

# THE REAL CULPRIT BEHIND RISING PRICES: CORPORATE GREED

## POWERFUL CORPORATIONS ARE USING THE PANDEMIC AS AN EXCUSE TO JACK UP PRICES AND PAD THEIR RECORD-BREAKING PROFITS.

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**While workers and families are seeing their paychecks erode, corporations are enjoying record-breaking profit margins and Wall Street is getting "the biggest payout in a decade."**

The reason corporations are increasing their prices isn't a mystery - all you have to do is listen to the CEOs brazenly boasting to investors on corporate earnings calls. For example:

- Johnson & Johnson's CEO told investors that the need for medical care to "address suffering and death" is part of J&J's "optimism" & "opportunity" for its future. The company raised prices on their consumer health products and 29 of their prescription drugs last year, despite making blockbuster profits from their COVID vaccine and other products.
- The CEO of Kimberly-Clark, a top producer of COVID masks, said on a recent earnings call that they were increasing prices to allocate more cash to shareholders. He crowed to investors about "multiple rounds" of "significant pricing actions" and admitted he plans to continue doing it throughout the year.
- The company 3M, which produces N95 masks (among other household items) bragged on its earnings call that "the team has done a marvelous job in driving price. Price has gone up from 0.1% to 1.4% to 2.6%." The CFO told investors, "We see that to be a tailwind."
- Tyson Foods saw profits nearly double after price hikes of 32% on beef and 20% on chicken, which the CEO attributed to the "continued resilience of our multi-protein portfolio."
- In 2021, corporations reported their highest profit margins since 1950, sending stock prices soaring on the backs of people paying higher prices for goods and services.

Using inflation as an excuse, these mega-corporations are choosing to raise prices to increase their profit margins - and they hold enough market power to do so without fear of losing customers to other competitors.

The same companies that are hiding behind the pandemic and supply chain disruptions as an excuse to gouge consumers are preventing their workers from collectively bargaining for better pay, benefits, and treatment.

Corporate greed, plain and simple, is a big reason families and small businesses are seeing the costs of basic necessities, like prescription drugs, groceries, diapers, and COVID masks, go up. And it's squeezing small businesses and stymieing our collective economic health.

## These price hikes were brought to life by decades of disinvestment and corporate consolidation - paving the way for mega-corporations to corner markets and increase prices on consumers with impunity.

This wasn't an accident - it was their goal all along. For half a century, we allowed mega corporations who produce goods that families rely on to take control of our supply chains and put short-term profits over a functioning system. For example:

- The world's most popular diaper brands – Huggies, Luvs, Pampers and Pull-Ups – are all made by one of two companies: Kimberly-Clark Corp. and Procter & Gamble Co. Those companies account for [70%](#) of the U.S. diaper market.
- Just four meat processing conglomerates control more than 80% of the beef industry and more than 60% of the pork industry. This enables them to dictate prices that both [flatten returns for farmers and ranchers](#) and inflate prices for consumers at the meat counter.

We're seeing the impact of deeply entrenched corporate power on our supply chain, too. Decades of turning our supply chains over to mega-corporations created a brittle system that was illequipped to handle crises like the pandemic - resulting in bottlenecks and shortages and ultimately pushing prices up.

As a result, a handful of big retailers, oil and gas companies, and shipping companies were perfectly positioned to capitalize on the frenzy around inflation to post record profits while consumers pay the price.

- Just [three](#) shipping alliances control delivery for the majority of goods consumed by Americans each year.
- Many of the goods Americans consume are delivered by as few as [four](#) railroad companies, equipped by [one](#) chip maker, and packed by [four](#) meatpackers.
- Maersk, the world's largest shipping company, just had its best quarter in [117 years](#).

Even the Chair of the Federal Reserve, Jerome Powell, has [weighed in](#) on this issue, saying that corporations with outsized market power are "raising prices because they can."

The more sway large corporations have over our economy, the more power they have to gouge customers and squeeze Main Street. And unless something is done to address this, it isn't going to stop.

- "The current CPI only reflects this on the margins, but the contribution will grow over time as companies with market power feel increasingly comfortable raising prices," [said Jeffrey Meli](#), global head of research at Barclays Plc.

## We need federal policies that will tackle the root causes of inflation: decades of disinvestment in our supply chains and corporate profiteering.

Massive corporations are trying to pin the blame for price increases on workers or government spending, but that's simply not true.

- [Recent research](#) demonstrates there is absolutely no evidence to suggest wage increases for workers are driving current price spikes.
- Derailing critical, long-overdue investments would only double down on the harm that workers and families are feeling at the checkout line.
- These additional public investments - in health care, paid leave, climate, child care, and more - will have little to no effect on inflation in the short-term and are necessary to ensure [sustainable economic](#) growth in the long-term.

The Biden administration is taking steps to rein in corporate greed through antitrust regulation and competition policy. But without aggressive action by President Biden and antitrust enforcers, we will continue to see a vicious circle of price increases that [investors will come to expect](#) and that will be very difficult to stop without any risk of being undercut by competition.

By cracking down on price gouging and pandemic profiteering – and making sustained public investments in our infrastructure, our supply chains, and our labor force – we can cultivate shared economic growth and build an economy that truly works for all of us.

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