Cracking Down on Corporate Monopolies and the Abuse of Economic and Political Power

Over the past thirty years, growing corporate influence and consolidation has led to reductions in competition, choice for consumers, and bargaining power for workers. The extensive concentration of power in the hands of a few corporations hurts wages, undermines job growth, and threatens to squeeze out small businesses, suppliers, and new, innovative competitors. It means higher prices and less choice for the things the American people buy every day. Vigorous, free, and fair competition is a pro-business, pro-consumer, pro-worker approach.

The American people deserve a Better Deal that lowers the costs of everyday expenses, putting economic and political power back in their hands and giving them more choices. Over the last thirty years, courts and permissive regulators have allowed large companies to get larger, resulting in higher prices and limited consumer choice in daily expenses such as travel, cable, and food and beverages. And because concentrated market power leads to concentrated political power, these companies deploy armies of lobbyists to increase their stranglehold on Washington.

A Better Deal on competition means that we will revisit our antitrust laws to ensure that the economic freedom of all Americans—consumers, workers, and small businesses—come before big corporations that are getting even bigger.

Specifically, the Better Deal plan will:

- Prevent big mergers that would harm consumers, workers, and competition.
- Require regulators to review mergers after completion to ensure they continue to promote competition.
- Create a 21st century ‘Trust Buster’ to stop abusive corporate conduct and the exploitation of market power where it already exists.

New standards to limit large mergers that unfairly consolidate corporate power: Currently, it is too easy for companies to unfairly harm competition by merging, and unfairly squeezing competitors, workers, customers, and suppliers. Today, antitrust regulators and other federal oversight authorities can only consider the narrow, short-term effects of a merger on price and output, and have the burden of proving that consolidation would be anticompetitive.

We propose establishing new merger standards that require a broader, longer-term view and strong presumptions that market concentration can result in anticompetitive conduct. These
standards will prevent not only mergers that unfairly increase prices but also those that unfairly reduce competition—they will ensure that regulators carefully scrutinize whether mergers reduce wages, cut jobs, lower product quality, limit access to services, stifle innovation, or hinder the ability of small businesses and entrepreneurs to compete. In an increasingly data-driven society, merger standards must explicitly consider the ways in which control of consumer data can be used to stifle competition or jeopardize consumer privacy.

In addition, under our new standards, companies proposing the largest mergers would be presumed to be anticompetitive and would be blocked unless the merging firms could establish the benefits of the deal. By forcing consolidating companies to justify the benefits of their mergers, we will not only prevent harmful concentration, we will also incentivize companies to be better corporate citizens.

**Tough post-merger review:** Under current law, many merging companies agree to certain terms and conditions—such as maintaining certain levels of service and access for competitors—in order to convince regulators to allow their deals to go through. However, today’s regulators have limited ability and resources to monitor whether these conditions are being met after the deals are completed. In addition, in the 21st century economy fueled by rapidly emerging technology, the economic circumstances that may have made a merger competitive at the time it was reviewed can quickly shift. In order to ensure that companies keep their commitments and stay competitive, we propose requiring frequent, independent reviews of mergers and ensuring additional resources are available to conduct the reviews. Regulators would be empowered and required to take corrective measures if they find abusive monopolistic conditions where previously approved measures fail to make good on their intended outcomes.

**A new consumer competition advocate:** In recent years, antitrust regulators have been unable or unwilling to pursue complaints about anticompetitive conduct. Our new competition advocate would research current market activity, receive consumer complaints, and proactively recommend competition investigations to the Federal Trade Commission (FTC) and the Department of Justice (DOJ). The advocate will consider the full range of potentially anticompetitive behavior, from traditional areas like price fixing to newer challenges like the role that online platforms play in keeping our markets fair and open. The advocate’s recommendations would be made public, and the regulators would be required, if they choose not to pursue a recommended investigation, to publicly justify why. This office would devote resources to ensuring complaints about market exploitation and anticompetitive behavior are treated seriously and regulators are held accountable. In order to inform the public on the general status of the markets, the office would also compile and publish data regularly on market concentration and abuses of economic power. It would also provide demographic breakdowns, including the impact of market concentration on communities of color.

**BACKGROUND**

Since the late 1990s, economic activity has consolidated across the spectrum; from airlines to cable and phone companies to food and beverage producers, the market share of the top four firms in industries across the economy has increased an average of 26-32 percent. This
concentration of economic influence shows no sign of abating, and has been linked to higher prices, lower pay, the squeezing out of competition, and increasing inequality.

The United States antitrust laws were passed over a hundred years ago to promote competition, protect consumers, and put an end to the abuse of economic power. But one look at the levels of concentration among the companies to which consumers are beholden for their day-to-day needs—travel, communications, and food chief among them—shows that is time to update our competition laws for the 21st century.

Without robust antitrust laws and enforcement, corporations lack the incentive to remain competitive and accountable and to compete on a level playing field. Strengthening antitrust laws ensures capitalism works for all Americans. In order to level the playing field for American workers, we need to re-invigorate and modernize our antitrust laws as progressive Democrats and Republicans did during the early 20th century. This means equipping our agencies with the tools necessary to combat unfettered corporate power and conduct the scrutiny needed to rein in corporate greed. In doing so, we can guarantee an environment in which businesses freely compete, while also nurturing growth and innovation within key markets.

**Industry-specific impact:**

**Airlines:** Despite a rapid decline in the cost of fuel, ticket prices continue to rise while the quality of service declines. This is the result of a lack of competition in air travel; over the last two decades, regulators allowed mergers that reduced ten major U.S. airlines to four mega-carriers. Currently, those four carriers serve 80 percent of the market. As a result, consolidated airlines have mirrored each other in their attempts to reduce benefits and services, imposing egregious traveling fees, eliminating certain service lines, and downgrading amenities and consumer choice. Recently, we have seen those effects firsthand, with a United Airlines overbooking policy that led to the brutal assault of an airline passenger, shrinking airline seats, fees for using the overhead bin, and other similar policy changes that have hurt consumers.

**Cable/Telecom:** Access to cable and internet services are critical for American consumers, workers, and small businesses to communicate and compete in today’s economy. Yet today, the market for those services is so concentrated that consumers rarely have any meaningful choice of provider, and prices are high enough to be prohibitive for many. In over 50 million households, Americans have no choice at all for internet provider; they are forced to pay the exorbitant price their single carrier requires, if they get service at all. In fact, some reports have determined that Americans pay far more for high-speed internet access, cable television, and home phone lines than people in many other advanced countries—even though the services they receive are not any better. And the largest companies rank the lowest on customer satisfaction rankings—they don’t need to improve their service because there is no competition.

Consolidation in the telecommunications is not just between cable or phone providers; increasingly, large firms are trying to buy up content providers. Currently, AT&T is trying to buy Time Warner. If AT&T succeeds in this deal, it will have more power to restrict the content access of its 135 million wireless and 25.5 million pay-TV subscribers. This will only enable the resulting behemoths to promote their own programming, unfairly discriminate against other
distributers and their ability to offer highly desired content, and further restrict small businesses from successfully competing in the market.

**Beer Industry**: As of 2016, five breweries controlled over 50 percent of global beer production compared to ten companies in 2004. Although there is a burgeoning craft brewery industry, these small businesses are under threat from large legacy brewers that are acquiring their craft competitors or trying to block craft brewers’ access to the marketplace. In the last year, InBev which owns Anheuser-Busch and is the world’s largest beer company, **struck a deal** to purchase SABMiller, the second largest. The companies have already announced that jobs will be cut as a result of the merger, and the resulting conglomerate will make it even harder for small, local breweries to compete.

**Food Prices**: The consolidation of six agricultural giants is set to threaten the safety of food and agriculture in America. The merger of Dow with DuPont, Monsanto with Bayer AG, and Syngenta with ChemChina, will result in the control of more than 61 percent of commercial seed sales and 80 percent of the U.S. corn seed market. These mergers take place as countless farmers in rural America struggle to adapt to a declining farm economy. This corporate takeover of the farm industry will not only hurt small-town, family operated farms, who will have to pay more for seeds, but it will also raise food prices – vastly limiting consumer choice.

**Eyeglasses**: With more than 200 million Americans affected by vision loss, eyeglass affordability has become a critical consumer issue that affects the entire nation [CDC]. Eyeglasses are a necessity for many Americans, but due to consolidation and concentration in the supply chain, they are increasingly difficult to afford. In fact, the current average price of eyeglasses is now at $400, a cost in line with an iPad, and is steadily rising [Consumer Reports]. The current eyeglass industry, both in the U.S. and abroad, is largely dominated by one company – Luxottica – which owns and manufactures most of the top eyewear and sunglass brands, such as Oakley, Ray-Ban, and Persol, in addition to luxury designer brands. It also owns most of major distribution chains like LensCrafters, Pearle Vision, Sears and Target Optical, and vision insurance company EyeMed Vision Care. If Essilor, which controls 45 percent of the global market share for lenses, successfully acquires Luxottica, the nearly $50 billion merger is set to control the entire supply chain of eyeglasses [Financial Times].

In addition to these specific industries, there are many more that have seen rising concentration that deserves careful scrutiny, and enforcement, in the 21st century economy.