

Analytical Essay, APA Style (Sociology)

Running head: SECRET OF WALMART'S SUCCESS: A MARXIAN ANALYSIS 1

The header consists of a shortened title (no more than 50 characters) in all capital letters at the left margin and the page number at the right margin; on the title page only, the shortened title is preceded by the words "Running head" and a colon.

The Secret of Walmart's Success: A Marxian Analysis
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Full title, writer's name, and school halfway down the page.

Author Note

This paper was prepared for SOC 300, Sociological Theory, taught by Professor Cheryl Laz.

An author's note (optional) gives the writer's affiliation and specific information about the course. It can also provide acknowledgments and contact information.

Marginal annotations indicate **APA-style formatting** and **effective writing**.

The Secret of Walmart's Success: A Marxian Analysis

What do big-screen TVs, bar soap, plastic building blocks, and strawberry toaster pastries have in common? All of these seemingly disparate items—along with many more—can be found on the shelves of your local Walmart. The retail chain offers a stunning variety of consumer goods and groceries all under one roof, from electronics to apparel to cleaning supplies to frozen food. Walmart also offers certain services along with its products. A number of stores contain their own hair salons, photography studios, auto centers, or pharmacies, and some even provide health care, boasting walk-in clinics and vision centers where customers can receive eye examinations and other routine clinical services from independent health care professionals.

In every sense, Walmart is a massive corporation. The buildings that house the shelves full of consumer goods are colossal, with the average Walmart Supercenter measuring 185,000 square feet ("About Us," n.d.). Walmart stores are large not just in size but also in number: There are more than nine thousand stores across 15 different countries, and they collectively employ 2.1 million people ("Walmart Stores," 2011). As the world's largest company, Walmart is enormously successful and powerful. Writer Charles Fishman (2007) noted in his article "The Wal-Mart You Don't Know"¹ that the retailer "does more business than Target, Sears, Kmart, J.C. Penney, Safeway, and Kroger combined."

¹In 2008, Wal-Mart changed the name of its stores to Walmart.

Full title, repeated and centered, not boldface.

A short analytical paper often does not require an abstract or headings.

Elwell begins by describing Walmart's size and scope physically and economically.

A source with no author is cited in text with the first word or two of the title; "n.d." indicates that the source has no date.

Elwell uses a footnote to explain why *Walmart* is spelled in different ways in her own text and in her sources.

So what is the secret to its economic success? Although Walmart is a modern phenomenon, the answer to this question can be found in the nineteenth-century teachings of one of modern economics' most influential thinkers, Karl Marx. From a Marxian perspective, Walmart can be seen as the epitome of capitalism. Its success is born from the exploitation of waged labor and the fetishism of commodities—two defining aspects of our modern capitalist, consumer culture.

The capitalist system is marked by a concentration of wealth and resources—instead of being equally divided among all members of society, wealth and resources end up in the hands of a select few (the bourgeoisie), who then gain control over those with little or no resources (the proletariat), thus creating class antagonism between the two. In *The Communist Manifesto*, Marx (1848/2011) noted that industrial society was characterized by a “distinct feature: it has simplified class antagonisms: Society as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other: bourgeoisie and proletariat” (p. 53).

It is important to note that as a corporation and not a group of people, Walmart does not have any actual class interests of its own. However, those who stand to make a profit from Walmart's capitalist enterprises are certainly members of the bourgeoisie and thus are representatives of that class. Similarly, those who work for Walmart are members of the proletariat. Thus, Walmart becomes a perfect example of the class antagonism that Marx described in *The Communist Manifesto*.

Elwell states her thesis and indicates that she will organize her analysis around two Marxian concepts.

For a republished work, the date of original publication is given before the date of publication of the current source.

Topic sentence provides a transition to a fuller explanation of "class antagonism."

An examination of the ways in which these two classes work against each other is key to understanding how Walmart is so profitable. In *Capital*, Marx (1867/2011) explained the difference between the ways in which the owners (the bourgeoisie) and the workers (the proletariat) relate to capital when he noted that "the circulation of commodities is the starting-point of capital" (p. 73). However, for the bourgeoisie and the proletariat, the form that this circulation takes is markedly different. For the proletariat, it can be illustrated by the formula C-M-C: exchanging a commodity (C) for money (M) and then exchanging that money for another commodity (C). For the bourgeoisie, the formula changes to M-C-M', or exchanging money for a commodity that is then exchanged for more money (M'). Marx elaborated on this distinction:

A quotation longer than 40 words is indented without quotation marks.

The circuit C-M-C starts with one commodity, and finishes with another, which falls out of circulation and into consumption. Consumption, the satisfaction of wants, in one word, use-value, is its end and aim. The circuit M-C-M, on the contrary, commences with money and ends with money. Its leading motive, and the goal that attracts it, is therefore mere exchange-value. (p. 74)

The page number is given in parentheses after the final period of the quotation. No period is used after the parentheses for an indented quotation.

Of course, the bourgeoisie is not simply exchanging one sum of money for the same sum of money, but rather for a greater sum. In the case of the M-C-M' circuit, in Marx's words, "More money is withdrawn from circulation at the finish than was thrown into it at the start. . . . The . . . process is therefore M-C-M' . . . the original sum advanced, plus an increment. This increment or excess over the original value I call 'surplus-value'" (p. 74).

Ellipsis dots indicate words omitted from the source. Four dots indicate that a complete sentence has been omitted.

This surplus-value is how Walmart makes its profit—spending money to get commodities and then selling the commodities for a higher price. The secret to this formula is production. Producers, or suppliers, do not simply buy a commodity and then somehow sell that same commodity back at a higher price. Rather, they buy commodities—for example, cloth, thread, and cotton stuffing—and with them produce a new commodity—perhaps a throw pillow—that they can then sell for a new, higher price. As a retailer, Walmart does not produce its own commodities, so it does in fact buy and then sell the same commodities (the throw pillows, for example) at a profit. It counts on its suppliers for the actual production work. Walmart also counts on its suppliers (or rather, pressures them very strongly) to keep the cost of their production work low so that Walmart can make a profit from the commodities it buys from them.

Labor is a necessary part of production. Fortunately for Walmart and its suppliers, it is quite easy for someone who owns the means of production to take advantage of others' labor. Human labor, according to Appelrouth and Edles in their introduction to Marx's *Capital* (1867/2011), is unique because it is "the one commodity that is exchanged for its value while being capable of producing more than its value" (p. 64). So when workers are being paid a wage to produce certain products, the profit these products will bring the employer is greater than the workers' wages. Suppose workers are paid a wage of \$9.00 per hour to produce throw pillows, and in one hour one worker can make three throw pillows, which are then sold for \$15.00 each. The employer has made

Elwell connects Marxist theory with Walmart's practices.

Elwell begins to discuss the first part of her analysis.

In a signal phrase, "and" links the names of two authors. In parentheses, an ampersand (&) is used in place of "and."

Elwell uses a concrete example to explain the theory of exploitation of labor.

\$45.00 from each worker's labor and paid the worker only \$9.00, leaving the employer with \$36.00.

This is what is meant by the exploitation of labor. The workers do not get to keep the fruits of their labor; instead, most of the profit goes directly to the employer, while the workers keep only a small portion. The workers have exchanged a commodity (labor) for money. They must then exchange that money for necessary commodities like food and gas. These commodities are quickly used up, meaning that the worker is then left with nothing and must continue to go back to work every day, exchanging labor for more money to then exchange for new commodities. It is very difficult for workers to get ahead, because any money they make must go toward the purchase of quickly consumed commodities.

Because employers own the means of production, they have a distinct advantage over the workers. With no choice but to operate by the C-M-C circuit, the workers must sell the only commodity they own (labor) to the employers, and the money earned in return is soon spent on more commodities, so the workers never earn a profit. The employers, however, use money to buy commodities, including the labor of the workers, and through the process of production transform these commodities into more money, which is then used to buy more commodities, and on and on, reaping more profit along the way. In this manner, the bourgeoisie exploits the labor of the proletariat for profit, growing increasingly wealthy while the workers continue to struggle to get by.

This is a key element in Walmart's success. The retail chain is famous for its low prices, enticing customers to shop at Walmart and save money rather than shop somewhere else and spend more. The irresistibly low prices, however, have a very high human cost; that is, Walmart is able to keep its prices low because, in addition to forcing its suppliers to exploit their workers' labor, it keeps the wages it pays its own workers low to increase its profit.

These low prices are related to another element of Walmart's success: the fetishism of commodities, or treating items as if they possess what Marx (1867/2011) referred to as a "mystical character" (p. 70). In other words, there is something about commodities, in addition to the low prices, that induces us to buy them. In *Capital*, Marx (1867/2011) explored the interesting relationship between people and the products of their labor. He wrote, "There is a definite social relation between men, that assumes, in their eyes, the fantastic form of a relation between things" (p. 70). To put it another way, we as a society have stopped relating so much to people and started relating to the things that other people make. But we don't see these things as the result of the labor of our fellow human beings. Instead, we view them as taking on qualities and powers of their own—the "mystical character" that Marx described. We buy consumer goods because of what we perceive they can do for us. For instance, when we buy lipstick, the thought of who made that lipstick very seldom, if ever, crosses our mind. Instead, we see the lipstick as its own entity, possessing a special ability that its purchase will then pass on to us: Perhaps it will make us more sophisticated

Elwell sums up the first part of her analysis and connects the exploitation of labor directly to Walmart's low prices.

Elwell provides a transition to the second part of her analysis.

Because the source is cited in the signal phrase at the beginning of the sentence, only the dates and page numbers are given in parentheses.

An example illustrates what *mystical character* means in modern terms.

or elegant. This is the power of consumer goods. It becomes even more potent when coupled with the power of money, which Marx (1844/2011), in his *Economic and Philosophic Manuscripts of 1844*, described in this way: "It [money] converts my wishes from something in the realm of imagination, translates them . . . from imagination to life, from imagined being into real being. In effecting this mediation, money is the *truly creative power*" (p. 49). Money can make us whatever we want to be, if we can only afford the right consumer goods. The attraction of Walmart is that its prices are so low that when we shop there we *can* afford to buy, and thus to be, whatever we desire.

The secret to Walmart's success, then, is not a fresh one. Walmart profits off the labor of the workers who manufacture its products in factories and the workers who sell the products in Walmart's stores. The low cost of this labor enables Walmart to keep its prices low, thus enticing consumers to buy the products it offers. It counts on our national obsession with consumer goods, as we are so attracted to these low prices that we generally fail to consider *how* they are so low. This is not revolutionary; it is simply an example of capitalism at its best—or worst, as Marx perhaps would see it. The exploitation of labor and the fetishism of commodities were explained by Marx generations ago, long before the existence of Walmart was even dreamed of. Walmart is thus a model of a modern application of these old concepts, refined and made more effective over the years. While these concepts are far from new, they are still very powerful and relevant.

Vivid quotation from Marx reinforces Elwell's analysis.

Elwell establishes a link between Walmart's profitability and Marx's theory.

Elwell concludes by summing up her thesis, showing that Marxian analysis can be applied to a modern phenomenon.

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The abbreviation "n.d." is used for a source with no date of publication or update.

Two or more works by one author in the same year are alphabetized by title.

List of references begins on a new page. The first line of each entry is at the left margin; subsequent lines indent ½". Double-spacing is used throughout.

For an older work contained in a more recent work, the date of original publication is given in parentheses at the end of the entry.

List is alphabetized by authors' last names or by titles for works with no authors. All authors' names are inverted.