

It's kinda funny, many people who claim to be socialists and economic progressives sure do seem to enjoy the daily benefits of capitalism...they never seem to be committed to live out their beliefs by permanently relocating to places like Cuba or Venezuela or the former Soviet Union. Instead, they comfortably enjoy all the fruits of free-markets capitalism while preaching how evil and immoral capitalism is.

But it doesn't take very long to take a look at the widespread results of the two main economic systems of socialism and capitalism to spot the glaring differences. To begin, we can and should say that both have very widespread results in the nations they inhabit. For distinctly free-markets countries in the modern era, there is very strong, unprecedented evidence of widespread *prosperity*. But for distinctly socialist countries, there is very strong evidence of widespread economic *misery*. Well, truth be told, with socialism, misery is *not* spread around much in the top layer of humanity, the socialist government elite... these folks don't tend to suffer the same miserable fate as the millions of citizens under their control.

Now, a real-world, reality-based critique of socialism is certainly not an original idea. In fact, the brilliant British statesman Winston Churchill memorably strung together these truths: "Socialism is a philosophy of failure, the creed of ignorance, and the gospel of envy, its inherent virtue is the equal sharing of misery."

But if you hang out very long with the many sneering cultural elites, you know that the word *capitalism* is used contemptuously, it's often become verbally weaponized to liken anyone who embraces capitalism as a moral reprobate—a greedy uncaring, self-centered person. Indeed, the very word *capitalism* is "damaged goods" nowadays, and that's one key reason capitalism is more effectively called out as to what it really is—free markets! So that's how I talk about it with students who've likely been influenced by word-wars...I call it *free-markets capitalism!*

Here's the deal. Everywhere free markets are genuinely tried over a sustained period of time—and when the freedom of transacting ordinary life with neighbors is undergirded by just-right light-touch of the rule of law—well, then, prosperity has been shown to truly abound in every country where it's truly tried. So it's all about free markets—the freedom to transact freely with others, whether for a pencil or a pineapple or a Porsche! But, still, leaders must not shy away from using the word capitalism when the situation calls for it—and that's what this episode is all about today—to discuss a revealing example of why free-markets capitalism can and does work very well in creating and sustaining prosperity.

Hey, then, let's talk about an interesting phenomenon. Many cultural elitists deeply disparage Walmart. Why? Actually, it's pretty clearly about snobbery. Few cultural elites would get caught dead shopping at a Walmart—yeah, it's only where the "less fortunate" shop, like housekeepers or farm workers or the elderly poor. But *us*? Surely not! After all, Walmart has a lower-class sensibility and there's not a specialty-cheese section with 100 varieties. In contrast, it's Whole Foods and high-end specialty shops that're much more the 21<sup>st</sup> century trend, you know, like the specialty charcuterie-focused stores with proprietors like the charming Antonelli's, the couple profiled on Capital One credit-card commercials who "share food experiences." Really, charcuterie? That's what Walmart folks would call grab-n-go Lunchables!

But, you see, here's the problem. If a person—whether a socialist or a capitalist—is *really* concerned about the working poor, then Walmart is your go-to comrade. Why? It's really obvious when we look at the profit realities. In its most recent annual financial statement, Walmart earned only about 2.4% on its sales. That's astounding....and that simply means this: when a shopper spends \$100 at Walmart, the company makes just \$2.40 in profit. Whoa, yeah, that means that whole basket of goods—you know, the jar of pickles, the band-aids, the shampoo, the head of cabbage, the carton of eggs, the T-shirt, the greeting card and a dozen other items that were just sitting there, ready for you to casually put in your cart—and all Walmart earned in profit for the \$100 in purchases was \$2.40! Now that's amazingly great stewardship!

Contrast that with a darling favorite of many Americans—Apple! In *its* most recent annual financial statement, Apple earned 25.8% in profit. Now that means Apple earns \$25.80 for every \$100 in revenue.

Wait, let's see, then...Apple *makes 10 times more profit* on \$100 in revenue than Walmart—yet somehow, socialists don't vilify Apple very often. Right...hardly any of the elite complain about Apple and its very high profit percentage because it provides high-end products and services that affirm the elitist in us all!

Regardless, Walmart is the true friend to the working poor—and the rich, too—providing an extraordinary array of necessities while earning very low profit percentages! But wait, says the socialist, Walmart earns billions of dollars each year in profits. Yes, and they are earning that a \$70 sale at a time, efficiently and cheaply providing life's necessities—doing that by intricately serving resource-constrained housekeepers and farm workers very well through hugely complex supply chains. Now that's outstanding stewardship!

OK, you say, but the title of this episode is “Walmart Does Free-Market Capitalism Proud, Again”—why this episode and why now? Well, glad you asked! On this very day, as this episode is being crafted, the U.S. is still in a bit of a post-COVID hangover. Yes, COVID is still a bit of a threat, though few are wearing masks or even talking about it. But now there's also high inflation and labor shortages and lots of supply chain issues. And boy oh boy, the results are that prices in retail supercenters and grocery stores have gone through the roof. Everybody has noticed it, including at all the Walmart locations.

‘Course, the reason for all that is often broadly labeled as “supply chain issues.” And that's surely true and valid, including labor shortages. Walmart has bided its time and in due course many of its long-standing B2B supply chain partners renewed their strength and solid profits in spite of the difficult circumstances. Walmart is surely happy these suppliers of shampoo and bicycles and carrots are in much better shape.

Still, Walmart is foremost a great steward for its customers...after all, Walmart earns only about 2.4% profit serving, oh, say, about 230 million people each year. So, the *Wall Street Journal* reported just now that Walmart's CEO Doug McMillon said Walmart will be pushing back against suppliers' efforts to raise prices. WSJ added that “large retailers are canceling orders, resisting price increases and in some cases asking suppliers to provide discounts.” Listen, *this* is how free-market capitalism truly *works for “the little guy,”* the consumer. Yeah, Walmart goes to bat to retain its market leadership as the low-cost provider of products for consumers. There's zero government coercion here. But if your company wants to enjoy selling bread, soda, or soap at over 4,700 Walmart stores, you'd better reestablish very competitive prices!

You see, this is real-world *self-regulating capitalism that consistently works to benefit consumers*. Yes, Walmart collaborates very closely with its suppliers to keep its stores stocked. But it isn't about to willingly lose ground on prices and sales to all its retail competitors. That's why, along those same lines, the WSJ report says that Walmart's key rivals, Amazon and Target, are doing the same thing in their supply chains...essentially working with suppliers to keep prices low even while ensuring those suppliers make profits in order to themselves participate fruitfully in the supply chain ecosystem for consumer products.

Hey, decades ago, Walmart pioneered strong, unprecedented supply chain economics for the benefit of consumers, much to the chagrin of many smaller retailers who didn't want to compete. Walmart drove efficiencies and lower prices for consumers in virtually every retail company competing with Walmart. And—this is “real-world” here—the housekeepers and the farm workers are the consumers who benefit.

And, so now, in the frothy wake of the major trauma of COVID and supply chain disruptions and high inflation, Walmart is doing it again. Yeah, “Walmart is doing free-markets capitalism proud, again.” By being a great steward for its customers. Yes, for the working poor! But for the rich, too! And...blind to the gender, ethnicity, and faith posture of its many millions of customers, Walmart is simply a fantastic steward of such pricing and selection excellence that it drives its own supply chain partners and competitors there, too. So, eat your heart out, Karl Marx. And yes, eat *your* heart out, too, Bernie Sanders.

The compelling path for great stewardship for the ordinary consumer is in—and in evergreen fashion, it's refreshed anew. Yes, it's free-market capitalism, driven by great stewards for *others*. So, the next time you're in a Walmart, be sure and thank the greeter! And you just might pick up some Gouda cheese, too.

## *A&A: Application & Action*

1. How's your workplace's stewardship for its customers (or members) doing, say, in the context of the level of stewardship that Walmart does for its customers? Be specific as to the measurement and reporting of your workplace's particular stewardship.
2. Are you personally inclined to focus on—perhaps even critique—any perceived gaps that free-market capitalism might leave in the lives of some people, regardless of the degree of its overall success? If so, what do you personally do to fill such gaps? And what does your church do? Give specific examples.
3. How does your local church measure and report its stewardship of the Gospel of the Kingdom of God, both locally and around the world? Be specific.