

Statement for the Record
for the
United States Senate Committee on
Banking, Housing, and Urban Affairs
hearing on
"Higher Prices: How Shrinkflation and Technology Impact
Consumers' Finances"
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Thank you to Chairman Brown, Ranking Member Scott, and members of the Committee for the opportunity to submit this statement for the record for this critically important hearing on Higher Prices: How Shrinkflation and Technology Impact Consumers' Finances. At a time when consumers are feeling pinched in the checkout line, it's important to examine all the factors of high prices, most importantly: corporate greed and price gouging.

Accountable.US is a nonpartisan organization that shines a light on corporations and special interests that too often wield unchecked power and influence in Washington and beyond. We conduct investigations and bring attention to our findings to help create an economy that works for everyone, a democracy that functions, and a sustainable environment for future generations. We believe corporations and special interests have too much power and the people have too little. It is our mission to change this.

The American people are fed up with corporate greed and price gouging. Even as inflation has gone down, prices remain too high. Americans understand that corporate greed is a major driver of costs that make it difficult for their families to make ends meet.

Corporate profits have [exploded](#) since 2020, and a recent study by our partners at the Groundwork Collaborative [found](#) that for much of 2023, corporate profits drove 53% of inflation. Comparatively, over the 40 years before the pandemic, profits drove just [11%](#) of price growth. In the final three months of 2023, corporate profits reached an [all-time high](#) of [\\$2.8 trillion](#), according to Commerce Department data.

For the past few years, we have been examining corporate profits and prices across the economy—from housing to groceries to prescription drugs. It's clear that many corporations are engaged in price gouging, by their own admission, time and again. Throughout our research into corporate earnings calls since 2021, time and again CEOs and other executives said the quiet part out loud: bragging about their creativity in raising prices to maximize profits, not in fact to make up for supply chain margin increases during the pandemic or other excuses they've used in the past. At the end of this statement, you'll find several examples of corporate CEO's across industries boasting about price gouging, providing proof to an established practice in corporate America that merits your attention. This is price gouging, plain and simple, and it's time these companies were held accountable.

This practice is not relegated to one industry or a handful of companies. We have documented corporate greed and price gouging across the economy over the last few years, hitting consumers in the grocery store, paying their rent or mortgage, refilling their prescriptions, or going back to school shopping.

This is not lost on the American people. In fact, according to Navigator Research [3 in 5 Americans](#) agree corporate profiteering is a driver of higher costs. And, last fall, we at [Accountable.US conducted a nationwide public opinion survey](#) which [found](#) through focus group sessions and a national survey Americans overwhelmingly believe the Biden administration's efforts to restrict corporate price-gouging and industry junk fees will lower their costs. Additionally, the Accountable.US survey found Americans even on the center-right of the political spectrum believe the Consumer Financial Protection Bureau (CFPB) has the power to lower their costs.

Americans support the popular Biden administration rulemaking by the CFPB and the Federal Trade

Commission (FTC) to crack down on price gouging and hidden junk fees such as credit card late fees, overdraft fees, resort fees, airline overcharging, and more. The CFPB's popular new rule capping credit card late fees at \$8, down from an average of \$32, will save consumers up to \$10 billion a year. The FTC [recently announced](#) its final rule banning noncompetes nationwide, safeguarding the right of workers across the country to seek new opportunities and opening the door for up to \$488 billion in increased worker earnings over the next decade, or an estimated \$524 in earnings for the average employee per year.

However, when the Biden administration rolls out these new actions to protect workers and consumers, big corporate interests frequently run to Texas federal courts for bailouts that have consequences for everyday Americans across the country. The Chamber has a notable pattern of judge and venue shopping with the organization often choosing to take its cases before the right-wing-friendly Northern District Court of Texas, a pipeline to the Fifth Circuit Court of Appeals where 19 out of the 26 judges were appointed by Republicans, including six by Donald Trump. CEOs almost always receive a warm reception in Fifth Circuit territory in their cases for protecting profits under predatory and greedy practices. Industry's venue shopping strategy is an undeniable power grab, yet the Fifth Circuit has been a willing partner to it over and over. This judge shopping wastes taxpayer dollars and harms the interests of the American people in favor of big corporate profiteering.

The Inflation Reduction Act is bringing much-needed relief to seniors and others who rely on life-saving medicines by requiring pharmaceutical companies to negotiate with Medicare to lower drug prices. The program is expected to save nearly 19 million seniors and other Medicare Part D enrollees \$400 a year in 2025 at a time 1-in-4 Americans say they cannot afford their prescriptions. [Accountable.US recently](#) put a spotlight on excessive spending and lobbying by Eli Lilly as the pharmaceutical industry pushes back against President Biden's historic program granting Medicare authority to negotiate the price of prescription drugs and bring down costs for seniors and families.

PhRMA—the largest pharmaceutical trade group representing Eli Lilly and its peers—[sued to block implementation of the Inflation Reduction Act's Medicare](#) negotiation program last year. While their case was tossed out due to lack of standing, PhRMA is appealing the decision in the conservative Fifth Circuit Court of Appeals. They are set to present arguments May 1, 2024.

These attacks in the courts by giant corporations via the U.S. Chamber of Commerce, the American Bankers Association, and other industry special interests are frequently accompanied by efforts by members of Congress to do their bidding. [Accountable.US has reviewed](#) new corporate political spending data from the Federal Election Commission found that in March 2024 alone big bank trade groups gave \$36,000 to Republican senators who weeks later co-sponsored a Congressional Review Act Resolution to kill the CFPB popular new rule capping credit card late fees. Another [Accountable.US analysis](#) found the House Financial Services Committee who voted to advance the resolution last week have taken nearly \$8 million over their careers from the largest credit issuers and industry groups most affected by the rule.

Several members of Congress have introduced legislation to tackle the problem of corporate greed driving up costs for consumers such as the Price Gouging Prevention Act of 2024 (S. 3803, H.R. 7390) and the Federal Price Gouging Prevention Act (S. 355). Senate Majority Leader Chuck Schumer and other members of Congress have introduced legislation such as the End Judge Shopping Act (S. 4096) to prevent the practice of corporations seeking to gut policymaking that doesn't directly increase their profits—no matter the cost to consumers.

Thank you for this timely and important hearing to conduct oversight over how corporate profiteering is keeping prices too high for consumers. We encourage you to support sensible legislative solutions and oppose efforts by corporations and their backers in Congress to cancel the popular and heavily vetted new rules to crack down on price gouging and hidden junk fees to lower costs for everyday Americans.

RECORD OF CEO QUOTES FROM EARNINGS CALLS

GROCERY AND FOOD

- Kimberly-Clark— During Kimberly-Clark's fourth quarter and full year 2022 earnings call, Chairman and CEO Mike Hsu touted being able to "rapidly implement broad pricing actions," which generated "over \$700 million in cost savings." [The Motley Fool, [01/25/23](#)]
 - Hsu bragged about there being "plenty of carryover pricing," and even shared that "there are new pricing actions in the plan as well." [The Motley Fool, [01/25/23](#)]
 - April 2023: During Kimberly-Clark's Q1 FY 2023 earnings call, Hsu touted having "excellent price execution" in discussing the firm's margin recovery. [Seeking Alpha, [04/25/23](#)]
- [General Mills](#)— During General Mills' Q3 FY 2023 earnings call, Group President of North America Retail Jon Nudi revealed the company had implemented "list price increases," with "price points [going] up double digits across our categories," and were "getting smart about how we look at pricing, not only at list price but also from a promotional standpoint as well." [Seeking Alpha, [03/23/23](#)]
 - Nudi said, "'We have not taken five rounds of pricing in many, many years, let alone all in one, and of the company's 25 different product categories, we hit all of those categories and some of them multiple times.'" [Food Business News, [06/02/22](#)]
- [Tyson's](#)— During Tyson's Q4 FY 2022 earnings call, President and CEO Donnie King admitted to taking "various degrees of pricing in our key categories earlier this fiscal year to offset inflationary cost pressures," which "support[ed] improved volume performance across our portfolio of prepared foods products." [The Motley Fool, [11/14/22](#)]
 - Tyson Foods reported that "raising chicken prices helped its sales move higher." [Wall Street Journal, [08/08/22](#)]
 - Prices for Tyson's chicken products increased by as much as 20%. [Wall Street Journal, [08/08/22](#)]
- McDonald's— During the Q2 2022 earnings call, CFO Kevin Ozan said the company is "'taking smaller, more frequent price increases because it gives us the flexibility to see how consumers are reacting and then adjust if or when necessary.'" [CNN, [07/26/22](#)]
 - Also during its earnings call, McDonald's CEO Chris Kempczinski said on price increases that "the consumer is tolerating it well." [Seeking Alpha, [07/26/22](#)]

- Mondelez— CEO Dirk Van De Put said, "while consumers (in developed markets) express growing frustration with rising prices for a broad range of goods and services, they continue to perceive chocolate and biscuits as affordable indulgences and an important pick-me-up." [Reuters, [07/26/22](#)]
- [Chipotle](#)— July 2022: After previously raising prices on consumers, Chipotle CEO Brian Niccol announced his company would raise prices again in August while admitting low-income consumers had "pulled back their purchase frequency" but fortunately the "majority of our customers are a higher household income consumer." [CNBC, [07/26/22](#)]
 - July 2022: In announcing Chipotle's earnings, Brian Niccol stated he was "pleased with our second quarter performance during a period of inflation and consumer uncertainty" and that the company's "pricing power and value proposition remain strong." [Chipotle, [07/26/22](#)]
- [Hormel Foods](#)— Chairman and CEO Jim Snee touted the company's "sixth consecutive quarter of record sales" in its Q2 2022. [Hormel Foods, [06/02/22](#)]
 - June 2022 Headline: Hormel Foods reports record sales and double-digit earnings growth in the second quarter. [Hormel Foods, [06/02/22](#)]
 - June 2, 2022: During Hormel Foods' Q2 2022 earnings call, Snee bragged that price inflation in refrigerated foods "more than offset higher freight expenses for all segments" and announced "another round of pricing actions across our grocery portfolio." [Seeking Alpha, [06/02/22](#)]
- Kraft Heinz—[maker of popular food brands](#) Stove Top and Kraft Mac and Cheese—[rewarded](#) its shareholders with over \$1.4 billion in dividends as the food maker raked in over \$2 billion in profits in the first nine months of 2023, a staggering 41% increase from 2022.

HOUSING: CORPORATE LANDLORDS

- [AvalonBay](#)— In its Q4 and FY 2021 earnings call, AvalonBay Chief Operating Officer Sean Breslin said "average move-in rent grew by 23% and at year end exceeded 2019 levels by about 9%." [Seeking Alpha, [02/03/22](#)]
 - AvalonBay said it was starting 2022 "from a position of strength," with asking rents increasing 1.5% in January 2022 and "an environment with very healthy rent increases." [Seeking Alpha, [02/03/22](#)]
- [Essex](#)— February 2022: In its Q4 and FY 2021 earnings call, Essex President and CEO Michael Schall said the company "experienced a strong recovery in 2021," with net effective rents "above pre-covid levels." [Seeking Alpha, [02/03/22](#)]
 - Also in its Q4 and FY 2021 earnings call, Essex Chief Operating Officer Angele Kleiman said the company forecasted a supply decline in 2022, allowing the company to "anticipate rapid recovery in rent growth without requiring a comparable level of

increased housing demand." [Seeking Alpha, [02/03/22](#)]

- [Camden Property Trust](#)— April 2022: In its Q1 2022 earnings call, Camden Property Trust President Keith Oden said of rent caps, "I hope that we get out of the constraints of regulatory regimes that don't allow rental increases just by sort of fiat or a local order" and added, "We're in a really good position given the uncapped rental increases that we're going to get to at some point." [The Motley Fool, [04/29/22](#)]
 - April 2022: In its Q1 2022 earnings call, Camden Property Trust Chairman and CEO Ric Campo said, "I think we're in good shape in most of our markets, we're not really too concerned about rent control" as he suggested "deep red states with Republican governors" would push back on local level rent controls. [The Motley Fool, [04/29/22](#)]
- AIRC— February 2022: In its Q4 and FY 2021 earnings call, AIRC CEO Terry Considine said "we have this relentless focus on the bottom line" as he acknowledged raising rental rates. [Seeking Alpha, [02/10/22](#)]
 - Considine acknowledged that the company had raised rental rates in its FY 2021 and "raised them even further" in January 2022. [Seeking Alpha, [02/10/22](#)]
- Independence Realty Trust— February 2022: In its Q4 and FY 2021 earnings call, Independence Realty Trust CEO Scott Schaeffer said a "housing shortage" in the company's markets allowed it to achieve "significant rental rate growth." [Seeking Alpha, [02/17/22](#)]
- [Invitation Homes](#)— In July 2022, Invitation Homes—which owns 80,000 homes as of February 2024—was found to have "engaged in abusive tactics to remove tenants from their homes" during the COVID-19 pandemic as reporting found the company had a history of renovating homes without permits, leading to "shoddy repairs and maintenance" putting tenants at risk, as the company raised rents and engaged in "fee-stacking" to maximize profits.
 - During FY 2023, Invitation Homes saw its net income increase 35% YoY to over \$521 million as it acquired 2,877 homes, while its CEO boasted of its "information advantage" that would benefit the company's potential future acquisitions.
 - Since January 2023, Invitation Homes has paid at least \$10.8 million in civil penalties and redress over allegations the company broke California state tenant protection and price-gouging laws and illegally charged "exorbitant" late fees. Meanwhile, tenants across Charlotte, NC protested outside its Charlotte office over living conditions, with one tenant even being forced to start a GoFundMe to help with moving expenses after a rental unit was deemed "uninhabitable" by code enforcement officials.
- [American Homes 4 Rent](#)— AMH, or American Homes 4 Rent, is the second largest single-family rental company as of February 2024 with over 59,000 homes owned.
 - During 2023, AMH saw its net income climb by nearly 40% YoY to over \$432.1 million, with the company spending \$13.9 million on shareholder dividends and \$12.8 million on acquisitions.

- AMH's Q4 2023 revenue climbed by 5.5% YoY, "driven by a 6.1% increase in average monthly realized rent."
- In 2023, AMH paid two outside firms \$130,000 total to lobby against legislation aimed at addressing the housing affordability crisis, including S. 3402, the End Hedge Fund Control of American Homes Act, and S.2224, the Stop Predatory Investing Act.
- [Equity Residential](#)— According to the National Multifamily Housing Council (NMHC), Equity Residential is the fifth largest owner of multifamily units, identified by Accountable.US as the third largest publicly traded landlord owning nearly 80,000 units in 2023.
 - During FY 2023, Equity Residential's net income climbed to over \$868 million, with its Q4 2023 results climbing by 95% YoY to over \$322 million, using \$179.9 million to acquire 634 units in Atlanta, GA and an additional \$49.1 million on stock buybacks during Q4 2023.
- [Mid-America Apartments](#)— In its Q4 and FY 2021 earnings report, MAA CEO Eric Bolton said "results for the fourth quarter were ahead of expectations with strong rent growth" and that the company was "carrying strong pricing momentum into 2022." [Mid-America Apartment Communities, [02/02/22](#)]
- [Starwood Property Trust](#)— Q4 and FY 2021 earnings call, CEO Barry Sternlicht said "you all know that the speed of rent growth in multifamily has been accelerating, not decelerating," adding that the company has "a really good view place" due to its 100,000 apartments. [The Motley Fool, [02/25/22](#)]
 - Sternlicht said Starwood's new portfolio of affordable housing units in Florida and rising inflation was "the gift that keeps on giving" due to market rents increasing by 20%. [The Motley Fool, [02/25/22](#)]

Last year, we [found](#) that the six largest companies represented in the multifamily and single-family rental industry, including AvalonBay Communities and Mid-America Apartment Communities, reaped over \$4.3 billion in net income in FY 2022—over \$1.3 billion more than the previous year—as they imposed double-digit rent increases, charged excessive junk fees, and engaged in "abusive tactics" to evict tenants. In 2022, my organization [documented](#) similar greedy practices by Camden Property Trust and Equity Residential.

BIG PHARMA

- [Johnson & Johnson](#)— During its Q4 2023 earnings call, Johnson & Johnson CFO Joe Wolk said the company "returned over \$14 billion to shareholders last year" and completed its \$5 billion stock buyback program announced in late 2022. [The Motley Fool, [01/23/24](#)]
 - In August 2022, Johnson & Johnson CEO Joaquin Duato said, "'Medicare price setting will have a chilling effect in innovation that will be translated in less new medicines for patients,'" claiming "if passed, the bill would have a 'detrimental effect on the ability of the industry to be able to invest in R&D and to develop new medicines.'" [Fierce Pharma [08/03/22](#)]

- [Merck](#)— In April 2023, Merck announced it would acquire Prometheus Biosciences for \$10.8 billion, adding to Merck's Colitis and Crohn's Disease portfolio. [Reuters, [04/17/23](#)]
 - Merck CEO Davis said the acquisition allows Merck "to move into immunology in a strong way and will allow us sustainable growth, we think, well into the 2030s given the long patent life." [Reuters, [04/17/23](#)]
 - August 2023: During its Q2 2023 earnings call, Davis claimed the Inflation Reduction Act would "damag[e] the very promising long-term innovation potential of the biopharmaceutical industry." [Seeking Alpha, [08/01/23](#)]
 - Davis further said, "through the complaint we recently filed in U.S. District Court, Merck is taking a principled stand against the negative long-term impacts of the price negotiation provision of the IRA," calling the act "unconstitutional price setting" and "misguided." [Seeking Alpha, [08/01/23](#)]
- [BMS](#)— In its Q4 2023 earnings release, Bristol Myers said it "takes a strategic approach to capital allocation focused on prioritizing investment for growth" adding it was "returning capital to shareholders through dividends and share repurchase[s]." [Bristol Myers Squibb, [02/02/24](#)]
 - Bristol Myers said its board approved an additional \$3 billion stock buyback program in December 2023, increasing its share repurchase authorization to \$5 billion. [Bristol Myers Squibb, [02/02/24](#)]
 - Bristol Myers acquired Mirati Therapeutics for up to \$5.8 billion after Mirati was "rumored" to be a target of "big pharma" for years. [Fierce Pharma, [10/09/23](#)]
 - Then CEO-elect Chris Boerner said, "Mirati is another step forward in our efforts to grow our diversified oncology portfolio" and will "strengthen Bristol Myer Squibb's pipeline for the latter half of the decade and beyond." [Fierce Pharma, [10/09/23](#)]

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