

European leaders risk increasing inequalities by turbo-charging failed “competitiveness” models

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1. Introduction

The EU faces existential crises: climate change, growing economic and political inequality, rising political extremism, war on the borders, stagnant wages and high prices.

All are made more acute by a growing crisis in global co-operation, amid sharpening rivalries, and fears of Europe's declining economic position in the world, and of growing dependencies on powerful U.S. or Chinese firms.

Recent European and national elections reveal rising anger with business as usual. A new vision is urgently needed, prioritising the public interest over vested interests, and delivering a fair, sustainable transition that works for everyone, not just the few.

Unfortunately, current debates are dominated by the concept of “competitiveness”: a notoriously incoherent notion with no clear fixed definition¹. It confuses competition between private actors in markets with “competition” between states or regions, a very different set of processes. Ideologues and vested interests exploit this vacuum to argue that states should transfer resources to them to help them compete globally - for example via subsidies, preferential tax regimes, permissive merger control and competition policy, or weak regulatory, environmental or social protections.

Such transfers from other parts of the economy may help incumbents but do not obviously help Europe as a whole: they often inflict harm. As this briefing explains, a “competitiveness agenda” focused on helping special interests will exacerbate dangerous market concentration, boost inequality and public anger, and provoke a race to the bottom between states in key areas such as tax, environmental policy, labour standards or financial stability. It will also promote rent-seeking which, by raising prices and reducing quality, will harm Europe’s economy. A competitiveness focus also means Europe is led by policy choices in other regions, rather than based on what Europe’s people need.

EU citizens want fair working conditions and a good standard of living, strong public services, economic and political security and opportunity, and freedom of choice and control over our lives². As civil society groups we support a balanced, diverse, resilient, innovative, thriving and democratic economy where corporate power is

contained, and where strong public finances, public goods and safeguards foster fair markets and broad prosperity.

This report accepts that competitiveness is widely discussed, but argues that it is dangerous as a general framework. It risks muddying the waters, mis-diagnosing the problems,³ and exposing policy to vested interests that will steer us towards the solutions that benefit the few at the expense of the many. As a key part of Europe's response, we demand more transparency in policy processes on this.⁴

2. Unpacking the dominant "competitiveness" discourse

Prominent voices, including presidents and Prime Ministers, top officials, business leaders, the European Commission, and others have offered strong opinions about how to improve Europe's "competitiveness" and future. Commission President Ursula von der Leyen has tasked two former Italian Prime Ministers, Enrico Letta and Mario Draghi, to report on the topic⁵. Ursula von der Leyen, recently re-elected as President of the European Commission, mentioned competitiveness over 30 times when [laying out her platform](#). European leaders [promise](#) a "new European competitiveness deal," and a new "[Competitiveness Fund](#)."

Among these diverse public statements, we see some positives, but many harmful ideas too. This section examines a few core elements in these statements.

2.1 "Enabling scale"

Mr. Letta spoke of a "stunning size deficit" among European companies and criticised "excessive entry" by smaller players; Mr. Draghi proposed to respond by "enabling scale" and "support[ing] large EU companies in becoming bigger and competing on the global stage."⁶

U.S. firms do dwarf European firms in key areas, and the EU does risk dangerous dependencies. Yet building European champions to compete with them, if achieved by weakening competition policy, will worsen market power imbalances: it is incoherent to try and promote Europe's competitiveness by curbing competition in European markets⁷. Excessive market power inflicts many harms, for example:⁸

- Rising price 'markups,' higher consumer prices, and "sellers' inflation,"⁹ which hurt competitiveness, on any reasonable definition.
- Less investment, innovation, dynamism and economic output. Firms with market power feel less pressure to invest and innovate and instead turn to strategies like 'killer acquisitions' or predatory pricing, to preserve dominance.¹⁰
- Workers: monopsony power harms workers directly; also, excessive market

- power reduces output in economy-wide effects that also hurt workers.¹¹
- Market power worsens inequality: it increases fortunes at the top and reduces those below,¹² as it pushes net flows of resources and rents to owners, often overseas.
- It saps resilience: dangerous single (or few) points of failure magnify shocks and create 'too big to fail' leverage over policy-making, including by potentially malign domestic or foreign actors.¹³ Breaking up choke points reduces dependencies.

Promoting European champions to battle foreign giants is like tackling marauding Godzillas by unleashing home-grown King Kongs to fight them. This may worsen collateral damage in Europe and distract us from a better democratic alternative, which is to tame *all* over-powerful actors, domestic and foreign.

For example, instead of growing a European giant in cloud services to take on Amazon or Google, Europe needs vibrant and diverse economic ecosystems of alternatives, protected from domination by monopolising incumbents including through breaking cloud services away from the tech giants to stop cross-leveraging, tying and other predatory tactics¹⁴.

U.S. regulators recognise the errors of past policies to let economic power grow too concentrated: they are now engaged in anti-monopoly battles, rejecting a 'national champions' approach to protect democracy and economic dynamism, improve security, and enhance competitiveness.¹⁵ Europe must not seek to copy U.S. failures.

Box 1: Focus on telecoms

Europe has least 34 mobile network operators, compared to three in the United States and four in China¹. Prominent voices argue that this 'fragmentation' holds Europe back, and Mr. Draghi urged policy to "support, not hamper, consolidation." This profoundly misunderstands telecoms.

Telecoms firms are best thought of as a utilities supporting the economy, rather than as a globally competitive profit centres. The key metrics to benefit Europe's competitiveness in telecoms are not sales or profits, but prices to consumers and businesses, investment levels, and quality of services provided.

Academic, commercial and institutional research over many years overwhelmingly shows that mergers and consolidation in telecoms increase prices but without increasing quality or investment.¹ For example, recent research found that prices in the U.S.' more consolidated market were seven times higher than in Italy.¹ Worse performance at higher costs harms the economy, citizens' wellbeing, and the public interest.

Telecoms networks must inter-connect seamlessly and efficiently – but this is no reason for more mergers to hold them under the same corporate roof. A better and long proven approach for price and quality is to facilitate inter-connections, fair access, common standards, and cross-border co-ordination, while preserving diversity, choice and fair competition. Similar arguments could be made for other 'utility' sectors, like energy, finance, or cloud computing¹.

2.2 On finance and the capital markets union

To finance the costly green and digital transitions, the demographic challenge, and strategic priorities, the EU needs bold new policies to mobilise financial resources, public and private.

Prominent voices including Mr. Draghi call for "advancing the Capital Markets Union," to help better match an estimated €33 trillion in EU private savings "not being fully leveraged to meet the EU's strategic needs", and to help capital flow more smoothly between savers and borrowers by reducing an "excessive regulatory burden and bureaucratic red tape."¹⁶

Improvements can certainly be made, but we also urge caution. The finance sector is notorious for fostering rent-seeking¹⁷. In turn, rent-seeking harms overall prosperity and the public interest: it reduces quality, raises price levels, and reduces and misallocates productive investment. Finance promotes rent-seeking in many ways.

First, the finance sector has inbuilt tendencies to reinforce market concentration:

- The EU finance sector is itself increasingly concentrated, with the top five banks now holding an average 70 percent share of banking assets.¹⁸ Larger banks tend to service larger non-financial clients and crowd out smaller firms.
- Large investment banks, predominantly from the U.S., actively drive monopolising Mergers and Acquisitions (M&A) 'deals' as a source of fees.¹⁹
- Finance lends more cheaply and freely to (lower-risk) incumbents with market power than to (higher-risk) startups and SMEs.²⁰ So without proper guardrails and SME-friendly industrial policies, 'more capital markets union' and deregulation will see capital flow mostly to higher-rent incumbents with market power inside and outside the finance sector, putting SMEs at an even greater disadvantage than now.

Second, many financial activities suck productive capital out of the economy: for example, when companies channel profits into buying back their own stock, instead of re-investing.

Third, literature from the IMF, Bank for International Settlements, and others finds that "Too Much Finance" reduces economic growth, notably when credit to the private sector exceeds 90-100 percent of GDP,²¹ a level that many European countries far exceed²². While there is some contestation in the literature, some finance activities and actors clearly inflict harm, as the last global financial crisis showed.

Fourth, if financial actors continue to be able to profit from taking large risks, knowing that taxpayers will cover losses in ensuing crises, we risk another calamity which could tear Europe apart. Financial stability protections must be reinforced, not watered down.

So if “More Capital Markets” becomes a deregulation agenda, removing key safeguards, it will exacerbate all these problems.

Instead, Europe must find ways to channel savings more effectively by tackling market power and all forms of rent-seeking more effectively; prioritising a smaller, smarter, leaner, more transparent and accountable finance sector; and prioritising finance’s “utility” role supporting the rest of the economy and SMEs in particular, above its role as a profit centre²³. Especially, Europe must avoid building “champions” in finance; Europe does not need more Wirecards or Too-Big-to-Fail banks. Finance has enough cheerleaders; we must not add regulators to the list.

2.3 How to pay for the transitions

The EU faces high costs implementing environmental, climate and demographic transitions, and strategic priorities. We recommend several principles for financing the future.

Addressing market power seriously could release large sums into the EU economy, much from non-EU firms and shareholders. For example, Google will earn some €50 billion in online advertising revenues from Europe this year.²⁴ Breaking its monopoly over the advertising 'stack', as the European Commission seeks²⁵, could release many billions to EU based online publishers including many local media organisations, cornerstones of democracy. A wider crackdown on market power would be transformative.²⁶

Tax policy improvements are essential that both raise revenue and re-balance monopolised economies. For example, giving greater priority to taxing excess profits, progressive taxation of corporate income or capital gains, closing loopholes, and Digital Services Taxes raise essential revenue while also addressing inequalities, particularly if invested in quality public services and essential infrastructure.²⁷ Thus transferring resources from non-European or offshore shareholders, and using them to pay for strategic EU priorities, improves competitiveness on any reasonable definition – and would also prove popular.

While private financing is receiving a lot of attention, **the EU should not downgrade public financing**, which is mostly cheaper and more accountable. This can be improved via e.g. i) development of industrial policies to develop strategic sectors, ii) better EU-level co-ordination of public spending, iii) expanded common borrowing

facilities; iv) removal of hard 'debt brakes' and other structural austerity measures that limit government action²⁸.

Industrial policies must contain safeguards to **prevent public support being siphoned off through rent-seeking activities**.²⁹ For example, targeted support for smaller firms will be wasted if the relevant SMEs are caught in the gravitational orbits of giant firms which have the power to extract for themselves the main economic surplus generated by SMEs.

3. Conclusion: a way forward

Despite manifold domestic and global crises, the EU has considerable potential to build an economy that genuinely serves the interests of its citizens. This means tackling economic concentration and corporate power, and reshaping EU and member state economies towards systemic change to reduce inequalities, and deliver a fair and sustainable transition that works for all: consumers, workers, citizens, and small and medium sized businesses.

If EU leaders pursue a failed "competitiveness agenda" based on corporate welfare packages to the biggest firms, this will reinforce abuses of market power and broader rent-seeking, which has already harmed the economy, ecology and society of the EU and elsewhere.



Endnotes

¹ Competition between countries bears little relationship to competition between companies in a market. The classic text in this area is "[Competitiveness: a dangerous obsession](#)," Paul Krugman, Foreign Affairs, March 1, 1994. See also Berger, Thomas (2008), 'Concepts of National Competitiveness', Journal of International Business and Economy, 9(1), pages 91-111. For a discussion of the incoherence of the concept, see [Letter regarding the dangers of a competitiveness objective for financial regulators](#), signed by 58 economists, May 16, 2022. It has been hard to find any definitions of competitiveness offered in recent public statements in Europe on the topic (nor do we offer one); at best they associate the word with other words in the same sentence: e.g. the Franco-German statement on competitiveness (ibid.) calls for ensuring "Europe's long-term competitiveness, prosperity and global role as a geopolitical actor." Prevalent institutional definitions of competitiveness focus on factors that may benefit any economy, but strikingly, almost never with any reference to performance relative to other economies. For example, the World Economic Forum [has defined](#) the term to mean "the set of institutions, policies and factors that determine the level of productivity of a country". The European Commission [identified](#) 17 KPIs for monitoring competitiveness: they included public and private investment rates; digital technology adoption, educational participation, and so on: none was a relative measure. Various competitiveness rankings exist that are made up by measuring (non-relative) KPIs or equivalents then combining them.

² <https://europa.eu/eurobarometer/surveys/browse/all/series/12882>

³ On the most obvious marker of "competitiveness" - trade -- the EU has on average run large surpluses for years; in spite of being a net energy importer, has enjoyed a surplus with the rest of the world, worth a cumulative €1.3 trillion since 2012. See Globalisation patterns in EU trade and investment: Extra-EU trade in goods, 2002-2022, Eurostat, 2022 and EU trade in goods, quarterly data from 2020-I to 2024-I, Eurostat, 2024. The surplus turned negative in 2022 but this was largely a function of high world energy prices. The world's most 'competitive' economy on the latest IMD rankings is Denmark, an EU member, with exceptionally good social protections.

Similarly, Europe's often-cited productivity gap is overblown. An influential scare story on competitiveness came in a *Financial Times* article in November 2023 with an arresting statistic: that the EU economy in dollar terms had fallen from 91 percent the size of the US' in 2013, to just 65. Europe's recent lower measured productivity growth than the United States, for example, is largely a function of exchange-rate fluctuations and well-being choices by Europeans on average to work fewer hours: on a purchasing power parity (PPP) comparison, the divergent productivity growth disappears. For these reasons, Chris Giles, the FT's Economics editor, [said](#) of the 91 to 65 statistic that we "need to file that particular statistic in a round plastic container under your desk." See also [Productivity has grown faster in western Europe than in America](#), The Economist, Oct 4, 2023.

⁴ See [Draghi report lacks transparency and risks capture by big business](#), civil society organisations, May 8, 2024.

⁵ See [Much More than a Market: Empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens](#), Enrico Letta, April 2024; Mr. Draghi is due to issue a report in September; see his preliminary statements: i) Mario Draghi's [speech on competitiveness](#), La Hulpe, April 16, 2024; and [Mario Draghi: An Industrial Strategy For Europe](#), Jun 14, 2024. Other prominent statements on competitiveness include a) [Boosting growth in Europe – a French-German initiative for the next five years](#), Robert Habeck, Bruno LeMaire, May 23, 2024; b) [A new agenda to boost competitiveness and growth in the European Union](#), governments of France and Germany, May 2024; c) [Protecting](#)

[competition in a changing world - Evidence on the evolution of competition in the EU during the past 25 years](#), European Commission, 2024.

⁶ Draghi, April 16, 2024 (ibid.); Enrico Letta, 2024 (ibid.)

⁷ For example EU Commission Executive Vice President Margrethe Vestager said in April, "One does not foster competitiveness by abandoning it within the European Union." See [Vestager defends EU merger rules](#), says competition creates strong companies, Foo Yun Chee, Reuters, April 18, 2024.

⁸ See, EC, 2024. It states that "on average and in a wide range of sectors in the EU over the past 25 years, (i) concentration at both industry and market level has increased, (ii) markups and profits in particular at the top of the distribution have increased, (iii) the gap between industry leaders and followers as regards markups, profits and productivity has increased, and (iv) business dynamism. . . has declined." It said that market power and ensuing reduction of competition not only has negative effects on price levels "but also on the competitiveness of EU firms and on overall economic growth."

⁹ See 1. [Global Market Power](#), Jan De Loecker, Jan Eeckhout, Feb 10, 2021, showing global markups rising from 15% above costs in 1980 to 60% above costs, with an arguably stronger rise in Europe (see Figure 5); 2; Jan Eeckhout, [www.theprofitparadox.com/](#) Figure 4, showing a rise of markups in Europe from around 10% above costs in the 1980s to around 60% today; 3. [Taken, Not Earned](#), civil society coalition, Jan 2024, especially Graph 2 showing a) the rise in markups 1995-2022; b) the divergence between giant firm markups and smaller firm markups; and c) the particularly large rise in markups in the pandemic; 3. [Sellers' Inflation, Profits and Conflict: Why can Large Firms Hike Prices in an Emergency?](#) Isabella M. Weber, Evan Wasner, (2023). Economics Department Working Paper Series. 343.

¹⁰ European Commission, 2024, which notes "reduced business dynamism" as a result of market power; less diffusion of technology; slower productivity growth; "reduced responsiveness to economic shocks and economic policy measures"; higher prices. See [Harms from Concentrated Industries: a Primer](#), Denise Hearn, Columbia Center on Sustainable Investment, Feb 2024, outlining a range of research.

¹¹ See [The Profit Paradox: How Thriving Firms Threaten the Future of Work](#), Jan Eeckhout, Princeton, 2021. Eeckhout estimates that if workers globally had the same labour share of income as in 1980, they would be collectively US\$6 trillion better off each year: rising market power not only shrinks the pie by reducing overall output, it also redistributes the pie more unequally, hurting workers a second time. See [Europe's Monopoly Problem](#), The Counterbalance, June 22, 2021. Also see [Competition and market power in UK labour markets](#), Competition and Markets Authority, Jan 25, 2024.

¹² [Inequality: A Hidden Cost of Market Power](#), Sean F Ennis, Pedro Gonzaga, Chris Pike, Oxford Review of Economic Policy, May 12, 2022; or [Inequality and market concentration: when shareholding is more skewed than consumption](#), Joshua Gans Andrew Leigh Martin Schmalz Adam Triggs, NBER, 2019.

¹³ [Market resilience: Discussion paper](#), Competition and Markets Authority, March 27, 2023.

¹⁴ The European Commission has been extremely timid about breaking up dominant firms; this has to change. See e.g. Dr. Kim M. Küstner, [Break Up Amazon? Expert opinion on the appropriateness and legal facility of unbundling of the Amazon Group](#); LobbyControl, Nov 2023; or John Kwoka and Tommaso Valletti, [Unscrambling the eggs: breaking up consummated mergers and dominant firms](#), *Industrial and Corporate Change*, Volume 30, Issue 5, Oct 2021. See also [Breaking Up the Giants of Harm](#), Balanced Economy Project, July 2024.

¹⁵ For example, Lina Khan, Chair of the U.S. Federal Trade Commission, described the many catastrophic failures at Boeing as "the single best example of why a national champion strategy can be catastrophic . . . Boeing effectively became too-big-to-fail and a point of leverage for countries seeking to influence policymaking." The Biden White House in July 2021 issued an [Executive Order](#) that stated: "the answer to the rising power of foreign monopolies and cartels is not the tolerance of domestic monopolization, but rather the promotion of competition and innovation by firms small and large, at home and worldwide." A U.S. Department of Defence report into consolidation found that "extreme consolidation in the U.S. military industrial base has actually undermined the country's national security while raising costs and reducing innovation." See [Competition, Not Consolidation, Is the Key to a Resilient and Innovative Europe](#), Max von Thun, ProMarket, Jun 5, 2024.

¹⁶ The French and German economy ministers said in their joint statement: "*Private financing is the natural first contributor to fill this investment gap, and accelerating the Capital Markets Union (CMU) is a key leverage in this respect.*" Mr. Letta's report argued for "*fully integrating financial services within the Single Market. . . to not only keep European private savings within the EU but also attract additional resources from abroad. . . the dynamism and efficiency of the Single Market are currently being significantly impeded by a complex web of challenges, primarily due to the excessive regulatory burden and bureaucratic red tape.*"

¹⁷ Examples of harmful financial engineering by private equity firms include i) buying companies then running their financial affairs through tax havens to escape tax; ii) buying multiple competing businesses in a market niche or local area to build a monopoly; iii) "dividend recapitalisations" when the PE firm buys healthy portfolio companies, load them with debt, then take the proceeds of the borrowing for themselves instead of investing.

¹⁸ [EU Structural Financial Indicators: end of 2023](#), Degree of Banking Sector Concentration, Chart 2 "share of assets held by the five largest banks." The (approximate) 70 percent market share rose from 60 percent in 1999.

¹⁹ See, for instance, [How Finance Drives Monopoly Power](#), The Counterbalance, Dec 16, 2022, citing industry documents on how banks do not just facilitate but actively push 'buy-side' and 'sell-side' M&A deals.

²⁰ Venture capital firms and SMEs often talk of "kill zones" and "valleys of death" where financing is extremely hard to obtain. For example, Sonos CEO Patrick Spence [said](#): "Venture-capital firms are well aware of the kill zone that surrounds startups that pass within striking distance of the dominant platforms — they stay away from those investments." See Inside the kill zone: Big Tech makes life miserable for some startups, but others embrace its power, Financial Post, Feb 6, 2020. Finance firms also subsidise predatory pricing strategies to help incumbents kill competitors. For example, in Akzo Chemie vs. European Commission, the European Court of Justice [ruled](#) that "Such prices can drive from the market undertakings which are perhaps as efficient as the dominant undertaking but which, because of their smaller financial resources, are incapable of withstanding the competition waged against them."

²¹ See [Reassessing the impact of finance on growth](#), Cecchetti, S. G., & Kharroubi, E. (2012), BIS Working Paper, no. 381; [Why does credit growth crowd out real economic growth?](#), Cecchetti, S. G., & Kharroubi, E. (2018) NBER Working Paper 25079, Sept 2018; Arcand, J. L., Berkes, E., & Panizza, U, [Too Much Finance?](#) IMF Working Paper WP 12/161. (2012). On the contestation, Beck et al. (Journal of Financial Stability 10:50–64, 2014) criticise the "Too Much Finance" literature and find that finance benefits growth, whereas Storn & Zwickl (2016) in turn find that Beck's research "depend on outliers and are not robust against alternative specifications or estimation approaches. . . . Beck et al.'s criticism of the "Too Much Finance" literature is grounded on thin empirical evidence." See also [How](#)

[much should we trust five-year averaging to purge business cycle effects? A reassessment of the finance-growth and capital accumulation-unemployment nexus](#), Storn & Epstein, Journal of Economic Modelling, Vo. 96, March 2021. They conclude: "Too much finance is robustly found to harm growth."

²² See Total Credit to Private Non-Financial Sector, Adjusted for Breaks, FRED database, for [Germany](#) (average approx. 130 percent of GDP since the global financial crisis); [France](#) (185 percent); [Spain](#) (175 percent).

²³ This requires a multi-faceted approach, and we can only offer examples rather than a comprehensive strategy. For example, i) lighten the relative tax burdens on SMEs compared to dominant firms; ii) increase capital requirements on larger banks relative to smaller ones; iii) block more M&As and mergers in finance and in non-financial sectors; iv) use more financial analysis (substantially replacing Industrial Organisation economics) to assess the financial records of players that adopt harmful financial strategies, in particular those that shift rewards to themselves while shifting the risks onto others, v) curb stock buybacks to boost investments. On bank capital requirements and competitiveness, see [The Parade of Bankers' New Clothes Continues: 44 Flawed Claims Debunked](#), Anat Admati, Martin Hellwig, Stanford, April 2024. See especially points 41-44 under 'Politics of Bank Regulation and Global "Competitiveness"' Beyond fixing private finance, Europe should foster the "entrepreneurial state" addressing financing 'valleys of death' where promising smaller firms cannot easily find funding. We believe startups should see their route to long term success through organic growth rather than acquisition by a (likely U.S.-based) big tech firm, and they need support to do so. This should include, through vigorous competition policy, addressing "kill zones" where startups or smaller firms cannot thrive in the shadow of a dominant platform, except via acquisition. See [An Entrepreneur's Guide to Surviving the "Death Valley Curve"](#), Thomas Ritter, Carsten Lund Pedersen, Harvard Business Review, April 2022; or [Kill Zone](#), Sai Krishna Kamepalli, Raghuram Rajan, Luigi Zingales, NBER Working Paper 27146, June 2022.

²⁴ Google's [10-Q quarterly report](#) on p11 put advertising sales at \$61.7bn in Q1 2024. At an exchange rate of €1=\$1.08 this is around €57 billion. Google estimates 30 percent of revenues came from Europe, Middle East and Africa (EMEA); a GDP adjustment for Europe (World Bank [data](#)) suggests that 21 percent, or €12 billion is from Europe for Q1, or around €50 billion at an annual rate.

²⁵ [Commission sends statement of objections to Google](#), European Commission, June 14, 2023. The Commission's 'preliminary' view is that "only the mandatory divestment by Google of part of its services would address its competition concerns."

²⁶ Amazon provides another good example. The U.S. Federal Trade Commission alleges that Amazon, contrary to widespread perceptions that it delivers low prices, is in fact delivering the opposite. The mechanism is: first, Amazon extracts very high "monopoly fees" from independent online sellers on Amazon, now worth some 50 percent of sale prices. They must adjust prices upwards to reflect these fees. Next, Amazon insists they must offer lowest prices on Amazon: their only option is to increase their (high, fee-adjusted) prices off Amazon. See [Complaint \(Case no. 2:23-cv-01495-JHC\)](#), Federal Trade Commission + states, Nov 11, 2023; and [Black Friday Special: the rise of the retail monopolists](#), The Counterbalance, Nov 24, 2023.

²⁷ Tax policy has traditionally mostly concerned itself with fiscal redistribution, but there are old historical traditions of using it for shaping economic structure. See, for example, Corporate Taxation to Curb Monopoly Power, Reuven Avi-Yonah, in [Tax and Monopoly Focus](#), Roosevelt Institute, Balanced Economy Project, Tax Justice Network, Oct 27, 2022. A "[Taxing Monopoly](#)" series by the Roosevelt Institute contains further ideas.

²⁸ European constraints on deficit spending risk crowding out public investment, which is often cheaper, more accountable and more targeted than private investment, thus rendering the pursuit of strategic priorities such as the green transition more expensive than they need be, harming competitiveness. The United States has been running higher fiscal deficits than Europe since the pandemic began.

²⁹ Most dominant "lead firms" have ecosystems of smaller firms in their supply chains that are in positions of subservience where they are in effect required to hand over their economic surpluses to the dominant firms, whether through paying excessive fees, supplier markups, financial engineering, or otherwise. For example, a survey by Oxfam Deutschland revealed a list of 40 often very unfair conditions and fees that dominant supermarkets were able to impose on their smaller suppliers, through sheer market power. See [The gravitational pull of supermarket chains](#), The Counterbalance, May 18, 2021.