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Chief Litigation III Section
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LITIGATION III, ANTITRUST DIV.
U.S. DEPT OF JUSTICE

May 10, 2012

Dear John Reed,

I am deeply troubled by the proposed settlement with HarperCollins, Simon & Schuster and Hachette. By imposing a two-year moratorium on the Agency Model, the Department of Justice would be causing great harm to the entire book industry and its customers. Since its inception, the Agency Model has meant more choice for readers, a more diverse and inclusive marketplace for books, more players in that market, and more competition.

Prior to the Agency Model, Amazon was able to quickly monopolize the e-book business by pricing e-books and the attendant Kindle below cost. Independent booksellers and the chains could not afford to sell at or below cost and so were priced out of the market. This is not a new strategy for Amazon. They have gained dominance in print books by pricing at or below cost and using books as loss leaders. Predatory pricing is a key strategy for Amazon.

I do not have to tell you the danger that a monopoly of this sort holds not only for consumers but also for democracy itself. After all, the industry we are talking about is in the business of disseminating ideas and information. If Amazon no longer has competition then they would get to control which ideas and information gets disseminated. Amazon has already engaged in such behavior by removing buy buttons from books published by publishers with whom they disagree or particular types of content (removing at one point buy buttons from books on homosexuality, restoring them only after a public uproar).

With the Agency Model, publishers are able to set the prices, thus protecting a diverse channel. This has led to entry into the sale of e-books by many bookstores, large and small, including ours, the UConn Co-op, an independent member-owned bookstore. It has also led to interesting promotions on the part of publishers. At our bookstore, since the introduction of the Agency Model, we have been able to offer our customers publishers' e-book specials on our website. E-books sales have increased for us, and for our fellow booksellers. Our customers have enjoyed great savings.


I fear that in the DOJ's settling with Harper, Simon and Hachette, the two-year moratorium on the Agency Model being proposed will be enough to undo all the good that has been done and give strength to Amazon's quest for both a monopoly and monopsony. Amazon will once again be permitted to sell e-books below cost.

Scott Turrow, President of the Author's Guild has strongly expressed his support for the Agency Model as in the best interests of authors and readers. In a letter to his members he wrote: The proposed settlement is a shocking trip through the looking-glass. By allowing Amazon to resume selling most titles at a loss, the Department of Justice will basically prevent traditional bookstores from trying to enter the e-book market, at the same time it drives trade out of those stores and into the proprietary world of the Kindle. The settlement provides a gigantic obstacle to Amazon's competitors in the e-book business by allowing Amazon to function without making a profit, something that leaves that market forbidding to anyone else who might think of entering, and a bad business for those already there.

I implore the Department of Justice to reconsider.

Thank you.

Sincerely,



Suzanne Staubach

Manager General Books Division

cc: Oren Teicher, CEO American Booksellers Association

Dan Cullen, The American Booksellers Association

Steve Fischer, Executive Director New England Booksellers Association

William P. Simpson, President UConn Co-op