

October 20, 2014

## The final word at the Times? “Amazon hurts America,” says Paul Krugman

by Dennis Johnson

The rising criticism of **Amazon.com** growing out of its dispute with **Hachette** ratcheted up significantly this morning when **Paul Krugman** attacked Amazon in his *New York Times* column, saying, “Amazon.com, the giant online retailer, has too much power, and it uses that power in ways that hurt America.” And that was just the first sentence.



It's a startling piece in many ways, not least in the way Krugman, by far the *Times*' most heralded columnist, seems to be weighing in on some internal battles at the *Times* over how to cover Amazon. In particular, he seems to abruptly dismiss the way the *Times*' ombudsperson — “public reader” **Margaret Sullivan** — recently chastised *Times* Amazon reporter **David Streitfeld** for unbalanced coverage. Sullivan substantiated her charge by citing two critics who literally take money from Amazon, Amazon authors **Barry Einsler** and **Hugh Howey**. Krugman cites two of Streitfeld's pre-chastising Amazon reports in making his case against Amazon.

More explicitly, Krugman makes short work of another pro-Amazon *Times* writer, **Joe Nocera**, linking to a Nocera column headlined, “Amazon Plays Rough. So What?” In that column, Nocera says that no one can say “that Amazon is in clear violation of the country's antitrust laws.”

Krugman, a **Nobel Prize**-winning economist, seems to disagree, citing the historical precedent most of us think of when we think about why our antitrust laws came about in the first place:

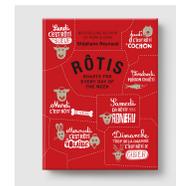
You might be tempted to say that this is just business — no different from **Standard Oil**, back in the days before it was broken up, refusing to ship oil via railroads that refused to grant it special discounts. But that is, of course, the point: The robber baron era ended when we as a nation decided that some business tactics were out of line. And the question is whether we want to go back on that decision.

Does Amazon really have robber-baron-type market power? When it comes to books, definitely. Amazon overwhelmingly dominates online book sales, with a market share comparable to Standard Oil's share of the refined oil market when it was broken up in 1911.

Continuing on in unadorned simplicity, Krugman details how Amazon's “power is really immense — in fact, even greater than the market share numbers indicate.” Then he asks, “So can we trust Amazon not to abuse

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that power? The Hachette dispute has settled that question: no, we can't."

Citing the immediate availability of a Hachette book by right-wing presidential candidate **Paul Ryan**, but not of a left wing Hachette book attacking the infamous **Koch brothers**, Krugman concludes:

Don't tell me that Amazon is giving consumers what they want, or that it has earned its position. What matters is whether it has too much power, and is abusing that power. Well, it does, and it is.

And with that, the fight for Amazon to be investigated for violation of antitrust laws may have gotten its most influential supporter yet.



*Dennis Johnson is the founder of MobyLives, and the co-founder and co-publisher of Melville House.*

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