

August 31, 2021

The Honorable Lina Khan  
Chair  
Federal Trade Commission  
600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20580

Re: Amazon Acquisition of MGM Studios

Dear Chair Khan and Commissioners,

We urge the FTC to block Amazon's purchase of MGM Studios in order to slow Amazon's growing dominance. This past May, Amazon announced its second largest acquisition ever, proposing to buy MGM Studios for \$8.45 billion. This deal would give Amazon control over MGM's library of content, including popular franchises like *Rocky* and *James Bond*. This acquisition is not simply a one-off deal for streaming content; it is the latest move in Amazon's overarching strategy to create numerous interconnected points of dominance over businesses and consumers. We applaud the Commission's investigation of this merger because it is a clear example of Amazon's larger pattern of monopolistic practices.

Amazon demonstrates the dangers of modern tech platform monopolies. It has a long history of combining and utilizing its many businesses together as an integrated whole to weaponize them against workers, businesses, and ultimately consumers. For example, Amazon uses its control over its retail platform to surveil and copy successful products to sell under one of its own product lines, such as "Amazon Basics," unfairly capitalizing on the work of other businesses in building out the market demand. Similarly, Amazon excludes businesses from its "Buy Box"—the space on Amazon's product pages where users are prompted to purchase a product—unless the sellers pay exorbitant fees for Fulfilled by Amazon and advertising placement. The same pattern is true across the entire Amazon platform. Amazon has used its dominance to destroy rivals in the markets for baby care products and smart speakers by pricing its own products below-cost. The trend is clear: accept Amazon's dominance or it will turn its entire ecosystem against you. The House Antitrust Subcommittee detailed these and other abuses in its Digital Markets report last year, but Amazon has continued to abuse its monopoly power.

Through the MGM acquisition, Amazon will gain control over additional levers of power in the digital economy. This is certainly a problem in the streaming market where MGM and Amazon overlap. But the issue is much larger. With the MGM acquisition Amazon will gain control over must-have content, as well as control over additional advertising and IP rights that allow it to stretch its dominance over consumers and other businesses. This increases Amazon's ability to

lock consumers into its sprawling platform and punish businesses and workers that do not accede to its demands.

If Amazon is permitted to own MGM, consumers will be more forcefully pushed into subscribing to Amazon Prime because more content will be exclusive to it, rather than being available across many platforms. Businesses too will face greater pressure from Amazon. For example, Amazon could destroy rivals to its Fire TV products by denying other streaming platforms access to its content. Further, Amazon's control over the IP for MGM content including sequels or gaming rights allow it to further exert leverage over its e-commerce platform. Amazon could also force competitors to prioritize Amazon content and product placement within non-Amazon products in exchange for access to content or IP rights. On top of this, the additional business and consumer data Amazon will acquire through MGM will further entrench Amazon's one-sided information advantage over other businesses that depend on its platform. Finally, with more control over the streaming, advertising, and media distribution ecosystem Amazon can extract unfair concessions from independent content producers and workers in the industry. All of this means Amazon can exert greater control even outside of the portions of commerce it directly owns. And ultimately it means consumers, businesses, and the workers that depend on them are subject entirely to Amazon's whims.

Legislators have already voiced grave concerns about this acquisition and how it fits in Amazon's broader playbook of monopolization. Senator Elizabeth Warren urged a broad review of the deal, which would cover its impacts on "streaming services and entertainment products in addition to the broader impacts that this transaction may have on workers, small businesses, and competition overall as Amazon." Senator Amy Klobuchar warned that the MGM merger "has the potential to impact millions of consumers." In the House, Representative David Cicilline explained that the deal "reinforces what we already know — [Amazon is] laser-focused on expanding and entrenching their monopoly power."

Amazon's unfettered expansion and dominance is a threat to the dynamism and success of the American economy. There is ample evidence already that Amazon uses the combined elements of its platform as a cudgel against its rivals. The proposed acquisition of MGM would give an already abusive monopoly even more weapons to use against consumers, businesses, and workers. We urge the FTC to halt this deal and to continue to investigate Amazon's broad abuse of its ecosystem.

Thank you for your leadership on this important issue. We look forward to engaging further as the Commission continues to take bold steps to protect Americans.

Sincerely,

Action Center on Race & the Economy  
ALIGN: The Alliance for a Greater NY  
Backbone Campaign  
Blue Future  
Center for Popular Democracy Action  
Courage California  
Demand Progress Education Fund  
Fight for the Future  
Friends of the Earth  
Greater New York Labor-Religion Coalition  
Institute for Local Self-Reliance  
Jobs With Justice  
Justice Democrats  
Liberation in a Generation  
Los Angeles Alliance for a New Economy  
Main Street Alliance  
MediaJustice  
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The Other 98%  
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People's Parity Project  
Presente.org  
Progress America  
Public Citizen  
Region VI Coalition for Responsible Investment  
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RootsAction.org  
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