



FTC's Amazon Lawsuit Could Radically Shake Up Online Commerce

An [antitrust lawsuit](#) filed by the federal government against online retail behemoth Amazon could have far-reaching consequences for Americans.

Filed in federal court in Washington state on Tuesday, the legal challenge is part of the Biden White House's ostensible goal of curbing the influence of Big Tech, which has been accused of being monopolistic.

Lina Khan, the Biden-appointed chairwoman of the Federal Trade Commission with a history of tough-on-Big Tech rhetoric, has previously called for breaking up Amazon. If this new suit is successful, she could see her wish come true, causing the restructuring of the \$1.3 trillion company, which would drastically impact how Americans shop, sell, and run their businesses.



Christian Wiedeger/Unsplash

Among the Amazon business practices the lawsuit challenges are the commerce giant's rules, which the FTC claims oblige merchants to use Amazon's inhouse logistics and advertising services even when they would otherwise not want to.

The FTC's probe of Amazon began back in 2019 during the Trump era. Khan accelerated the investigation when she took over the agency in June 2021, and began drafting a complaint last year.

David Zapolsky, Amazon's senior vice president of global public policy and general counsel, defended the company amid news of the lawsuit, [saying in a statement](#) that the "practices the FTC is challenging have helped to spur competition and innovation across the retail industry, and have produced greater selection, lower prices, and faster delivery speeds for Amazon customers and greater opportunity for the many businesses that sell in Amazon's store."

He added: "If the FTC gets its way, the result would be fewer products to choose from, higher prices, slower deliveries for consumers, and reduced options for small businesses—the opposite of what antitrust law is designed to do. The lawsuit filed by the FTC today is wrong on the facts and the law, and we look forward to making that case in court."

But the FTC contends that Amazon's dominance in "online superstore[s]" for consumers and "online marketplace services" are being used by the company, not to improve user experience, but to degrade it by means of junk ads and high fees on sellers. In addition, the FTC argues, the tech giant's policies allow it to "prefer Amazon's own products over ones that Amazon knows are of better quality."

The FTC further made its case against Amazon in a press release published on Wednesday:

"Our complaint lays out how Amazon has used a set of punitive and coercive tactics to



Written by [Luis Miguel](#) on September 28, 2023

unlawfully maintain its monopolies,” said FTC Chair Lina M. Khan. “The complaint sets forth detailed allegations noting how Amazon is now exploiting its monopoly power to enrich itself while raising prices and degrading service for the tens of millions of American families who shop on its platform and the hundreds of thousands of businesses that rely on Amazon to reach them. Today’s lawsuit seeks to hold Amazon to account for these monopolistic practices and restore the lost promise of free and fair competition.”

“We’re bringing this case because Amazon’s illegal conduct has stifled competition across a huge swath of the online economy. Amazon is a monopolist that uses its power to hike prices on American shoppers and charge sky-high fees on hundreds of thousands of online sellers,” said John Newman, Deputy Director of the FTC’s Bureau of Competition. “Seldom in the history of U.S. antitrust law has one case had the potential to do so much good for so many people.”

Khan first made a name for herself when she authored a 2017 academic paper singling out Amazon as one of the biggest contemporary monopolies needing to be reined in, and this marks the fourth case against Amazon from the FTC since she took the helm. Earlier this year, the company settled two privacy cases related to its Ring camera and Echo smart-speaker businesses for \$30 million. A third case claims that Amazon makes it unnecessarily hard to cancel subscriptions to its Prime service.

All three of those cases’ investigations began before Khan took office, and this latest suit will likely conclude with her successors, as such cases take years to make their way through the courts.

Elsewhere on the Big Tech front, the FTC earlier this year lost a case to block Meta’s acquisition of a virtual reality app, and then failed in its attempt to stop Microsoft’s \$69 billion purchase of video-game company Activision Blizzard.

The Justice Department presently has two ongoing lawsuits against Google related to its search and advertising businesses, as well as probes into Apple, Ticketmaster, and Visa.

As *The New American* [previously reported](#), Silicon Valley has been focusing its lobbying resources on state legislatures and making significant gains. The industry has successfully passed major legislation benefiting it in states such as California, while killing bills that would curb it in places such as Oregon.

Thus, the effort to rein in Big Tech is a multifaceted one involving both the federal and state governments.



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