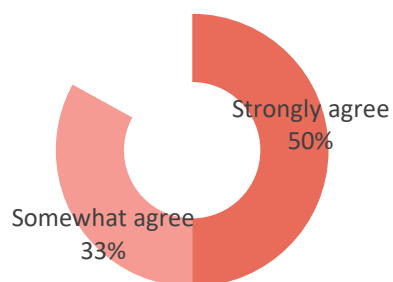


Fostering a level playing field for America's small businesses – The business case for promoting fair competition

Small businesses face many challenges across industries inhibiting their ability to compete. Obstacles like corporate consolidation, under-regulated technology platforms and pernicious business practices have increasingly put small businesses at a distinct competitive disadvantage. While large businesses often leverage their resources and market power to maintain a hold over their smaller competitors through anti-competitive practices such as predatory pricing, forced advertising, self-preferencing and restrictive and unfair contract terms, America's entrepreneurs simply lack the resources to push back. This makes it increasingly difficult for small businesses to compete based on the quality and price of their products and services. The result is limited access to markets, stifled innovation and a loss of good jobs from our local communities. However, while many challenges remain, policymakers like those in Congress and the administration can address anti-competitive behavior at its core and empower America's small business community to succeed on the strengths of its ideas, products and services.

Our research shows that small businesses demand a level playing field with their larger competitors

Small Business Majority polling found that small business owners are acutely aware of the growing disparities between their small business and the larger competitors in their respective industries:¹



83% agree that small businesses are some of the most exciting innovators right now, but larger companies have the resources to take these businesses' creative ideas, mass produce them, and drown small businesses out with their market power.

- 56% say that one or more large companies dominate the market in their industry;
- 56% agree large companies have an unfair advantage in their industry or line of work;
- 44% say that there has been an increase in monopolistic practices in recent years.

As consolidation proliferates across many industries in our economy, small businesses are increasingly subjected to the harms of anti-competitive practices, including price discrimination, self-preferencing, and unfair contract agreements, which hinder their development and growth:

- 55% of small business owners see predatory pricing as an issue, and 34% are impacted by the practice;
- 55% see self-preferencing as an issue, and 35% are impacted by the practice;
- 41% report having been impacted by contract agreements which outline different pricing structures based on the size of the business;
- 31% say that contracts or agreements with larger companies were difficult to understand.

How can policymakers promote competition to foster a thriving and equitable small business economy?



The FTC should reinvigorate Robinson-Patman Act (RPA) enforcement to crack down on sellers who charge competing buyers different prices for the same product. This common practice, referred to as price discrimination, often impacts smaller businesses that are sometimes charged more than their larger competitors for the same goods. We urge the FTC to prioritize RPA investigations and enforcement, and call on Congress to provide the agency with the resources needed to carry out this work effectively and to strengthen the RPA by increasing the scope of violations that many small businesses face.



Congress and federal antitrust enforcers should rein in the use of non-compete agreements to promote entrepreneurship and a skilled small business workforce. Small Business Majority strongly supported the FTC's efforts in 2024 to ban non-compete agreements as they have been proven to restrict entrepreneurship and prevent small businesses from hiring a qualified workforce. Our research found that nearly half of small businesses (46%) report that they were subject to a non-compete agreement that prevented them from starting or expanding their business and 35% have been prevented from hiring an employee due to a non-compete agreement.² To reinforce the actions behind the final rule, which has since been blocked by a federal court, we encourage Congress to pass the *Workforce Mobility Act (S. 2031)* which would limit the use of non-compete agreements in most scenarios and charge FTC and DOJ with enforcement actions.



Congress should curtail anti-competitive practices by big tech platforms by passing legislative proposals that mirror the bipartisan *American Innovation and Choice Online Act (AICOA)* to prevent big tech platforms from disadvantaging other companies' products or services through practices like self-preferencing. Many small businesses simply do not have the extra capital and resources at their disposal to combat the anti-competitive practices that prevents small firms from growing their businesses.



Congress should lower credit card transaction, or 'swipe,' fees by enacting the bipartisan Credit Card Competition Act (H.R. 7035/S. 3623). Swipe fees, which range anywhere from 2-4% per transaction, represent an immense burden for small businesses operating on razor-thin margins, forcing them to either absorb or pass on billions of dollars in fees each year. More than 7 in 10 small businesses support legislation to limit swipe fees, like the Credit Card Competition Act.³

¹ "Scientific Opinion Poll: Small businesses seek a level playing field and chance to compete fairly," Small Business Majority, March 2022, <https://smallbusinessmajority.org/our-research/small-businesses-seek-level-playing-field-and-chance-compete-fairly>

² "Opinion Poll: Small business owners support banning non-compete agreements." Small Business Majority. April 13, 2023. <https://smallbusinessmajority.org/our-research/fair-competition/opinion-poll-small-business-owners-support-banning-non-compete-agreements>

³ "Voice of Main Street: Entrepreneurs struggle to access funding, support policies that increase availability of responsible capital." Small Business Majority. April 29, 2025. <https://smallbusinessmajority.org/sites/default/files/research-reports/2025-April-Voice-of-Main-Street-Toplines.pdf>