

From: Rachel Cass [mailto:rachel.mb.ca[REDACTED]]
Sent: Wednesday, June 20, 2012 2:25 PM
To: Read, John [John.Read@ATR.USDOJ.gov]
Subject: Public Comment Re: Lawsuit Against Apple and Various Publishing Houses

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 to you today with regard to the ongoing lawsuit against Apple and several major publishing houses, alleging that they have colluded to raise the price of e-books. I am writing as an independent bookseller, but also as a reader and as someone concerned about the larger literary culture. Ostensibly this lawsuit is about fairness, competition, and protection of the consumer. However, I would argue that it does a disservice to all three of these goals.

Before the agency model was put into place, Amazon priced e-books below cost, effectively pricing all other retailers out of the market. With the advent of the agency model, competition in e-book sales markedly increased rather than decreased. Independent bookstores, like the one where I work, were able to enter the e-book market, and the variety of e-reading devices we saw increased as well. Amazon still has the advantage of selling one of the most popular e-readers on the market and of being a major purveyor of e-books; they do not need the additional advantage of essentially setting the price for the entire market.

Another question addressed in the lawsuit is whether prices are being artificially inflated as a result of new pricing policies. On the contrary, Amazon began this fight by artificially lowering those very same prices. The fair pricing of e-books is indeed an open question. It seems clear that an e-book, which does not consume physical resources, should not cost as much as a traditional hardcover book (and it still doesn't, even under the agency model). But while there is no additional cost of production for each individual e-book sold, there remain the costs of author compensation, design, editing, and marketing. The question of where exactly to set the prices of e-books is not an easy one, and it will take time for the market to sort out the answer. But a monopolistic corporation should not be able to dictate terms to the rest of the industry.

Although it is certainly in the consumer's best short-term interest to pay extremely low prices for e-books (or any other product), a balance must be struck. It is not in the consumer's best long-term interest to price e-books so low that quality suffers, that choice diminishes, and that

talented writers and other publishing professionals can no longer make a living by doing the work of putting good books into the world.

As a consumer, I appreciate when the government steps in to protect my best interests. It is all too easy for businesses, particularly large corporations, to put the interests of the consumer (financial, medical, environmental, etc.) behind the drive for profit and return on shareholder investment. But as an employee of a small business, I believe that the government has an additional responsibility: to protect all citizens and their livelihoods, from retailers to producers to artists, creators, and innovators.

I respectfully ask that the Department of Justice take the long view on this issue. There is a vibrant literary culture in this country and in order for that culture to remain strong, all players must be given a fair place at the table. The agency model has been instrumental in leveling the playing field, and throwing it out would certainly have a devastating effect on local businesses as well as on the future of a robust publishing industry.

Sincerely,

Rachel Cass