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## EOF 2023 Fall Funder Series Q&A

### Rightsizing Corporate Power for an Equitable Economy

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Corporate concentration has increased persistently over the past century, channeling power away from people and communities into the hands of the wealthy few and creating competitive disadvantages for smaller, entrepreneurial businesses — especially in Black and brown communities.

During this Q&A, a panel of experts discuss how consolidation in corporate power impacts our everyday lives and examine a range of promising interventions — including modernizing antitrust legislation, restoring agencies’ regulatory and enforcement power, and establishing a more equitable tax code — that can help foster a private sector that works in tandem with a thriving public sector to serve the public good. This Q&A is part of the [EOF 2023 Fall Funder Series: A Vision for Democracy in Our Economy](#) and has been edited for length and clarity.

- [Eric Harris Bernstein](#), Policy Director, We Make Minnesota
- [Niko Lusiani](#), Director, Corporate Power, Roosevelt Institute
- [Stacy Mitchell](#), Co-Executive Director, Institute for Local Self-Reliance

#### **EOF: Why is rightsizing corporate power important to an equitable economy?**

**Niko Lusiani:** So we could start with, “What is the corporation in the economy today?” Kind of a basic question, but in 2023 there are a few hundred large incumbent corporations that decide on the flow of billions and trillions of dollars every single day. If you think about who's hired and who's fired, how much or how little individuals are paid, what investments are made and where, who pays taxes and how much taxes are paid, which laws are made or not made—those are all decisions that are made more and more by senior executives at just a relatively small portion of firms in the economy.

In the 1970s, the top 10% of corporations controlled around 70% of the profit share. That’s now 95%. Many fundamental decisions about how our economy runs are decided by large corporate entities. And how does that spill over into inequality? Wages, long-term investments, competition between firms, those are all good things which are really hindered by concentration at the top.

**Stacy Mitchell:** That's a great intro, Niko. Just to step way back, we have incredibly strong antitrust laws on the books. This is an area of policymaking that dates all the way back to the beginning of the country. During the New Deal period, from the 1930s until the 1970s, these laws were enforced in conjunction with labor law in a way that effectively distributed economic power and income much more widely.

Those antitrust laws remain on the books, but what changed beginning in the 1970s and 1980s is how antitrust agencies and the courts interpret the laws. This reinterpretation means the statutes functionally do almost the opposite of what they were written to do. And that has led to just this extraordinary period of consolidation across the economy.

To come back to the question of why rightsizing corporate power matters, it matters so much in people's everyday lives. If you're in rural Maine and you need to fill a prescription, you're very likely to be in a place that has no pharmacy because of pharmacy benefit managers, the largest of which is CVS. We see the same thing with hospitals. Hundreds of communities have lost hospitals that have been consolidated into larger hospital chains and then they've closed the hospitals in low-income neighborhoods or in rural areas. You see it when you go to buy an airline ticket or attend a concert and are paying these enormous fees to Ticketmaster.

All of this is also driving a lot of the dysfunction in our politics and the sense of powerlessness that people feel. It's led to an incredible amount of apathy because there's a sense that corporations run our government and so why even bother trying. It has also led to this attraction to strongman politics that is incredibly dangerous. So we are now flirting with democracy's future being in doubt in part because of outsized corporate power.

**Eric Harris Bernstein:** I see the impacts of corporate power everywhere in my work in Minnesota. The chamber of commerce is always a force to be reckoned with, but corporate lobbyists are made much more powerful when our economy is more concentrated and they each represent a larger share of our private sector workforce. Same goes for business investment. There is a fear, especially when one firm or industry occupies a specific geography, that businesses will retaliate against certain policy decisions. That makes our elected officials much more susceptible to serving the needs of special interests as opposed to serving the needs of their broader constituents.

In Minnesota in this last legislative session, we got a lot of big wins at the state level but there were a number of things that didn't happen. Our bill on worldwide combined reporting, which would close international tax loopholes, was one example, but there were also attempts to regulate ridesharing and nursing that were killed off towards the end of session. The broad consensus was that there was real applied pressure by the corporate lobby, bearing down on the governor just as the session was closing.

So, to Stacy's point about democracy, I think that's really important: there are morally and practically necessary policies, that are widely supported by the voters, but that are dead on arrival in our current social, economic, and political environment. I think that corporate power has an enormous amount to do with that. And it's especially true in tax policy, with business interests strongly opposed to raising taxes or growing the size of government, reflexively opposing any efforts to fund the collective good. And this is really felt at the state and local level where we fund some of the most essential services and cannot deficit spend.

### **EOF: What does work to rightsize corporate power look like in practice?**

**Stacy:** We do a lot of work with communities on practical ways in which they can push back against corporate power and build local alternatives that are community controlled. But we also recognize that if we don't shift the big policies that are driving the economy towards corporate consolidation, these local approaches will only slow the tide, not change it.

And so a place where these threads have come together is in Tulsa, Oklahoma. Several years ago, we started hearing a lot from people in small towns and low-income neighborhoods, saying, "We are being overrun by Dollar General and Family Dollar." One of the emails that stood out to us was from a city counselor who represents North Tulsa. She told us there had not been a single full-service grocery store there in 14 years, but they have a dozen dollar stores.

In the last couple of years, about 40% of all new retail stores in this country have been these dollar chains. They target Black communities and rural areas in particular. At the time we started looking into this, I think a lot of people interpreted dollar stores as a symptom of economic distress, but what our research showed was that they are in fact a cause of economic distress.

We wrote a [report](#) about it in 2018 and started working with communities across the country, including in North Tulsa, where they succeeded in passing a law that banned additional dollar stores from coming in. Now [more than 50 communities](#) across the country have passed similar laws. This year we began working with grassroots leaders in Tulsa and elsewhere to advocate that the Federal Trade Commission restore enforcement of a long-dormant antitrust law that the dollar chains exploit to undermine local grocery stores and create food deserts.

**Eric:** I'll add something that I think will not be a surprise to a funder audience which is that permanent infrastructure for sustained organizing and policy research is very important. Being able to take on a project for two to four years rather than just flitting about from thing to thing.

Policy research is a major gap because it has to be state-specific. There are things you can share and learn across states, but so much of policy research is actually relationship building, learning about implementation and the history of an issue in a given state. Having people who are embedded in an area and who really know the politics and history of an issue or a couple of issues, to me that's the magic sauce in Minnesota.

**EOF: How do recent historic federal investments provide a real-time opportunity to rightsize corporate power and foster an innovative private sector that works in tandem with a thriving public sector for a more just, inclusive, and democratic economy?**

**Niko:** The basic idea of providing really large amounts of public money for specific ends that are mission driven and important to bringing us into the 21st century in a more equitable way, there's a lot of opportunities there. But much of this money is going through the private sector through tax credits, which more than likely will be captured by the largest firms that have a very specific incentive to continue to define and control their markets and increase pay off to shareholders as much as they possibly can. And if there aren't proper guardrails there, then the worry is that these public investments just turn into private loot essentially. What are some of those guardrails? In terms of competition policy, the regulatory agencies can be really active industrial policy makers by being engaged and following where this money is going and making sure that there's fair competition in those markets and not monopolistic practices.

**Eric:** Yeah, Niko, I really appreciate all the things you said. I have my concerns and reservations about the IRA and how it will be implemented. Especially your last point about working through the private sector—we know that the aim of these corporations is not to green the economy. It is, in this case, to extract profit from the greening of the economy. That's not to say that there can't be some balance of the strategies where we lower our emissions, and we have growth in these sectors—I'm all for that. But at the state and local level, I think we just see time and again how the benefits that we would hope to receive in our communities are not felt when they are filtered through the concentrated private market systems that we've been describing throughout this panel.

So, I think [direct pay provisions](#) are really exciting. Whenever we have the opportunity to fund things directly, I think we get more bang for the buck, both by increasing efficiency, but also by naturally increasing public sector capacity to do things, and hopefully moving the needle on people's belief in collective efficacy.

**Stacy:** Just to step back a little to talk about what's really I think extraordinary and hopeful about the moment that we're in. There has been this shift to recognize that the problem is not

just corporations' behavior, but that they have too much power. And that shift in advocacy doesn't mean that people aren't campaigning on particular things that they want to win today, but they're doing so in the context of this larger fight around breaking up corporate power and using the big guns of policy to actually go to the root of the problem.

**Additional Resources:**

- [Minnesota Bill Marks Major Step Forward in Preventing Multinational Corporations from Shifting Profits Abroad](#), By Michael Mazerov, Center on Budget and Policy Priorities, May 8, 2023.
- [Taxing Monopolies Series](#), Roosevelt Institute: This series of briefs explores how today's tax policies strengthen dominant, incumbent corporations at the cost of workers and small businesses, and how a rethinking and rewriting of the tax code can work alongside other antimonopoly tools to curb the excessive economic and political power of large corporations and their owners.
- [The Dollar Store Invasion](#), by Stacy Mitchell, Kennedy Smith, and Susan Holmberg, Institute for Local Self-Reliance, 2023.
- [The Real Reason Your Groceries Are Getting So Expensive](#), by Stacy Mitchell, New York Times, May 29, 2023.
- [Fighting Monopoly Power: How States and Cities Can Beat Back Corporate Control and Build Thriving Communities](#), Stacy Mitchell and Susan R. Holmberg (editors), July 2020.