A Christian Response to Bernie Sanders’ Misguided Rant

Last week, socialist Bernie Sanders made news when he attended the Walmart shareholders meeting and attacked the firm for paying low wages. At a later demonstration, he said that the Walton family, the major shareholders, should put some of their $175 billion of wealth toward raising wages to at least $15 per hour.

It makes the Waltons sound pretty greedy, but there is much more to the story.

First of all, their wealth is not sitting in a bank. It comes from owning a block of Walmart stock worth about $158 billion. The family earned this wealth by starting with one store in Arkansas and building the largest retail company in America. In addition to the Walton family, millions of Americans own stock in the company, about $145 billion worth, including many pension plans and mutual funds. For these investors, Walmart is an important part of their retirement and financial plan.

Investors value stock in Walmart at about $106 per share because of the earnings of the company and the annual $ per-share dividend. As its last fiscal year ended Jan. 30, 2019, Walmart reported sales of $516 billion and earnings of $ billion, a profit margin of %. Like most retailers, Walmart operates on a low profit margin.

Walmart is the nation’s largest private employer, with 2.2 million employees. Spreading the $ billion of earnings over the employee base, the average contribution to profit per employee is $3,809. On a per-hour basis, this comes out to $ per hour. That does not leave much room for pay increases.

Returning to the Bernie Sanders argument, we can now see that the Walton family has substantial constraints on its ability to increase wages. A large pay increase would throw the company into a loss position, eliminating its ability to pay dividends and eventually making its stock worthless. Millions of average American investors would lose $145 billion from their family savings and retirement plans, and the 2.2 million employees would end up unemployed.

We cannot tell if Walmart can afford to make some pay increases, as it has in the past few years. We do know that the simplistic socialistic arguments of Bernie Sanders would lead to the destruction of the largest retailer in America and ultimately harm those he says he wants to help.

The same type of argument prevailed in Venezuela, once the richest nation in South America and now the poorest due to socialism. Don’t think it can’t happen here. Take Sanders and his followers seriously, or you too may end up in the streets begging for bread.

Stand up for free enterprise and individual freedom while you still can. {eoa}

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