

Congress of the United States
Washington, DC 20515

November 1, 2024

President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Ave
Washington, DC 20500

Dear President Biden:

We write to express our strong support for the Biden-Harris Administration's efforts to lower prices by challenging price gouging, unfair business practices, and monopolies throughout the economy. This effort is more necessary than ever, as we have seen hundreds of reports of corporate price gouging on water, airfare, gas, and other products in states devastated by Hurricanes Helene and Milton.¹ We encourage your Administration to continue this important work to protect consumers, bring down prices, and create a fairer economy for Americans across the country.

For too long, federal regulators and enforcers have allowed monopolies in heavily concentrated industries to abuse their market power. Many leading economists and federal enforcers agree that price increases in recent years were exacerbated and unnecessarily elongated by predatory pricing strategies and price gouging.² In fact, CEOs of many of the country's largest consumer products companies have openly stated that it was the perception of an inflationary environment that allowed them to push prices higher.³

The food sector, especially, faces extreme levels of concentration at almost every level.⁴ In nearly every industry within the food sector, four firms control 50 percent or more of the market.

¹ Joshua Nelken-Zitser and Grace Eliza Goodwin, "Price-Gouging Complaints about the Cost of Fuel, Water, and Hotels Are Surging in States Hit by Hurricane Helene," Business Insider, October 2, 2024, <https://www.businessinsider.com/price-gouging-complaints-surge-hurricane-helene-states-fuel-water-hotels-2024-10>.

² Federal Trade Commission, FTC releases report on Grocery Supply Chain Disruptions, March 21, 2024, <https://www.ftc.gov/news-events/news/press-releases/2024/03/ftc-releases-report-grocery-supply-chain-disruptions>.

³ Lindsay Owens, "I Listened in on Big Business. It's Profiting from Inflation, and You're Paying for It." The New York Times, May 5, 2022, <https://www.nytimes.com/2022/05/05/opinion/us-companies-inflation.html>; Claire Kelloway, "U.S. Food Prices Are up. How Monopoly Power Makes This Worse." Time, January 14, 2022, <https://time.com/6139127/u-s-food-prices-monopoly/>; Liz Pancotti and Lindsay Owens, Inflation Revelation: How Outsized Corporate Profits Drive Rising Costs, January 18, 2024, <https://groundworkcollaborative.org/wp-content/uploads/2024/01/24.01.17-GWC-Corporate-Profits-Report.pdf>.

⁴ Basel Musharbash, "'Kings Over the Necessaries of Life': Monopolization and the Elimination of Competition in America's Agriculture System," Farm Action, September 2024, <https://farmaction.us/kings-over-the-necessaries-of-life-monopolization-and-the-elimination-of-competition-in-americas-agriculture-system/>.

The beef industry offers the most extreme case: the four largest beef processors control about 85 percent of the market. This gives these firms considerable control over pricing. For example, Tyson used a fire at a plant in Holcomb, Kansas to increase beef prices for consumers and reduce the price paid to American farmers, citing reduced processing capacity even though about 5,000 more cattle were processed in the weeks after the fire than in the weeks before. Because of packers' outsized market power, they were able to exploit the emergency and unfairly manipulate the market.⁵

Food retail is similarly concentrated. The four biggest grocery retailers account for nearly 70 percent of sales. Among food suppliers, four firms control more than 60 percent of sales in most grocery categories, with some categories almost entirely controlled by a single company.⁶ Without competition, large grocers and retailers have wide leeway to set prices. For example, Kroger's CEO has said "[a] little bit of inflation is always good in our business,"⁷ and another Kroger executive has admitted on the record to using inflation as the justification to increase prices beyond actual cost increases.⁸ Just this month, Kroger admitted that the company has designated "no-comp" stores where they charge higher prices because of the lack of local competition.⁹ On earnings calls, executives from companies including PepsiCo, Constellation Brands, Tyson, Hostess, and General Mills have acknowledged that they were able to increase prices and margins without negatively impacting sales volume. These pricing dynamics exist because many firms do not face meaningful competition.

Under your leadership, the federal government has taken concrete steps to address these challenges. Your whole-of-government approach to promote competition and protect consumers is what our economy needs for competitive markets to flourish. By nominating leaders like Federal Trade Commission Chair Lina Khan and Department of Justice Antitrust Division Assistant Attorney General Jonathan Kanter, the past four years have seen the strongest antitrust enforcement in the past 50 years. The FTC and DOJ have successfully challenged anti-competitive mergers in multiple industries, including in food and grocery. The FTC is currently working to prevent Kroger's acquisition of Albertsons and has discussed plans to reinvigorate

⁵ Joe Maxwell to Representatives David Scott and Glenn Thompson, "Letter to the House Committee on Agriculture regarding the Holcomb Fire," May 2, 2022, <https://farmaction.us/wp-content/uploads/2022/05/Letter-to-Ag-Committee-RE-Holcomb-Fire.pdf>

⁶ Food & Water Watch, "The Economic Cost of Food Monopolies: The Grocery Cartels," November 2021, https://www.foodandwaterwatch.org/wp-content/uploads/2021/11/IB_2111_FoodMonoSeries1-SUPERMARKETS.pdf

⁷ Paul Solman and Lee Koromvokis, "Why Corporations Are Reaping Record Profits with Inflation on the Rise," broadcast, PBS News Hour (PBS News, April 12, 2022), <https://www.pbs.org/newshour/show/why-corporations-are-reaping-record-profits-with-inflation-on-the-rise>

⁸ Competition Policy International, "Kroger Admits Price Increases beyond Inflation, Sparking Support for Harris' Proposal," PYMNTS.com, August 29, 2024, <https://www.pymnts.com/cpi-posts/kroger-admits-price-increases-beyond-inflation-sparking-support-for-harris-proposal/>.

⁹ Bernadette Berdychowski, "Kroger's Mountain Town Pricing Strategy under Scrutiny in Colorado Merger Trial," Denver Gazette, October 1, 2024, https://denvergazette.com/news/business/colorado-kroger-mountain-town-merger-trial/article_ea0852f6-8039-11ef-85a0-db817e58be3b.html.

enforcement of the Robinson-Patman Act to increase competition among grocers. Meanwhile, the Antitrust Division has brought multiple suits against corporations for violations of antitrust laws, including one against Agri-Stats for running a criminal information sharing network that facilitated price fixing and higher consumer prices for chicken, pork, and turkey.

We write today to ask you to go further. We are encouraged by the Department of Agriculture's recent efforts to update enforcement of the Packers and Stockyards Act, as well as your broader efforts to eliminate junk fees and other deceptive pricing strategies common across the economy. We ask that you continue this critical and necessary work to hold accountable corporations that use their massive size and financial resources to take advantage of consumers and small businesses by price gouging on everything from groceries to gas to prescriptions, all to pad their bottom lines and enrich their shareholders. We stand ready to assist you in any way we can.

Sincerely,



Mary Gay Scanlon
Member of Congress



Chris Deluzio
Member of Congress



Madeleine Dean
Member of Congress