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STANDING UP FOR SMALL BUSINESSES THAT KEEP WEALTH IN WEST VIRGINIA

Small businesses are the heart of our downtowns and – unlike out-of-state corporations – they invest back in our communities. But small business owners often struggle to get bank loans, to attract and retain employees, and to deal with the rapidly rising costs of health insurance. And since the 1970s, the number of start-up businesses in America has fallen by half.¹ Over the same period, income inequality in America has spiraled out of control, until today when just three families have more wealth than half of the population.

**THE STRUGGLES OF
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ARE BOTH ROOTED
IN POLITICAL DECISIONS
TO PRIORITIZE
THE INTERESTS OF LARGE
CORPORATIONS OVER
EVERYDAY AMERICANS.**

The struggles of small businesses and ordinary workers are both rooted in political decisions to prioritize the interests of large corporations over everyday Americans. By giving up on the enforcement of anti-monopoly and anti-trust laws starting in the 1970s, the federal government has allowed a few big corporations to dominate the market in virtually all sectors of our economy, allowing them to hire lobbyists and write laws to continuing rigging the economy even more in their favor.

Monopolization has occurred across all sectors of our economy:

- In the 1980s, independent retailers supplied half of what we bought in stores; today that is just a quarter.
- As of 2015, four beef packing firms controlled 85% of the market, four hog processors controlled 2/3 of the market, and four seed companies controlled 85% of the market for corn seeds.²
- Walmart alone accounts for a quarter of U.S. grocery sales.³

¹ S. Mitchell, “Monopoly Power and the Decline of Small Business”, Institute for Local Self-Reliance, August 2016.

² C. Kelloway and S. Miller, “[Food and Power: Addressing Monopolization in America’s Food System](#),” Open Markets Institute, March 2019.

³ C. Kelloway, “[New Data Shows Walmart’s Dominance in Local Grocery Markets](#),” Open Markets Institute, July 3, 2019.

- The number of community banks and credit unions fell in half from 1997 to 2012.⁴
- Since the 2008 financial crash, the “too big to fail” banks have gotten even bigger.

Monopolies can and do treat small businesses and workers unfairly. Monopolies can afford to lower their prices below cost long enough to drive out smaller competitors. Massive retailers like Walmart use their huge purchasing power to compel its suppliers to cut wages and outsource production so that they can continue selling cheap goods. This in turn drives suppliers to merge so that they can have greater negotiating power with retail giants like Walmart and Amazon. Amazon is under investigation in Europe for allegedly collecting and using data on third-party sales on Amazon’s platform to undercut those same businesses.⁵

The concentration of many sectors of our economy into a few large firms has decimated many regions of our country, particularly rural states like West Virginia. Major corporations tend to be headquartered in a few coastal cities, concentrating wealth in those areas. Meanwhile the small businesses and regional firms that used to keep wealth closer to where it is produced have been disappearing.

The concentration of the financial sector into a few large banks has had a negative impact on small business lending. Giant Wall Street banks have turned finance into an extractive industry, sucking the wealth out of communities through predatory lending and financing of multi-national corporations whose executives and shareholders live far away. These banks engage disproportionately in speculative financial trading rather than small business lending. Even though the biggest four banks in the country control 40% of bank assets, they account for only 13% of small business lending.⁶

EVEN AS SMALL BUSINESS OWNERS PAY TAXES AND RE-INVEST IN OUR COMMUNITIES, THEY WATCH AS SOME OF THEIR LARGE CORPORATE COMPETITORS GET AWAY WITH PAYING \$0 IN FEDERAL CORPORATE INCOME TAXES.

Even as small business owners pay taxes and re-invest in our communities, they watch as some of their large corporate competitors, like Amazon, get away with paying \$0 in federal corporate income taxes.⁷

In addition to small businesses, cooperative enterprises – in which workers have an ownership stake in the company – can also play an important role in local economic development that keeps wealth in communities. In Cleveland, Ohio,

⁴ S. Mitchell, “Monopoly Power and the Decline of Small Business”, Institute for Local Self-Reliance, August 2016.

⁵ European Commission, “[Press release: Antitrust: Commission opens investigation into possible anti-competitive conduct of Amazon](#),” July 17, 2019.

⁶ S. Mitchell, “Monopoly Power and the Decline of Small Business”, Institute for Local Self-Reliance, August 2016.

⁷ J. Pound, “[These 91 Companies Paid No Federal Taxes in 2018](#),” CNBC, December 16, 2019.

for example, a network of cooperatively owned businesses employs over 200 people with a targeted program of economic investment in six high-poverty neighborhoods.⁸ The effort is a model for how to build and keep wealth in communities.⁹ Here in West Virginia, cooperative telecommunications businesses have been very successful in developing rural broadband infrastructure in their service territories.

In Congress, Cathy will support our small businesses and cooperatives by fighting for:

- **Easier access to capital to start and grow a small business.**

Cathy supports:

- Quadrupling the budget for the Community Development Financial Institutions (CDFI) Fund, which provides financing and support to local institutions that lend to small businesses.
 - Establishing grants through the Small Business Administration to entrepreneurs with less than \$100,000 in wealth.
 - Expanding the Small Business Administration’s microloan program and its Community Advantage loan program, which specifically targets underserved communities.
 - Expanding the Department of Agriculture’s Rural Microentrepreneur Assistance Program, which provides capital for small loans and technical assistance in rural areas.
- **Increased funding for the Small Business Administration’s Small Business Development Center Program,** which provides business coaching resources to start a business. Rural communities have the least access to qualified business coaching services, which are critical to obtaining loans to get a business off the ground.
 - **Making pension and healthcare benefits more easily accessible to small business owners and their employees.** Cathy supports Medicare for All universal healthcare. She also supports efforts to guarantee secure retirement for small business owners and their employees.¹⁰
 - **Rehabilitating dilapidated buildings.** Dilapidated buildings are common in downtowns across West Virginia, and towns often lack the resources to tear them down or renovate them so that the space can become usable for new businesses. Cathy supports a dedicated federal grant program through USDA Rural Development to assist small rural towns in the rehabilitation of dilapidated buildings.
 - **Net neutrality.** Without a fair internet, small businesses are at a disadvantage in competing with large corporations who have the resources to ensure that their sites

⁸ J. Heller, [“One of America’s Poorest Cities has a Radical Plan to Remake Itself.”](#) Huffington Post, November 27, 2018.

⁹ D. Brodwin, [“A Cleveland Success Story.”](#) U.S. News, July 21, 2016.

¹⁰ See, for example, secure choice pensions [_http://www.pensionrights.org/what-we-do/events/re-imagining-pensions/secure-choice-pension_](http://www.pensionrights.org/what-we-do/events/re-imagining-pensions/secure-choice-pension).

are prioritized by internet service providers. Cathy supports federal legislation to reinstate net neutrality.

- **A fairer tax system.** We do not need one set of tax rules for wealthy corporations and another set for small businesses. We need to close the loopholes, repeal the Trump corporate tax cut and require that all corporations pay a 35% tax on their profits.
- **Enforcing anti-monopoly laws.** We should have broken up “too big to fail” banks after the financial crisis a decade ago, but instead those banks are bigger than ever. Cathy supports breaking up big Wall Street banks, big tech firms and corporations in other industries that have gained monopoly power. Cathy will demand a re-write of the Federal Trade Commission’s guidelines on approving or denying corporate mergers to prevent corporations from consolidating monopoly power.
- **Greater federal resources to support the development of cooperative businesses.** Worker-owned cooperatives can be effective in generating local economic development, especially as part of coordinated efforts to develop networks of cooperatives, like in Cleveland, Ohio. Cathy supports greater federal resources for state programs that seek to train and grow cooperative enterprises.

We do not have to live in a society of ever-widening inequality, where the most powerful corporations write the rules to favor their interests while small businesses continue to struggle to get by. We can turn this situation around; we can create an economy where small businesses can thrive and build up wealth in our state. But it will mean changing priorities and putting workers and small business owners first, ahead of the interests of Wall Street and giant monopolies. It will mean dusting off our old anti-monopoly laws and actually enforcing them, breaking up big banks and big tech firms and others. It will mean rewriting the rules to give workers and small business owners more power in our economy.