

**Source Text:** Barry C. Lynn's Breaking the Chain: The antitrust case against Wal-Mart, from Harpers Magazine, July 2006.

## Descriptive Summary

This essay examines Wal-Mart's role within the U.S market and the enforcement of antitrust law. It provides background on the topic and examples of businesses affected by Wal-Mart. The article concludes with recommendations for addressing the issue, emphasising the need for representatives to challenge WalMart's dominance.

## Informative Summary

Without the enforcement of antitrust law, which prevents any one business from becoming too powerful, Wal-Mart now accounts for 30% of all sales in the United States. The company uses this dominance to dictate prices to suppliers.

One of Wal-Mart's strategies is allocating entire shelves to certain suppliers, allowing them to dictate the shelf space of their competitors. Since many suppliers rely heavily on Wal-Mart for sales, they have no choice but to comply.

As a result, Wal-Mart forces its suppliers to compete with each other to maintain their sales. In doing so, Wal-Mart shifts costs onto suppliers by micromanaging their operations.

To date, Wal-Mart has avoided any action that the government has taken to control companies that abuse their pricing power. This unchecked dominance undermines consumer choice. Additionally, by cutting costs and wages, Wal-Mart makes it harder for smaller firms to maintain their profit margins, eliminating free market competition,

One way to counterbalance Wal-Mart's power is to encourage its suppliers to merge. This would make it easier for workers to unionize, and restore the enforcement of antitrust law. The key to this is electing representatives who will enforce these strategies, re-establishing the free market.