



Consumer Federation of America

1620 I Street, N.W., Suite 200 * Washington, DC 20006

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Contact: Mark Cooper, 301-384-2204

PUBLISHER PRICE FIXING WILL COST E-BOOK READERS \$200 MILLION THIS YEAR *Consumer Group Calls on Antitrust Authorities to Block Anticompetitive Pricing*

Washington D.C. – In a letter to the Senate Committee on Antitrust, Competition Policy and Consumer Protection the Consumer Federation of America (CFA) charged that the e-book price-fixing arrangement, entered into by five major book publishers and Apple, is an anticompetitive practice that violates antitrust laws and will cost consumers over \$200 million this year. It called on the Committee to look into the issue and support vigorous steps by the Department of Justice to eliminate the practice.

“The argument made by publishers and celebrity authors that it is necessary to raise e-book prices to ensure the efficient functioning of the book market does not pass the antitrust smell test, especially when one of the first effects is to raise publisher’s profits,” said Mark Cooper, CFA’s Director of Research and author of the letter.

The letter rejects the claims by publishers and celebrity authors that new books and unknown authors can only be discovered by browsing the shelves of book stores and that setting high prices for e-books, to subsidize physical book distribution, is the only way to ensure there will be enough physical space shelves. The letter points out that in the digital age there is a much more efficient way for browsers to examine many more books and authors. They can use Internet browsers to search in cyberspace, where they can find not only all the works available from publishers, but hundreds of thousands of authors who have chosen to cut out the publishers as middlemen and sell directly to the public.

“Consumers who are willing to pay for physical goods and value the services of bookstores can and will support those stores,” Cooper added. “Publishers fixing prices is not the way to find the efficient division of labor between physical space and cyberspace distribution, especially when it comes at the expense of the public.”

“E-book price fixing comes at a crucial moment for both antitrust law and the development of the digital economy. The Internet and the digital technology on which it rides are coming to maturity, after about 20 years of development in commercial applications. The e-book market is early in its development and the abuse will grow, if it is not stopped immediately.”

“This is the first such collusive price fixing case in cyberspace, so it is important to send a signal that these types of anticompetitive practices will not be allowed to distort the digital economy,” Cooper concluded. “We view vigorous action to block this practice and restore competition as an important step forward in the reinvigoration of antitrust law in America and the battle to ensure that consumers get the full benefit of the digital revolution.”

A copy of the letter can be found at: <http://www.consumerfed.org/pdfs/cooper.e-book.antitrust.letter.sen.4.9.12.pdf>

The Consumer Federation of America is a non-profit association of some 280 national, state, and local pro-consumer organizations founded in 1968 to promote the consumer interest through research, education and advocacy.