


Could Walmart Be a Model for a Socialist Future?

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(Photo illustration by Rachel K. Dooley)

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Leigh Phillips and Michal Rozworski argue in a new book that megacorporations—although odious—demonstrate the massive central planning we need.

BY Peter Frase

If Walmart is already more or less a planned economy...why not just nationalize it so everyone can save money and live better?

Leigh Phillips and Michal Rozworski want you to know that their new book, *The People's Republic of Walmart*, is not a socialist defense of Walmart, a company they call "execrable." Rather, they use the megacorporation as a model to imagine what a

centralized, planned economy might look like.

The authors offer Walmart as an empirical refutation of mid-20th-century conservatives, such as Ludwig von Mises, who insisted that efficient economic planning on a mass scale was simply infeasible because of the enormous number of variables, such as thousands of end products and materials from suppliers around the globe. To objections that the world is simply “too complex” for such centralized planning, Phillips and Rozworski observe that today’s global economy is fueled, not by competition and free market exchange, but by megacorporations whose globally integrated supply chains are masterworks of economic planning.

There is no better example of this planning, in the 21st century, than Walmart. Of course the company competes with other firms, but internally, it is a centrally planned economy, one so large—\$500 billion in revenue in 2018—that, when adjusted for inflation, it surpasses the economy of the USSR at its height in 1970. Walmart is not a network of retail stores, as it appears to its customers. Instead, production and distribution are part of an integrated whole. The company uses complex record-keeping and computer algorithms to manage it all, from the time raw materials are sourced to the production, shipping and stocking of a finished product on store shelves. Even the company’s suppliers are less independent entities than appendages of the corporate center, often doing business exclusively with Walmart. The result is a network of 11,000 retail stores in 27 countries selling products from 70 countries.

Phillips and Rozworski offer the example of Walmart, as well as corresponding advances in the economic theory of planning and in computing power, as proof that the elements of a successful socialist planned economy are indeed possible. “If only,” they imagine, “[Walmart’s] architecture of agile economic planning could be captured and transformed by those who aim toward a more egalitarian, liberatory society!”

In this dream, they echo longstanding currents on the socialist Left. Indeed, it is characteristic of almost all Marxists to insist that socialism must be built, to some extent, from the elements of the capitalist economy, rather than constructed from the ground up from a utopian blueprint. In his 1859 preface to *A Contribution to the Critique of Political Economy*, Karl Marx implies that at earlier points in its development, capitalism is still “progressive” because it produces rapid increases in productivity. There aren’t enough material goods to support everyone at this stage, so socialism would only amount to the redistribution of scarcity. But at some point, Marx argues, production increases to such a scale that it becomes possible and necessary to socialize the existing mechanisms of production and redistribute the social product fairly. This would, for some, be enough to constitute socialism: a democratically run, centrally planned economy that ensures every person’s material needs are met. A Walmart for the people, with the same low prices and efficient logistics but without the poverty wages—and no billionaires at the top raking in the profits.

Phillips and Rozworski’s book is, at its root, a latter-day version of Marx’s argument. They suggest that capitalism has greatly refined the means of production, as exemplified by Walmart’s logistics chain of warehouses. After all, if Walmart is already more or less a planned economy, then private capitalists and market competition

have become largely irrelevant to actually running the economy and producing enough stuff for everyone. Why not just nationalize it so everyone can save money and live better?

Each of the book's chapters either finds planned economies operating in the heart of neoliberal capitalism—in megacorporations like Walmart and Amazon—or contests the claim that socialist planning is impossible, by re-examining cases like the Soviet Union, the U.K.'s National Health Service (NHS), and the Allende regime's experiments with computerized planning in socialist Chile. Throughout the book, we are reassured that the authors do not mean to "suggest planning is simply a matter of 'taking over the machine'; still less 'the government taking it over and otherwise leaving the machine as it is,'" as they say in their conclusion, although they certainly seem to think that would be a good start. And they admit that the shortcomings of planned economies—like the USSR and the NHS—often stem from a lack of democratic participation, leading to a bureaucratic system that is unresponsive to the needs of its users and, as was the case in the USSR, controlled by a new ruling class of apparatchiks.

What would an alternative system look like? That is left undefined. Phillips and Rozworski are humble enough not to provide an answer, only offering that what "democratic planning will look like is a question a new generation of progressive economists needs to begin today to discuss." Many possible contradictions, however, lurk beneath this question. When the workforce's democratic demand for power within the workplace conflicts with the needs of efficient socialist production, what wins out? At its worst, a socialized economy could look like one in which the exploitation of labor continues unchanged. The boss might now be "us," in some collective form, but what comfort is that if life on the job is as grueling as ever?

Such issues of workplace democracy are largely pushed aside. Phillips and Rozworski offer a technocratic vision, one that owes something to Marx but perhaps just as much to the top-down socialism of the British Fabian Society of playwright George Bernard Shaw. Shaw and his fellow intellectuals viewed socialism as something to be brought to the masses by educated elites—themselves, for instance—through a process of gradual reform. Phillips and Rozworski do recognize the potential for democratized economic planning to devolve into a dystopia of endless meetings, yet their only solution is to insist that "we'll have to give up some decision-making power—whether to experts, (elected) managers or representatives." We are left to hope, fingers crossed, that a balance can somehow be struck between the imperatives of democracy, efficiency and bureaucracy.

At best, this vision amounts to a halfway house on the way to liberation. Marx, in his 1875 Critique of the Gotha Program, spoke of socialism as a transitional affair, a situation in which production has been socialized but alienated labor and exploitation remain; only the distribution of goods and income are altered in an egalitarian direction. For the radical Marx of the 1871 pamphlet "The Civil War in France," this type of socialism was only the prelude to a situation in which workers radically democratized both government and workplace, so that eventually a true communism could emerge in which the boundaries between state, workplace and civil society were

blurred and then effaced entirely.

The Marxist tradition contains other approaches to the question of socialist economics and the need to fundamentally change not just who runs the economy but how it functions. Would it be enough to put such a system in public hands, and return its profits to the people? What of the conditions of its workers, and its effect on the environment? To account for both the humanity of the worker and the need to protect our ecosystems, two other schools of thought are relevant to the example of Walmart.

The first school concentrates on the labor process itself, and on the ways in which workers are dehumanized by capitalist production methods, which reduce them to cogs in a machine; the most famous work in this tradition is Harry Braverman's *Labor and Monopoly Capital*. Tempting though it is to see Walmart as incipient socialism requiring only a change in leadership, this moves too quickly past what actually makes Walmart work, beyond its complex computer-planned logistics. Phillips and Rozworski quote Sam Walton himself on the secret to his success: "I pay low wages." And more than low wages, the well-oiled logistics operation requires that workers, whether in the store aisles or the central warehouse, be treated as just one more calculable—and disposable—cog in the machine. Any truly democratic socialism would have to decide whether it's acceptable for us all to sacrifice those vaunted low, low prices to improve the quality of a Walmart worker's life in and out of the workplace.

In the second school of thought, eco-socialists point out that, if we are to manage the climate crisis, continuing with economics as usual is an ecological impossibility. The Walmart system entails massive expenditures of energy and shipping products from one end of the Earth to the other. In other words, an enormous waste. Phillips and Rozworski acknowledge this in their final chapter, "Planning the Good Anthropocene," but they assume it will be possible to move to a post-carbon energy system without altering the fundamental premises of our current global economy.

Neither of these perspectives is necessarily inconsistent with the one Phillips and Rozworski propose. Perhaps harnessing Walmart's efficiency while making it a more pleasant workplace with a lighter environmental footprint does not require any trade-offs. Yet as their repeated asides suggest, Phillips and Rozworski inveigh us to study how we might reconstruct a "socialist Walmart," one that can simultaneously provide a high material standard of living to every human being without ruthlessly grinding down its workers and burning up the planet.

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