have a problem with this example because technically, the state was around — so it might have subsidized someone somewhere which could have effected this in some vague marginal sense.

So the fact that private roads existed before trucks came into existence, and therefore logically *could not* have charged trucks fees based on the damage they caused, proves that a free market road system's pricing wouldn't have to take trucks' damage into account today when they *do* exist? Didn't logic like this once cause a computer to explode in an episode of *Star Trek*?

Person came back with another argument that he's used before—that the recipients of direct government subsidies are net victims of government interference:

[Person]: *"They might have had business success, but certainly not on the scale they have it."*

Certainly? Certainly? I guess in all your moral indignation, it never once occurred to you that maybe government intervention is more of a hindrance to Wal-mart than a support? Could you for moment just contemplate that possibility? That maybe without government intervention in the transportation system, maybe their methods would have been even more successful? Or maybe the intelligence of Sam

Walton maybe, just maybe, wouldn't have entered a blue screen of death if political/market conditions were different, but would have adapted just the same?

[Holmes]: Yes, certainly. As in "There would certainly be no atomic bomb without the state", so "Wal-Mart would certainly not have enjoyed this level of success without the state".

[Person]: If you don't have a meaningful response, please, just concede the point. You're not fooling anybody with a cryptic response. No one thinks you have a deep understanding of the issue you're trying to reveal through subtle comparisons. What they see is a troll who's trying to score some "street cred" with mutualists. Grow up.

Well, surely he can't have any *less* "street cred" than Person has scored with his faceless Misesian masters, after this pathetic performance. (Now that you've successfully passed the Mises Blog comments hazing challenge, Josh, your promotion papers for thirty-third degree mutualist will be in the mail. I expect to have your initiation ceremony sometime next week.)

[Holmes]: Concede what point? Wal-Mart benefits heavily from state interference on its behalf, making it more successful than it would be. I'm not sure what deeper insight you would like. Or did I defile your Church of the Rich?

[Person]: Did you not read anything I posted, at all? Sure, some interventions "benefit" Wal-mart. Such benefits could also be grossly inferior to what a free market would provide. What's your basis for claiming the free market would not be more conducive to their success through e.g. cheaper provision of such inputs?

"Many corporations sieze land and farms that are already being used by other workers"

And who is the broker in this transaction? I think you know.

Now that's a brilliant argument. The guy holding the bag is just a passive beneficiary of the guy holding the gun. He's a victim of circumstances! The robber would probably kill him if he didn't take the money! And anyway, as Person suggested above, just think of how much money the bag man could have got if he weren't for all that interference from the guy with the gun! Anonymous turned quincunx's upside-down logic back on its feet again:

And you put yourself in a tight corner by praising EVERYTHING as long as nation states exist. According to you, any corporation that makes a living by hopping in bed with the state is just as innocent as can be. Poor, poor corporate fatcats! I feel soooo sorry for them—being denounced for working with the state and stealing at gun-point.

To which Blah responded:

We're talking about a pretty gray area here (i.e. When a state commits a crime, how much of the blame falls on corporations for not stopping, or even aiding, the state?). In my opinion, to say that it seriously hurts the author's thesis is insane, and not worth debating further.

Yeah, sure enough, it's a pretty gray area. Hiring the army to commit mass murder and then helping it dig the mass graves. Or constructing the Nazi death camps, and then using their inmates as slave labor in your factories. Yeah, that's a toughie, all right. Could

workers, meaning that there isn't much of a choice whether to work for them or not. Other corporations refuse to pay workers for a very long time, so that they can't quit (or they get none of the pitiful amounts of money they earn)...

Take a gander at this article. This worker was literally worked to death in a sweatshop not much different from the ones Wal-Mart owns. This worker COULD NOT quit, because the company refused to pay her on time. Read about the totalitarian conditions in this place (even the most hardcore laissez-faire supporter will be wincing while reading this thing). Truly sickening...

...and Hoffer:

If you really believe what you say : "I don't think companies should use slave labor under any circumstances.", then you should revisit the main thesis of your article, check many of your premises, and fully research the source of many of the products WMT sells.

quincunx, that inexhaustible fountain of faulty logic, responded to Anonymous' Indonesia link with the brilliant argument that the atrocities were committed by the *Indonesian army*, not Exxon—this despite the fact that Exxon hired the army as rent-a-cops and then gave them the equipment to dig mass graves. Quincunx continued:

...you put yourself in a tight corner, since you can't praise ANYTHING as long as nation states exist. Period. Your examples show CRIME, fully backed by corrupt governments. If you want to solve these, you must protest their dictators...

...Yet all you can do is isolate one "benefit" and attribute to that, all of Wal-mart's success. You don't realize how hindering this "benefit" is, nor even realize it's incumbent upon you to demonstrate otherwise. I've explained this again and again, for example, by asking you to apply the same standards to anyone who uses "the interstate highway system" and ask if you consider the state the sine qua non of their success. That attempt was, of course, lost on you.

Quasibill, who has mopped the floor with Person in previous debates when he made that same argument about the Interstates, had at him once again:

You would realize that whatever "benefit" they're getting from the government, that input would be far, far, far cheaper if they could buy it on a free market. That "benefit" is a hindrance.

So, in person's world, welfare moms would receive better benefits to sit at home and churn out kids absent the state. The Robert Byrd outhouse on the appalachian trail would be furnished in platinum. The 15 administrative assistants in my school district would be making more than the \$95,000.00 salary they are already making for their 30/hr a week jobs. Contractors on public works jobs are making less than they would in the absence of prevailing wage laws. Union members are actually making less than they would if companies were allowed to fire them if they went on strike.

Bwahahaha. This isn't the first time that Person has used that lame argument about the Interstate, and then been used to mop the

floor by quasibill. Alas, quasibill's puny logic is powerless against Person's mighty head of brick. Flash back to this exchange:

[Person]: Furthermore, if you divide the costs of the road system out by the users, it's clear they're getting a great deal. If you don't believe the free market could replicate this, that's an indictment of the free market, not of government — hardly a libertarian position. What's more likely is that Wal-Mart is hindered by government, not helped. Transportation would be easier, not harder.

[quasibill]: Hardly. The whole point of state intervention is to give *someone* a good deal. Of course, the point that Rothbard made, and apparently many Austrians currently fail to realize, is that the unstated part of that deal is that someone else gets a raw deal. So to argue that big business wouldn't get such a good deal on roads in a true free market is NOT an indictment of the market.

[Person]: The state build roads. But the market is better — the market would have made better, cheaper roads, and long-distance transportation would be even cheaper.

[quasibill]: This is not necessarily true. The market is better, but not always cheaper. Just ask any robber or burglar...

It appears from your answers that you have a serious misunderstanding of the issue of cost in general versus cost to an individual.

Just because transportation would be cheaper in general if left to the market does NOT necessarily imply that it would be cheaper to a given individual or business. In fact that is exactly why socialism exists — to

defray the costs suffered by certain individuals off onto the taxpaying class as a whole. The whole point is obviously to make it cheaper for certain individuals or classes than it would be otherwise. Government is incompetent in general, sure, but it does succeed at redistributing wealth fairly well.

So your assertion that transportation as a whole would be cheaper, while likely true, does nothing to refute the argument that for an individual actor like Wal-Mart, it would likely be more expensive, as they no longer could spread the costs among the taxpaying base.

A lot of other good criticism, as well. M.E. Hoffer, whose comment about sweatshops drew Kirklin's "best available alternative" response, repeatedly rubbed Kirkland's nose in the fact that the labor conditions being criticized extend to forced labor (another anonymous commenter referred to the rapes, tortures, and mass murders carried out by the regular military units that Exxon hired for security in Indonesia, helpfully supplying them with equipment to dig mass graves—say, isn't Indonesia another of those "free market" havens for sweatshop employers?).

Kirklin responded with a lot of embarrassed heming and hawing and "what I meant to say" to the effect that he didn't support rape, torture, or murder, and that no American company should be doing business with people engaged in such things. This got contemptuous responses from Anonymous...

Then maybe, just maybe, you shouldn't write an extensive article that praises state-capitalism and forced-labor camps, and assume that anyone who disagrees with you is "utterly ignorant of economics." And in many places, it is incredibly difficult for a worker to quit if he doesn't like his job. Many corporations seize land and farms that are already being used by other