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John R. Read
Chief, Litigation III Section
United States Department of Justice
450 5th St NW
Suite 4000
Washington DC 20530

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LITIGATION III, ANTITRUST DIV.
U.S. DEPT. OF JUSTICE

Dear Mr. Read,

I write to you as a literary agent representing a range of serious non-fiction writers, including historians, scientists, and Pulitzer Prize-winning journalists. I am deeply disturbed by the proposed settlement between the Justice Department and three publishers with respect to e-book pricing.

I draw on long experience to form this view: ten years at the University of Chicago Press where I was assistant director, twelve years running the non-profit Beacon Press, seven years running the Trade & Reference Division of Houghton Mifflin, and nine years as a literary agent.

The key to survival of a healthy publishing marketplace of ideas is diversity – among writers, editors, publishers, and distributors (both print and electronic). Without diversity of distribution channels, the entire enterprise of publishing so cherished in the US for its openness to varied viewpoints will be lost. Many of the books that American readers cherish would not find an audience in a world controlled by a single player. Rachel Carson's *Silent Spring* is just one example. Four years in the making, that book is credited with changing our nation's environment, but it was attacked bitterly on publication by the chemical industry. In a world with only one major distributor, what is to stop a powerful lobby from pulling a title from the marketplace?

Amazon, with its proprietary Kindle devices and its willingness to discount e-book "bestsellers" to a level at which it sustained a significant loss on each copy sold, has threatened the entire industry. Amazon targets the very titles that drive profitability and prices them below cost. This practice has prevented other ebook sellers from entering the marketplace and their aggressive print pricing has crippled the independent bookselling community. Last Christmas, Amazon urged consumers to browse in independent bookstores, scan titles, and order from Amazon. We have come close to having only one vendor for a multi-billion dollar market.

Then Apple launched the iPad and offered to sell books at the "agency model" terms it was already using for other media sales. This would create a fairer playing field for Barnes & Noble, Apple and others to develop devices and join the e-book marketplace. Consumers would be able

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to buy their books at various retailers or e-booksellers; the threat of a monopoly was diminished. People knowledgeable about the industry cheered this development even though authors would receive lower royalties.

The debate seems to have been framed as a battle between the lowly consumer and powerful publishers. But the real harm to the consumer will come from losing freedom of choice in the books they read. Amazon has demonstrated its willingness to “punish” publishers that do not comply with its draconian discount demands, and these economic pressures force publishers to cut their lists and release only those titles that have a sure chance of succeeding in a constricted environment. The loss to consumers is far more serious in a world without choice than a world with prices that reflect actual costs.

I agree with those who think the Department of Justice targeted the wrong party. If the goal is a non-monopolistic, healthy, and diverse publishing industry, it's essential to allow publishers to experiment with many different pricing models as everyone adjusts to a rapidly changing print and electronic environment.

Thank you for considering my response.

Sincerely,

Wendy J. Strothman