

January 31, 2023

Chair Ginny Klevorn
State and Local Government Finance and Policy Committee
581 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Re: Support for MN AG Consumer Litigation and Antitrust Division Budget Requests

Dear Chair Klevorn and Committee Members:

On behalf of the American Economic Liberties Project, we write in support of the Governor's FY24-25 recommended budget for the Minnesota Attorney General's Office which will help build a strong economy by protecting fair, open and competitive markets from the harms of corporate concentration. We especially encourage the Committee to advance two specific line items: The AG's request for one-time funding for the creation of a revolving consumer litigation expense account, as well as additional funding for two full-time employees (FTEs) in the Office's antitrust division.

The American Economic Liberties Project is a non-profit advocacy organization that confronts the abuse of corporate power while advocating for policies that enhance fair competition on behalf of consumers, working people, and local businesses.¹ Key among those policies is the dutiful enforcement of federal and state antitrust laws. For a half century, a trend of nonenforcement of those laws has allowed more than 75 percent of domestic industries to become concentrated in the hands of just a handful of major corporations.² Meanwhile, wages have stagnated, prices have become disconnected from consumer need, and small businesses have been blocked from entering markets despite having innovative solutions to obvious problems.

The Minnesota Attorney General's Office has a critical role to play in enforcing the state's antitrust and unfair competition laws against abuse by large corporations. Just as federal antitrust enforcement budgets have been slashed or remained stagnant, so too has the Minnesota AG's budget failed to keep pace with its own growing mandate. The Minnesota AG's talented antitrust team presently consists of just 2.5 FTE attorneys, who oversee a state economy that has grown

¹ <https://www.economicliberties.us>

² <https://academic.oup.com/rof/article/23/4/697/5477414>

by more than 52 percent in the past decade.³ As heard in last Tuesday's meeting of the House Government Finance and Policy Committee, the budget for the MN Attorney General's Office has been flat over the last 20 years.

Despite economic growth, the diversity and independence of Minnesota's economy is suffering across key industries. Minnesota has lost 30% of its independently owned pharmacies (more than any other state from 2010-2019), from those serving low-income areas of Minneapolis and St. Paul to rural areas across the state.⁴ Since 2017, Minnesota has lost more than 800 licensed dairy farms.⁵ While four giant meatpackers control 70 percent of beef sales and saw a 120 percent increase in gross profits in 2021, Minnesota ranchers have been squeezed by production squeezes and too little competition among beef processors.⁶

Despite limited resources, the antitrust division of the Minnesota AG's Office has proven highly effective at stemming some of the market's worst abuses. In September 2022, Minnesota joined the FTC and several other states in a lawsuit against pesticide manufacturers Syngent and Corteva for using loyalty programs to suppress competition. The division recently joined three complaints against generic-drug manufacturers and pharmaceutical companies for illegal price fixing, which undermines the affordability and accessibility of healthcare for countless Minnesotans.

Minnesota has a long, proud history of using competition law to promote innovation, and reaping the rewards.⁷ The state now has a chance to do so again. The revolving fund for complex litigation and enhanced funding for an additional two FTEs in the antitrust division are investments in the vitality of Minnesota's economy. We wholeheartedly encourage the adoption of these modest proposals.

Sincerely,

Lee Hepner
Legal Counsel

³ <https://knoema.com/atlas/United-States-of-America/Minnesota/GDP>

⁴ <https://www.startribune.com/independent-family-pharmacies-struggle-to-survive/572928111/?refresh=true>

⁵ <https://bringmethenews.com/minnesota-news/minnesota-has-lost-more-than-800-licensed-dairy-farms-since-2017>

⁶ <https://www.reuters.com/business/how-four-big-companies-control-us-beef-industry-2021-06-17/>

⁷ <https://minnesotareformer.com/2021/03/03/minnesota-must-curb-anti-competitive-tactics-if-it-wants-to-be-an-innovation-center-opinion/>