

From: rwdykhul[REDACTED] [mailto:rwdykhul[REDACTED]] **On Behalf Of** Randy Dykhuis
Sent: Thursday, June 21, 2012 10:46 AM
To: Read, John [John.Read@ATR.USDOJ.gov]
Cc: d[REDACTED] ; boo[REDACTED]
Subject: DOJ and Publishers Agency Model

418 N. Sycamore Street

Lansing, MI 48933

June 21, 2012

John Read
Chief, Litigation III Section
Antitrust Division
U.S. Department of Justice
450 5th Street, NW, Suite 4000
Washington, DC 20530

Dear Mr. Read:

I am writing today as a citizen concerned about the ill-advised antitrust lawsuit recently filed against major publishers. In its suit, DOJ alleges that publishers colluded to raise prices on e-books and thereby harmed consumers. As a consumer totally unconnected to any publisher or bookseller, I fear that your action will not help us in the long run but will cause us grievous harm. (Total disclosure: I am a librarian so have a stake in the health of the publishing industry.) I love my local bookstore. I see owners and workers out in the community, supporting events through generous contributions and paying taxes that keep vital services available. I attend programs at their stores. And I buy my books there. With your action, I fear the unintended consequence is quite likely to be many fewer bookstores and less vibrant local communities.

The media have had many articles about the lawsuit, and I have read as much as I can. I could not disagree more with the assertion that the agency model has been bad for consumers. On the contrary, before the agency model was in place, Amazon had a virtual monopoly on e-book sales. By selling books below cost

and tying consumers to its proprietary hardware, the Kindle, Amazon was locking in future sales. The company could afford this because of its ability to subsidize predatory pricing on books with sales of other goods. The effect on bricks and mortar bookstores was terrifying to those of us who see them as vital to a healthy publishing ecosystem. Since its introduction, the agency model has corrected a distortion in the market fostered by below-cost pricing, predominantly led by Amazon.com, ultimately resulting in the reduction or elimination of competition among both retailers and publishers.

Since the introduction of the agency model many more independent booksellers are selling e-books, and those sales have shown steady growth. The agency model has lowered prices to indie bookstore customers, and indies themselves have seen significantly increased price competition among publishers in regard to promotions, discounts, and special offers, all of which have allowed bricks-and-mortar bookstores to offer customers a wider array of titles at a greater value.

The agency model may not be perfect but it is far better than an environment in which one company can leverage its size and scope to undermine an entire industry. The situation reminds me of a problem we face in the Great Lakes where the Asian Carp is making its way up the Chicago River toward Lake Michigan. If nothing stops the migration of this invasive species, it has the potential to ruin the Great Lakes fishing industry because of its voracious appetite and lack of predators. Amazon is the Asian Carp of the publishing industry: it will just keep on getting bigger and bigger as it eats more and more, all the while decreasing diversity and choice. The difference is that you have the opportunity to keep the playing field level and make sure this carp does not gobble up everything around it.

Please dismiss this lawsuit and let the marketplace do its work.

Sincerely,

Randy Dykhuis