

AMAZON'S INFLUENCE

In September 2018, Jeff Bezos, the founder and CEO of Amazon, had wealth valued at \$162 billion, according to mass media reports.¹ The \$162 billion only included the value of his Amazon stock.² Apparently, his other forms of wealth were judged insignificant. However, he held massive wealth in the stock of other companies and real estate. Included in his few billions of dollars' worth of real estate holdings is 290,000 acres, which made him the 25th largest landholder in the U.S.³ Bezos was one of the early investors in Google, and his "insignificant" \$3 billion in Google stock was more than the total combined wealth of the least wealthy 47.8 million American households. Bezos's \$162 billion is more than the combined wealth of the least wealthy 51.2 million American households or 40% of the U.S. population combined.⁴

In February 2019, Amazon was the highest valued company, and Bezos was the wealthiest person in the world.⁵ As I will show, the concentration of vast wealth in Bezos and his company cannot be justified.

Among the unfortunate characteristics of capitalism is that markets tend to generate monopolies that concentrate wealth in small segments of society. Economies of scale and network effects (where the value of a service to consumers increases with the number of consumers) provide competitive advantages proportional to size, so big businesses destroy or gobble up the small. But what allowed these effects to operate in creating Bezos's monopolies and immense wealth was far from free markets. As we will see, without tax advantages over competitors that included tax avoidance and evasion and public subsidies in Amazon's early years, the highest valued company in the world's value would be zero—it would not exist. Also central to Amazon's gaining of monopolistic power were labor market conditions that allowed Amazon to abuse hundreds of thousands of workers with atrocious working conditions and, for most of its history, substantially below a living wage. Illegal, below-cost pricing to destroy competitors and other business practices that our nation should not have allowed also played a role.

A monopoly is an entity that has complete control of the entire supply of a product or service in an area or market. But a working definition more commonly applies: Monopolies are sufficiently large businesses that they can use their market power to dominate and restrict trade. As I will show, Amazon is exerting monopoly and a type of monopoly power called a monopsony power to dominate and restrict trade.

A monopsony is an exclusive, or in more practical terms, the dominant buyer of a product or service in an area or market. It can take the form of a dominant retailer that controls the terms that suppliers must meet to reach the market, as Amazon does on its "Marketplace."

Amazon has grown from being a middleman for books into a middleman for all other kinds of consumer goods and content. However, a more significant development was when it became a producer of products and content it sells as the dominant online middleman. On Amazon's Marketplace, it both competes with other companies and sets the terms by which these rivals can reach the market.

Most product sellers must participate in Amazon's Marketplace. If they don't, they will lose access to hundreds of millions of potential customers. In 2017, Amazon had 310 million and growing number of active customers.⁶ In recent years Amazon has added an average of over 3,700 new sellers to its Marketplace every day.⁷ A fair and open marketplace for goods with democratically determined rules is being transferred to Amazon's "Marketplace." The railroad "trusts" in the original "Gilded Age" era similarly undermined fair competition through their control of competitors' access to the market. In our gilded age we need to not just enforce and improve antitrust laws. We need the more the more fundamental reforms I describe in Part 2 and 4.

Amazon's new \$15 per hour minimum wage brought it to more than double the federal minimum and increased the income of about 250,000 Amazon workers.⁸ However, it remains less than a living wage in some parts of the country. (For example, Santa Clara County, CA has an \$18.62/hour living wage for a single person and Queens County, NY, \$17.46/hour.)⁹

Only those closest to Bezos can know the motive for the raise. Was it pangs of guilt that he has \$162 billion while most of his workforce has wages so low that not only are they unable to accumulate any wealth, they cannot even meet their basic needs? It seems he responded to other motives.

Growing numbers of people were seeing and pointing out the obscenity that is the compensation disparity between Bezos and his workers. Presidential candidate Bernie Sanders was the most prominent among them. Sanders' influence was likely significant in leading Bezos to view paying a minimum wage approximating a living wage as a public relations necessity. He also likely considered the raise would increase employee retention rates, so reduce hiring and training costs and increase productivity.

Whatever Bezos's motive, the outcome is positive, but one that should not dim a clear view that our political economy is fundamentally flawed. Among the manifestations of its defects are grotesque economic inequalities, which create political inequalities resulting in even greater economic disparities in a vicious cycle that, if allowed to progress, will threaten our nation's survival. Amazon's corporate form exists throughout our economy. In addition to generating unjust and destructive inequalities, these private tyrannies are causing other forms of social harm of enormous consequence.

BOOKS, E-BOOKS, AND E-COMMERCE

The low cost of producing and distributing an e-book has empowered many more authors to self-publish. Millions of people can read books in lower cost and, for some, more convenient e-book formats. E-commerce technology connects readers with a vast selection of physical books, including rare, obscure, and out-of-print books, and it makes it far easier for small publishers to reach customers around the world.

These technological advances have benefited readers and revolutionized the way authors research, write, edit, and publish their books. They can be part of the foundation for a major advancement in 21st-century intellectual, political, and cultural life.

Amazon is not responsible for these advancements but was the first company to make them economically and socially important. This "first mover" role, excellent customer service and, in many cases, low product costs played a role in creating Amazon's monopoly power. However, without business practices, tax advantages, public subsidies that our society should not have allowed, and other public supports at its foundation, Amazon would not exist. Despite massive unjust advantages over competitors, the company lost \$4.5 billion in its first six years.¹⁰ Without the advantages, losses would have been large enough to force it into bankruptcy. Investors would not have tolerated huge losses with the substantially diminished revenue and growth prospects that would have resulted just from the removal of the sales tax advantage, which totaled \$21.1 billion through 2015.¹¹ This \$21.1 billion gift came in the form of up to

10% discount to Amazon's customers, which customers of businesses in our communities competing with Amazon had to pay. This disadvantage destroyed tens of thousands of businesses.¹²

The Internet at the foundation of e-commerce, and so Amazon's business, is the result of decades of work that was almost entirely publicly supported. The institutions responsible for the Internet include the U.S. Department of Defense; the U.S. Department of Energy; the U.S. Department of Commerce; the University of California, Berkeley; the University of California, Los Angeles; University of Southern California; the University of Utah; the National Physics Laboratory in the UK; the National Aeronautics and Space Administration; and CERN (the European Organization for Nuclear Research). The most significant private institutions responsible for the Internet include the Massachusetts Institute of Technology and Stanford University. The funding for their work came from one or more of the previously mentioned federal government agencies or the National Science Foundation.¹³

Bezos also profited from the work of Michael Hart. At the University of Illinois, he started Project Gutenberg, an electronic public library that now has 58,000 free eBooks. The first eBook was *The Declaration of Independence*, which Hart typed into a computer and made accessible on the Internet to initiate Project Gutenberg.

The Army's funding of research at the University of Pennsylvania, yielded ENIAC, the first electronic general-purpose computer. And the Sperry Rand corporation was formed by top researchers at UPenn, who then created the first commercial computer, UNIVAC. In addition to being based on ENIAC, UNIVAC incorporated advances from the government-funded research at the Institute for Advanced Studies, the University of Cambridge, and by "the father of computer science," Alan Turing at Bletchly Park. And the buyer of the first UNIVAC system was the U.S. Census Bureau. Public funding was also essential to the further development of computer hardware and software. The ten most powerful supercomputers in the world are all at government-owned or government-sponsored labs.¹⁴

We can continue to go down the hierarchy of knowledge and the resulting technology on which Amazon depends to find deep government involvement. Governments supported the development of microelectronics on which modern computers are based, quantum mechanics on which the microelectronics is based, and more fundamental knowledge advancements.¹⁵

Like all the tech billionaires, Bezos perceived a potentially important commercial application to advancements created by the work of many publicly supported (and other) researchers over decades. He then raced to be the first to enter the market with a well-designed application based on this work so he could capture monopoly power. Instead of the benefits of an advancement going to people in proportion to the degree they are responsible for it, they mainly go to the monopolist who makes a relatively minor adaptation of their work.

Extraordinary reward as a motive for being first to add to a mountain of work the small piece needed for a successful commercial application may be justifiable, but our systems do not accommodate a reasonable sense of proportion. And anyone with such a sense must perceive that if Jeff Bezos was never born, e-commerce would have advanced and be as economically important as it is now. Other companies would have filled the market space Amazon occupies.

We do not need any of our tech billionaires to have the products or services their companies provide. Other people would have accomplished similar or equivalent advancements with no need for vast financial rewards. If the tech billionaires had never been born, we would still have computer operating systems, search engines, online social networks, and e-commerce. Also, the tech billionaires did not require the level of compensation they received as a motivation for their work.

The foundation required for Bezos's and Amazon's wealth and power is not just the creation of the people that worked for decades developing the capacities he needed; we all played a role with the billions of our tax dollars to support their work. In a capitalist system, when an investor makes a long-term, expensive, and risky investment that eventually results in immense economic benefits, the investor is supposed to get proportionately massive profits. But that is not what happens in our economy. Instead, a grotesque portion of gains are reflected in the \$162 billion value of Bezos's stock portfolio, other major owners of Amazon stock, and the stock portfolios of the other tech company billionaires.

And as we will see, Bezos is skillful, dedicated, and successful in extracting even more public funds for his benefit and to not pay taxes. Amazon's tax advantages, tax avoidance, tax evasion, and public subsidies total in the tens of billions—recently increased by a few billion with public support for Amazon's new U.S. headquarter.

If our only role in society was as a consumer and not also as a taxpayer, worker, and citizen, Amazon apparently serves us well. The company consistently ranks on top of consumer surveys. Among all large businesses, most people see Amazon as the one that offers the most pleasant consumer experience. Its public face expresses competence, ingenuity, and consumer friendliness, but a deeper look reveals many troubling facts.

AMAZON'S INFLUENCE ON OUR NATIONAL MARKETPLACE FOR BOOKS

Amazon sells 42% of all new print books, far more than any bookseller ever. It sells 89% of eBooks¹⁶ and, after its acquisition of Audible, distributes 99%+ of digital audiobooks, the fastest-growing segment of the book market. (Audible.com is also the exclusive audiobook provider for Apple iTunes.)¹⁷ Through its dominance of the book business, Amazon has gained more control over the exchange of ideas than any company in U.S. history. (Bezos's and Amazon's media influence is also huge through other formats as well.)

In the 1970s, the four largest chains together accounted for less than 12% of book sales. So no possibility existed that any one retailer could significantly alter the percentage of Americans exposed to a book, influence what books would be published, or intimidate authors and damage their careers.¹⁸ As I will show, Amazon has exerted its monopoly power in these ways. And the full extent to which Amazon's managers have used their discretion to alter the fate of books in our national marketplace only they can know. What is certain is that Amazon has abused its monopoly power in the past, and this power is growing.

Amazon's extensive network of massive warehouses and other infrastructure creates immense economies of scale and barriers for rivals. These barriers, as well as the company's willingness and capacity to sell below cost when necessary to destroy potential rivals make it nearly impossible for rivals to emerge. Also, more useful information on Amazon.com created by the labor of its customers helps it maintain its monopoly position. Since Amazon.com has far more users than any other website, it has more users working for free to enhance its value by reviewing items, including books.

Amazon sold tens or possibly hundreds of millions of physical books at or below cost to create its monopoly as a bookseller.¹⁹ As I noted earlier, in its first six years, Amazon lost \$4.5 billion. This tactic drove less well-capitalized retailers like Borders and several hundred locally owned bookstores out of business. In the process, Amazon captured data on tens of millions of buyers to use for its sales of other products and services. A minor portion of Amazon's revenue now comes from its book business.

In 1995, Bezos said Amazon intended to sell books as a way of gathering data on affluent, educated shoppers. He intended to price the books close to or below cost to maximize sales for collecting data on millions of customers. In addition to the data he accumulated selling books, he planned on using the sales

tools he would master—such as inventory management and recommendation engines—to then sell music and DVDs, then toys and electronics, then everything else. From the beginning, Amazon’s pricing policies that harmed the extraordinarily socially valuable book industry was in service of its long-term goal of dominating commerce on the Internet.²⁰

Amazon extended the practice of below-cost selling to e-books and e-book readers when it introduced the Kindle in 2007.²¹ As a result, Amazon permanently captured a dominant share of the e-reader market (unless public policy ends it) and ensured that readers buy their e-books from Amazon. Below-cost selling of the Kindle and e-books led to the demise of many more hundreds of local bookstores.²²

Amazon’s investors have allowed the company extraordinary freedom to incur losses, knowing it is a tactic to destroy competitors and create in the long-term the degree of monopoly power needed to extract high monopoly rents. As Amazon gains more monopoly power, consumer prices will rise.

Amazon has also harmed bookstores by free-riding on them using its “Price Check” app. The company designed it to encourage readers shopping at a bookstore to scan the books they want and send the information and buy the book from Amazon. It benefits when bookstores suggest what books to read, host authors and spotlight their works, or allow shoppers to browse through many books. Bookstore staff’s time and effort, and the money for floor space, displays, and staff serves Amazon. Many bookstore owners have reported that customers will get staff help to recommend or find a book, then they scan and order it from Amazon—right in the store itself.²³ Besides generating sales, the app is a data collection tool for the prices charged by independent bookstores. (The app can be used for any product. In December 2011, for products other than books, Amazon offered \$15 to anyone who used the app to buy from Amazon.com rather than the store.)²⁴

Amazon introduced the Kindle three years after the prior e-readers, the Rocketbook and Softbook had failed due to mismanagement by the company that bought up the rights to both these e-readers, too few books available in the electronic form, and lack of wireless connectivity.²⁵ Technology advanced to the point where Amazon could use its enormous market power to convince a sufficient number of reluctant publishers to offer electronic books for its wireless-enabled Kindle to make it commercially viable. One way Amazon “convinced” publishers was by dropping their books in its search results unless they complied—a ruthless abuse of its market power that, as we will see, has been Amazon’s common practice.²⁶

In 2016, eight of the top 20 Kindle sellers were from one of Amazon’s 13 publishing imprints, which released over 2,000 titles. To further capture the eBook market, Amazon offers Kindle Unlimited, whose subscribers pay \$9.99 monthly for unlimited access to eBooks in the program. Amazon requires participating authors to not offer their eBook for sale anywhere else and pays them based on the number of their book’s pages customers read. Kindle Unlimited launched in July 2014, and the number of books in the program has grown to over 1.4 million as of December 2017, 38% of the 3.7 million Kindle eBooks offered by Amazon. One thousand of these eBooks are free to Prime members as one of the perks to capture people into its Prime system. These perks have had a huge payoff for Amazon: Ninety-six percent of Prime members are more likely to buy products from Amazon than other e-commerce sites. And 48% of Prime members buy products online once a week or more frequently.²⁷

The Kindle Unlimited program motivates authors to offer their eBooks only through the program because it exposes them to a large number of potential readers who might otherwise not have discovered their book. The program enabled Amazon to further monopolize eBook sales by leveraging its dominant position. However, the major publishers refuse to participate, so the books in the program are from self-publishers, small publishers, or Amazon published authors.

ABUSE OF A CHOKEHOLD POSITION ON THE FLOW OF BOOKS

Company employees recently revealed Amazon designed its search algorithm and other tools that direct buyers' attention to more prominently feature higher profit product listings. There is no reason to believe this favoritism for financial gain does not include books.²⁸

Both overtly and covertly, Amazon can direct the attention away from and toward the books they choose of a far larger percentage of Americans than any other bookseller in history. This power poses significant threats. Abusive practices to serve its economic interests suggests it would use such practices in the political domain since economic and political interests are intertwined.

Amazon's search engine results, rankings, recommendations, bestseller lists, and "Customers who bought this book also bought..." statements, website placement, and discounts are determined by data Amazon selects for the algorithms it creates. The results of the process, which Amazon offers for sale, largely determine how many of a book are sold. The manipulation of these tools and the removal of the "buy button" from their books have forced publishers to comply with demands for increasingly large fees. Considering Amazon's market share, these can also be tools of political manipulation.

Monopolies are always dangerous because they concentrate economic power and so political power, but in the book business, they are especially perilous. A free and open market for books is of fundamental importance to our society. Books are the most important media for detailing societal dysfunctions and injustices and ways to correct them because they are the most extensive media for the necessary details.

Furthermore, algorithms like Amazon's that mainly expose consumers to information that confirm their beliefs and biases suppress contrary information or viewpoints are unintentionally socially harmful. Reinforcing biases advances our destructive trends establishing disparate, often hostile political camps unable to sustain a civil conversation based on commonly held facts. When shoppers browse bookstore sections with books on social issues, they are much more likely to be exposed to a wide variety of perspectives than when they shop on Amazon.

PUBLISHERS ARE BEZOS'S TARGETS

In the early 2000s, Bezos initiated the "Gazelle Project," a campaign for higher fees from small publishers, apparently with the intent to destroy them. Bezos said Amazon "should approach small publishers the way a cheetah would pursue a sickly gazelle." One target was Melville House. Their distributor described negotiations with Amazon as being "like dinner with the Godfather."²⁹ Amazon wanted additional fees, and the publisher refused and reported the company's demands to Publishers Weekly. A Publishers Weekly story soon appeared, and the following day Amazon removed the buy-buttons from every Melville House title on its site. Not long afterward, at the Book Expo (a major book industry conference), two men in suits wearing Amazon nametags approached Melville House's booth, pointed fingers at the CEO, and said, "When are you going to get with the program?" To survive, Melville House "paid that bribe," as the CEO put it, and the books reappeared.³⁰

To pressure Hachette Book Group, one of the largest publishing houses in America, for higher fees and to allow Amazon to set Hachette's eBook prices, Amazon interfered with the sale of millions of their books. Amazon stopped taking pre-orders, delayed shipping, eliminated discounts, and used search engine modifications and pop-up windows to redirect readers to non-Hachette books. Because of Amazon's market dominance, which includes its proprietary e-book platform, other retailers could not make up for the over 50% loss of Hachette books sales on Amazon.com in all formats. By the time Amazon and Hachette settled their dispute eight months later, tens of millions of books that would have otherwise been sold were not.³¹

Amazon's abuse of its power over Hachette disrupted the free flow of ideas in our society—with one Hachette book as a notable exception: The Republican Congressman Paul Ryan's book, *The Way Forward*, which Hachette published at the time of their Amazon conflict. Initially, Ryan's book was part of the blanket targeting of Hachette books, but after Ryan complained, Amazon advantaged *The Way Forward*, offering discounts and providing immediate shipment. Was the reason solely to appease a powerful politician?

People who know Bezos describe him as a “libertarian,” and Ryan's philosophy is similar—anti-tax and anti-government. For example, in Washington State, where Amazon is headquartered, Bezos contributed \$100,000 to help defeat Initiative 1098. The initiative proposed taxes on adjusted gross incomes above \$200,000 for individuals and \$400,000 for joint-filers and middle-class tax relief through property tax and small business tax reductions. It also proposed directing the resulting increased revenues to education and health.³² Washington State does not have an income tax and has the most regressive state and local tax system in the nation. The poorest 20% pay 17.8%, and the top 1% pay 3.0% of their income in state and local taxes.³³ The initiative would have been a substantial improvement to the state's tax system to a more progressive one.

* * *

LIBERTARIANISM AND FAKE LIBERTARIANS SQUARED

In the U.S., the term “libertarian” means the opposite of what it meant throughout history: libertarian socialism.³⁴ The root of the word “liberty,” implies libertarians are dedicated to freedom and to creating a society that maximizes it. Libertarian socialists see that abuse of state or private power to dominate others must end to maximize freedom. This requires an economic and political system where democratic control of the workplace, community, and federal structures give people an equitable say in policies that impact them. Systems where an elite owns and controls the means of production and, as a result, dominates not just the workplace but also the government express the opposite of libertarian ideals.

U.S. “libertarianism” only opposes state power restricting freedom. But it ignores, and in fact favors, other forms of coercion and domination inherent in corporate capitalism. U.S. libertarians are radically opposed to the libertarian tradition, which was opposed to the kind of master-servant relationship essential to corporate capitalism.³⁵

People forced to enter a hierarchically structured organization to survive are not free. They may be free to choose which corporate hierarchy's “boss” tells them what to do, but this is not real freedom.

In the mid-nineteenth century, people commonly called wage labor for a “boss,” wage slavery, and judged it not very different from the chattel slavery over which hundreds of thousands of Americans sacrificed their lives in the Civil War. They viewed renting yourself, meaning working for wages, as degrading, an attack on one's integrity. People forced into wage labor to survive despised the developing industrial system that was destroying their independence, their individuality, and constraining them to be subordinate to masters. The Republican Party and Abraham Lincoln also viewed wage slavery as not very different from chattel slavery.³⁶

Over time most of us have been indoctrinated to accept as natural and inevitable that the great majority of people do wage labor for a “boss.” But the inherent injustices resulting from corporate capitalism have been growing. Over the last few decades, we have been experiencing an increasing concentration of capital in a tiny elite who use it to support, control, and expand tyrannical institutions to which tens of millions of

Americans “rent” themselves for wages insufficient or barely sufficient to live. For example, over one-fifth of adults are not able to pay all of their current month’s bills in full.³⁷

Enterprises based on wage slavery inevitably distribute the income they receive in favor of the persons who own the machines, the factory, the office, or the fields. And we have been witnessing this injustice grow over recent decades. Wage slaves, or the great majority of Americans, have been working more hours to get a smaller fraction of the value they produce. The resulting increasingly vast wealth concentration in corporate owners and upper managers is growing their power to destroy democracy in our political system, further narrowing the power people have over the decisions affecting their lives.

However the workplace is organized, a more unbounded freedom exists when working to meet material needs ends. A small elite of owners and managers of corporations, our rulers, not only restrict freedom in the workplace and political system, they also do so by reducing the time we can be off work. Our rulers increased wealth and income if more justly distributed, would have enabled us to reduce our work-hours. Instead, the average work-hours per household have increased. So elite domination of our economy has resulted in a substitution of our time where our most unbounded freedom exists with time under their control.

For example, from 1965 to 2011, the average number of hours worked per household with children rose by 7.4%, while productivity increased by a factor of 2.5.³⁸ In 2011, parents could have worked less than half the time they did in 1965 to produce the same material well-being. Instead, on average, they worked 7.4% more for little or no increase in material well-being for most Americans, and a decline for some. If a small elite were not making all the important economic decisions, work-hours would have reduced substantially since 1965, and the realm of freedom would have increased accordingly.

The growing capture of economic and political power by a tiny elite would appall true libertarians. Anyone genuinely interested in maximizing freedom would see it requires some degree of fairness, so some coercive power from a democratically controlled state to limit the abuse of private power. U.S. “libertarians” are dedicated to the proposition that government policy should not attempt to create fairness or even limit extreme unfairness because this will necessarily violate some individuals’ liberty.

When social conditions create liberty for the few at the expense of liberty for the many, state intervention is a moral necessity. Individual and corporate freedom must exist within the ethical boundaries that minimize constricting it for others.

With our extreme economic inequality comes inequalities of educational and business opportunities, health care access, and other conditions that limit tens of millions of Americans’ capacity to act to support a desirable lifestyle that would otherwise be easily attainable. Liberty and justice for all cannot exist unless justice allows liberty for all.

In addition to advancing liberty, moving toward a more egalitarianism nation will increase its prosperity. I will show evidence for this in Part 4 and how we can accomplish more egalitarian outcomes without redistribution in Parts 2 and 4.

Our inequalities are so extreme that the title, *The Wealth of Nations*, of the famous book authored by the “father of modern economics,” Adam Smith, could be the title of biographies of some Americans. Bezos has wealth equal to the entire nation of Jordan and Cyprus combined. Gates has Malta and Bolivia’s combined wealth.³⁹ Besides grotesque inequalities and poverty, environmental degradation and other forms of social harm corporate capitalism generates can only be controlled by state power.

From a higher and clearer perspective, higher taxes on high incomes and wealth is a restriction of liberty of a kind that we all accept; one that disallows socially harmful behavior. Our elite’s appropriation

of an excessive and growing proportion of the wealth we create collectively is generating social problems of the highest order—they threaten the survival of our nation.

Bezos and many other super-wealthy individuals who call themselves “libertarian” are fake libertarians. They idealize only liberty for themselves to do what they want with their immense private concentrations of wealth and power without regard to the impact of their actions on the liberty of others. When employees are told what they must do for a wage in a Bezos warehouse with no say in the operations in which they are involved or how much of the value they create for the company they can have, they are not free. Bezos is delighted with these conditions. He, like other fake libertarians, opposes democratically determined regulation on their socially harmful behavior or the taxes needed to help rectify unjust conditions limiting the liberty of most Americans.

But Bezos’s fake libertarianism has another dimension—we might call him a “fake libertarian squared” (or for readers less mathematically inclined, a fake, fake libertarian). He is not really an anti-government libertarian because he is dedicated to extracting astronomical numbers of dollars from the government. Without his extraordinary skill in this endeavor throughout the existence of Amazon, none of us would know his name. Many other super-wealthy individuals are fake libertarians squared. The billionaire Koch brothers (total wealth: \$107 billion)⁴⁰ are other prominent examples. David Koch was the Libertarian Party’s 1980 vice-presidential candidate. Koch Industries received \$430.1 million in state and local subsidies, mostly since 2010. Federal subsidies totaled \$6.3 million since 2000.⁴¹

* * *

Throughout Ryan’s career in Congress, he had anti-tax agendas that mainly benefited the upper-class. He was the principal architect of the recent tax reform that gave 65.3% of its reduction in taxes to the top 20% income earners and 1% to the bottom 20% in 2018. In 2027, the bottom three quintiles will pay higher taxes as a result of the reform, resulting in 107.3% of the tax cut going to the top quintile.⁴² Bezos may not have been as accommodating if Ryan’s book expressed opposing views on the government policies most important to Bezos.

Whatever their motive, Amazon’s executives demonstrated that they had the power to pick which books to advantage or disadvantage, even those involved in America’s vital political debate. In Part 2, I will describe how we can best end the destructive and dangerous conditions where one company has the power to devastate the sales of a publisher’s books whenever it chooses.

Amazon has commonly used strong-arm tactics to get more money out of publishers. Another example: While negotiating with the publisher Macmillan, it removed the “buy buttons” from their books.⁴³

Among Amazon’s charges to publishers are those based on the previous year’s gross sales. Publishers have been surprised by the sudden increases in these charges, and it was such a surprise that initiated the Hachette dispute. Publishers that refuse to pay these fees often experience a 40% decline in sales.⁴⁴ Big publishers typically pay 5% to 7% of the previous year’s sales revenues, but the smaller houses pay more. In total, Amazon takes over a 60% discount on the cover price from publishers.⁴⁵ That long negotiations with publishers on charges are necessary means they are not standardized, so Amazon can burden any publisher it chooses with extraordinary fees.

Publishers have also voluntarily paid hefty promotional fees to Amazon when they judge the benefits are likely to outweigh the costs—as much as ten thousand dollars to feature one of their books on Amazon’s home page.⁴⁶ But Amazon benefits most from these fees. Of the people involved with the book business—

authors, agents, editors, designers, marketers, reviewers, readers—Amazon is the least interested in book quality, but it is the industry’s most powerful participant and is extracting the most money from it.

Since Amazon is now a major publisher itself, it has additional leverage to hike fees. Any publisher that refuses could see Amazon favor its books over the publisher’s. However, regardless of publishers’ fees, Amazon will likely favor the books it publishes, so grow its market share as a publisher. In 2017, Amazon had 15 imprints under the Amazon Publishing banner, which published 1,231 titles in the U.S., up from 373 in 2009, the year it entered the \$16 billion-a-year consumer book publishing business. In 2018, 16 of the top 20 books on Amazon’s best-seller list in romance novels—one of the most lucrative genres—were titles from its book-publishing arm or were self-published on Amazon’s platform.⁴⁷

Bezos also abused monopoly power when he decided on a whim that eBooks should have a maximum price of \$9.99.⁴⁸ He did not consider publishers’ preferences and had no concern that his limit will also devalue print books. He based his decision on eBooks’ low material and distribution costs and dismissed the possibility that the time to write a book, in some cases many years of full-time devotion, could sometimes justify a higher price. In Amazon’s world, Bezos rules. Our government allowed a monopolist to put a limit on book prices.

But sometimes Bezos relents when faced with strong opposition from other powerful actors. He now allows the major publishers to price their eBooks above his \$9.99 limit and pays them 70% of their price. But, Amazon requires small publishers and self-published authors to price their eBooks between \$2.99 and \$9.99. If they don’t, instead of receiving 70% of the cover price, publishers get 35%, which is better than the 0% that often results from the following:⁴⁹

Amazon allows third-party resellers to “win” the “buy button” on book pages; some do not purchase books from publishers. Instead, they buy remainders or advance copies from other sources. Publishers and authors are often not paid from these sales. Also harming authors and publishers is Amazon’s promotion of used book sales on the same page as new books, which has made it easier than ever for an author’s work to be sold without compensating the author. These practices are legal, so laws must be changed to serve the well-founded ideal of our Founders for systems to support authors, which they viewed as part of the foundation of a well-functioning society. The Constitution states we must “Promote the Progress of ... useful Arts, by securing for limited Times to Authors ...the exclusive Right to their respective Writings.”

Recently, book summary sales have surged on Amazon; some have covers that copy or mimic the original’s art and use the author’s name. A Wall Street Journal investigation found that summaries of top-selling self-help and business titles appear at or near the top of Amazon book searches and that some buyers wanting to buy the book mistakenly buy the summary. Summaries are permitted under copyrights law if they do not copy the original’s text at length. However, the impact both from mistaken and intentional purchases of summaries has significantly harmed book publishers and authors. One publisher estimated that tens of thousands of summary print copies of best-selling books have been sold. The industry has no way of knowing the sales numbers of eBook summaries because Amazon does not make this information public.⁵⁰

Never before in our history did the destructive power of a monopolist in the book business exist. In 1978, publishers were in a vibrant, competitive, diverse industry. The five largest publishers accounted for less than one-third of all book sales. The top 75% of book sales were divided among 50 independent publishers.⁵¹ Now the top 5 publishers produce about 60% of the books sold. Amazon’s influence has played an important role in the consolidation. The power of a dominant corporation can only be challenged with that of other large corporations.

Thousands of times every year, publishers give money to authors in advance, enabling them to write their books. Also, publishers take on the expense of editing and designing the book. This system is especially important for nonfiction writers who require travel for research. The decline in the diversity of publishers diminished the range and quality of books available.

An authors' organization, Authors United, in collaboration with the New America Foundation, wrote the following in a letter to William J. Baer, Assistant Attorney General for the Antitrust Division, United States Department of Justice: Amazon has “extract(ed) vital resources from the industry in ways that lessen the diversity and quality of books...money for serious fiction and nonfiction has eroded dramatically in recent years; advances on mid-list titles—books that are expected to sell modestly but whose quality gives them a strong chance of enduring—have declined by a quarter.” Without sufficient advances, many writers will not be able to undertake long, difficult, risky projects. Those who can, must spend much time and effort mastering the art of marketing.

Under current conditions, it is unlikely publishers would have taken the risk to publish a book like Thomas Paine's *Agrarian Justice*—almost certainly not if he were a new, unestablished author. He proposed in it what remains a radical idea: an estate tax to give everyone at age 21 enough wealth to start a business to earn a livelihood—in his day, a farm, but in ours, this would translate to other kinds of businesses or shares of businesses. Paine also proposed the estate tax to support a retirement pension sufficient for a decent livelihood starting from age 50 and a pension to support the disabled. And publishers may not have published Paine's *Rights of Man*, which essentially says our Constitution has fundamental flaws: “*When it shall be said in any country in the world, my poor are happy; neither ignorance nor distress is to be found among them; my jails are empty of prisoners, my streets of beggars; the aged are not in want, the taxes are not oppressive, ... then may that country boast of its Constitution.*”

FEAR OF A MONOPOLY BOOKSELLER

At the opening of a New America Foundation conference on Amazon's book monopoly, the moderator announced that many people invited declined out of fear of Amazon. They feared it would retaliate by damaging their book sales or those of the people they care about.⁵² One of them, an attorney who often played an adversarial role to big companies in court, wrote in response to the invitation, “I'm going to pass for personal reasons. My daughter has been working on a book that her agent will send out to publishers shortly. So, the manuscript will be under consideration at about the same time as your program. The publishers are so paranoid about what Amazon could do that I think it might affect their behavior. So, I think that I need to keep a lower profile on this one at this stage.”⁵³

A previously fearless adversary of large corporations feared that if he criticized Amazon, Bezos and his team would retaliate using the tools they have to damage his daughter's book sales. He knew publishers were aware of Amazon's history of retaliation using these tools, so to avoid being another victim in Amazon's efforts to harm the critic by damaging book sales, publishers may reject his daughter's book. Publishers knew of overt Amazon tactics to damage book sales, but they also were aware that Amazon can damage sales covertly, and that they are powerless regarding it.

Dozens of bestselling authors declined to sign an open letter in *The New York Times* by Authors United condemning Amazon's suppression of books by Hachette authors—not because they disagreed with it, but because they were afraid of retaliation by Amazon. They feared Amazon would target them and their publisher. Of the 17 authors who contributed between \$1,000 and \$20,000 each to pay for *The Times* advertisement, ten did so on the condition that their names were kept confidential. Several prominent

authors who helped draft *The Times* letter also asked Authors United to keep their names private, citing Amazon's history of retaliation.⁵⁴

AMAZON AND SELF-PUBLISHING

Amazon has empowered many authors to reach the market by self-publishing and earn higher royalties than they would have through the publishing houses. Authors who can support themselves through the writing process and afford the book editing, design, and promotional services have a new alternative to reach the market. But many authors who would have benefited from the services of a publisher did not because of Amazon's effect on the publishing industry.

As in the cases of eBooks and e-commerce, Amazon is not responsible for the technology at the foundation of the growth of self-publishing, digital printing technology. The company was the most well-known and well-funded in the book business, which enabled it to capture a large share of the book print-on-demand market. Other companies offer authors print-on-demand services, but Amazon's economies of scale allow it to offer lower prices.⁵⁵

Besides digital printing equipment's price decline, crowdfunding to support authors as they write books will support the trend towards self-publishing. The website Kickstarter's success in funding publishing projects is one sign of the growing importance of crowdfunding. Kickstarter has helped fund over 14,000 publishing-related projects, collecting about \$134 million.⁵⁶

However, the specialists in various subjects and clear writing in publishing houses who select authors to support during the writing, production, and promotion of their books will continue to be a significant part of the book industry because they provide value to authors and consumers. Value to consumers exists through a publisher's reputation since they can have confidence a book's content, design, and writing quality was vetted based on the skills that established that reputation. However, endorsers' approvals on content can provide more consumer value since they can have a higher level of expertise on a book's subject. Nonfiction book endorsers, though, are more focused on the quality and significance of a book's ideas and information or at least some aspects of it, not on writing style or book design or necessarily all of its content's details. So the combination of an excellent publisher and endorsers can provide consumer value by ensuring high overall quality.

AMAZON'S MARKETPLACE AND ITS GROWING CAPTURE OF OUR NATION'S MARKETPLACE

E-commerce has enabled hundreds of thousands of businesses to sell a wide variety of products to historically large, even global markets. Amazon's "first mover" role and the massive public support I described earlier have resulted in dominance in the space and abuse of the resulting power.

In 2016, Amazon and its third-party Marketplace sellers sold \$133 billion of retail goods in the U.S. This resulted in the closing of 44,000 retail stores in our communities; displaced 637,000 retail jobs with 137,000 Amazon jobs; and resulted in the loss of about \$4.5 billion in state and local sales taxes.⁵⁷ Both the tax loss and destruction of local businesses was unnecessary. As I will show in Part 2, all e-commerce can be transacted exclusively through local businesses to the benefit of consumers, local governments, and these businesses.

Two-thirds of consumers start their search for new products on Amazon; 74% go to Amazon when ready to buy a specific product.⁵⁸ They know whatever they want, they are likely to find on Amazon, which

offers 354 million items for sale.⁵⁹ From 2017 to 2018, the company's revenue increased by 31% to \$233 billion, including revenue from service sales, such as cloud computing and commissions paid by Amazon Marketplace sellers. In 2018, Amazon's product sales, excluding sales of merchants on Amazon's Marketplace, totaled \$142 billion, up 20% from \$119 billion in 2017—more than the next 10 top online retailers combined.⁶⁰

Amazon is the biggest toy, consumer electronics, and apparel retailer, not just e-retailer.⁶¹ The company had over a 90% market share for online purchases in home improvement tools, skin care, batteries, golf, and kitchen and dining accessories in the first quarter of 2018.⁶² It manufactures thousands of products, from blouses to batteries to baby food. Within three years, one-fifth of the U.S.'s \$3.6 trillion retail market will be online, and Amazon is on track to capture two-thirds of that share.⁶³

In 2009, 18% of online shoppers went directly to Amazon to search for the product;⁶⁴ its 74% share of product searches in 2019 represents a 311% gain. The company has a 49.1% share of online sales. So, retailers and manufacturers are compelled to become third-party sellers on its Marketplace platform.⁶⁵ They account for half of all sales on its site.⁶⁶ Just over 2-years, from 2014 to 2016, Marketplace sales in the U.S. grew by 118%, while sales of goods sold by Amazon increased by 48%.⁶⁷

The “free market” “libertarian,” Bezos has created a massive, growing, and very unfree market. It is not governed by democratic rules that facilitate competition and fair play; instead, he dictates the terms by which millions of sellers operate and where his company is the dominant and unfairly advantaged participant. Among its unfair advantages is its ability to levy a “tax” on the revenues of the other participants through its provision of the markets' underlying infrastructure—the online shopping platform and the cloud computing backbone that competing firms depend on to transact business. And it is aggressively moving into supplying the shipping component of our markets' infrastructure.

Marketplace sellers pay Amazon an average of 15% of their sales revenues, but it can be as high as 45% for some items (plus a \$39.99 per month subscription fee).⁶⁸ The 15% is just their “referral fee” or the charge for customers to order sellers' products using Amazon's website. However, most sellers pay fees for two other kinds of services that Amazon presents as optional. They buy them because when they do, they are given much more favorable positioning on the site and thus make more sales. One is Fulfillment By Amazon (FBA), Amazon's service for warehousing and shipping sellers' products. The other is Amazon's product advertising, which takes up a growing share of the space on its search results pages. Sellers that decline to advertise risk losing their place in Amazon's search results, no matter how many glowing customer reviews they have. Amazon's advertising revenue from sellers grew from about \$1 billion in 2016 to nearly \$6 billion in 2019.⁶⁹

In total, Amazon keeps an average of 30% of each sale made by a third-party seller on its site. That's up from 19 percent in 2014. From 2014 through 2019, Amazon's revenue from seller fees grew roughly twice as fast as its overall sales. Seller fees netted Amazon almost \$60 billion in 2019.⁷⁰

Despite the high cost, hundreds of thousands of businesses have benefited from the monopoly position of a platform with worldwide exposure. However, there are about 8 million sellers and 3 million active sellers on Amazon Marketplace.⁷¹ In a recent survey, only 7% of sellers reported they made a profit on Amazon's Marketplace; 18% said they lost money, and 71% reported that their Amazon sales generated only enough additional revenue to make up for the cost of selling on the platform.⁷²

As a result of Amazon's high Marketplace fees, sellers must raise their prices higher than they otherwise would be, not just on Amazon's site but everywhere, even on their own website. Under Amazon's “fair pricing” policy, if Amazon detects a lower price for a product elsewhere, it will demote it in its search results, delete its Prime badge, and remove its “buy now/add to cart” buttons from the product page. Most

sellers cannot afford to risk any of these actions since Amazon's monopoly position accounts for the great majority of their sales.⁷³

Another way Amazon drains the life out of some of the small businesses it claims to champion is with a fee to access an account manager to answer questions, help navigate the byzantine rules of the Marketplace, or resolve problems. Amazon charges as much as \$5,000 per month with its kind of protection racket. Sellers are compelled to pay it because any glitch or a suspended account can have ruinous consequences without an account manager to help.⁷⁴

If a seller wants Amazon to collect sales tax for it, Amazon will – and it will take another percentage cut of each sale for doing so. It's a service that eBay, for example, provides for free, but Amazon's dominance as a retail platform allows it to charge sellers whatever it likes.⁷⁵

The excessive draining of money from sellers harms, and sometimes destroys them, which the following Amazon practice is more likely to do. Amazon monitors its marketplace sellers' sales volume, and when it sees products rapidly increasing in sales, it has produced knockoffs or purchased identical products from manufacturers to sell under its label. Researchers have discovered that Amazon began selling many hundreds of products within weeks that the products became Marketplace sellers' top-selling items.⁷⁶

In some cases, after introducing a product in competition with a Marketplace seller, it has driven its price down below the seller's costs, while still taking its 15% until it destroys the competitor. In other cases, Amazon's lower price, along with its products' placement on top of search results, just weakens the competitor with lower sales and the need to pay for more ads to recover some. These practices not only harm innovative businesses; they harm consumers deprived of future innovations that would have otherwise been created.

For example, the company Raindesign produced a laptop stand that grew in popularity based on receiving the highest rankings on Amazon. After the company became the top seller of laptop stands, Amazon produced a knockoff, and its stands came up on top of searches for laptop stands, which destroyed most of Raindesign's sales volume. This required Raindesign to reward Amazon for devastating its sales by paying it for an expensive advertisement to try to recover some. Amazon drained the capacity of Raindesign to innovate in the future and its motivation to do so.⁷⁷

Amazon also abuses its platform position when it notices who on its site is selling a lot of another manufacturer's product. Amazon has then gone to the manufacturer to purchase the product to market under Amazon's label at a lower price. But Amazon can not only lower its price so it becomes the default seller. A ProPublica investigation found that about three-quarters of the time when Amazon's price is higher than another seller, it awards itself the buy-box anyway.⁷⁸

In 2019, Amazon employees revealed the company had adjusted its product-search system to more prominently feature listings that are more profitable for the company. But, the ProPublica investigation that found the buy-box bias was in 2016, so we know this kind of abuse of its platform has been occurring for years, likely many years before 2016 since these practices are easy to conceal.⁷⁹ Since 55% of consumers search for products on Amazon rather than a general search engine, its algorithm biases create significant distortions in our economy, harming both sellers and consumers.

Amazon has launched over 100 of its private-label brands in many product categories, including electronics, apparel, groceries, and toys. Better promotional placement on its website than those produced by rivals advantages its own products at no cost. And Amazon's ability to offer shoppers its version of products gives it leverage to extract deep discounts from marketplace sellers. If they don't comply, they risk losing sales to Amazon's brand.⁸⁰ Amazon's abuse of monopsony power has reduced companies' revenues for research and development, so stunted innovation and diminished consumer choices.

In addition to the products Amazon offers, Amazon Web Services division (AWS) is the leading provider of the world's cloud-computing capacity by far. It has a 34% market share; the second-largest provider, Microsoft, has 11%.⁸¹ From 2017 to 2018, AWS revenue increased by 47% to \$27 billion. Amazon's enormous customer and product databases and the processing power needed for its operations required massive server farms and increasingly powerful computing tools. Economies of scale enable Amazon to offer these tools at lower prices to other businesses. As a result, many of Amazon's competitors depend on AWS to store data, which, like its Marketplace sellers' data, Amazon has abused.

Amazon's venture capital arm has used AWS to advantage itself over other investors by observing which start-ups expand their usage of AWS before making investment decisions. Amazon also abuses AWS information indicating a business's success by offering similar services or products.⁸² For example, in October 2015, Amazon announced its data visualization tool QuickSight, shortly after the company Tableau, which provides similar features, announced it was expanding its AWS services.⁸³

The Wall Street Journal interviewed over two dozen entrepreneurs, investors, and deal advisers who said Amazon uses the investment process to help develop competing products. It requires from startups details on how their technology works before potential takeovers or investments, then declines to invest and later introduces similar Amazon-branded products—in many cases, destroying the competing business in the process.⁸⁴

BELOW-COST SELLING TO CRUSH AND ABSORB COMPETITORS

In 2008, Quidsi was one of the world's fastest-growing e-commerce companies, with several subsidiaries: Diapers.com (focused on baby care), Soap.com (focused on household essentials), and BeautyBar.com (focused on beauty products). Amazon tried to eliminate Quidsi as a competitor with a buyout offer. When the company refused, Amazon slashed its prices on competing products below cost, forcing Quidsi to accept its offer.

In 2009, Amazon acquired the popular shoe retailer Zappos after losing \$150 million selling shoes below cost to force the rival company to sell-out to Amazon. Now start-ups that plan on challenging Amazon are unlikely to find investors, so they never get off the ground. They know Bezos was referring to what he does when he said, "When you are small, someone else that is bigger can always come along and take away what you have."⁸⁵

AMAZON AND THE THREAT OF PRODUCT COUNTERFEITERS

After designing and creating a product, many small companies have put it on Amazon's dominant, worldwide exposed platform with high hopes, and many have succeeded. But after some sellers get positive reviews and sales grow, Amazon sometimes destroys their hopes in another way: tolerating counterfeiters on its site. Counterfeiters damage and destroy legitimate sellers by selling copies of their products on Amazon under the same name for a lower price. Amazon profits from counterfeit sales, so they have continued for many years. Amazon.com has become a haven for counterfeiters of recently introduced popular products and well-established brands.

For example, in 2016, Daimler AG, the parent company of Mercedes-Benz, filed a lawsuit against Amazon in U.S. District Court in Washington State regarding Amazon's tolerance of counterfeiters on its site. Daimler AG argued that Amazon "has gained profits" by selling counterfeit wheels that violated Daimler's patents and were given legitimacy by a shipping label stating it was shipped and sold by Amazon.⁸⁶ Amazon successfully defended itself with the claim it was just a platform for the seller, not the seller. Many more lawsuits are pending, which Amazon will probably defend with the same claim.⁸⁷

The CEO of Birkenstock, a well-established, quality shoe manufacturer, complained to Amazon about its tolerance for counterfeit sales on its site. Amazon told him that the only way to achieve a “clean” environment (no counterfeits and no unauthorized sellers) was to sell their complete product offering to Amazon directly. Many brands have done this instead of engaging in a never-ending fight with Amazon over counterfeits on its site.⁸⁸ So, allowing counterfeit sales on its website has been a tactic for Amazon to monopolize sales of products.

However, some well-known brands, including Birkenstock and the Swiss watchmaker Swatch have removed their products from Amazon.com because they did not want to sell out to Amazon, and it is not doing enough to stop the flow of counterfeits through its site.

At a congressional hearing, David Barnett, the founder of PopSockets, which makes smartphone grips, testified that Amazon pressured it to lower its listing prices or else it would allow unauthorized sellers to sell his product. He also alleged that Amazon allowed a flood of counterfeits to compete with PopSockets on the site to pressure the company into spending more on marketing.

For sellers that don’t wholesale their products to third parties, an easy solution to the counterfeit problem exists. Amazon could bar third-party sellers from its site. But if Amazon did this or instituted any other effective policy, it would significantly reduce its revenues and profits. Many third-party sellers, especially from China, sell lower-cost counterfeit products on Amazon.com, so pay the 15% commission.⁸⁹ Some of these sales would not occur at the higher price of the legitimate seller. Also, the low prices of counterfeit goods on Amazon.com that consumers do not realize are not the same as the genuine products on other sites makes buyers believe Amazon has the best deals, so they return for future purchases.

From 2014 to 2015, sales from Chinese-based sellers, many selling product counterfeits, more than doubled. Amazon facilitated the process by providing ocean freight for Chinese companies to ship goods to Amazon fulfillment centers. And its fulfillment of orders advances the penetration of Chinese counterfeits in our markets further because it means the package sent to consumers has an Amazon label, which gives them the impression that what’s in it is legitimate.⁹⁰

Over 600 members of a Facebook group have each seen their designs for apparel, device accessories, coffee mugs, or other products show up on Amazon at a fraction of the price of the originals.⁹¹ Counterfeits appear just as companies are hiring more workers to gear up production and sales capacity to meet demand resulting from good product reviews. Many Chinese sellers are proficient at identifying hot-selling items on the Amazon platform and then copying and selling them, often cutting the original seller’s revenue by more than half.

The innovative designers compared their experience to a game of whack-a-mole, where fakes pop up more quickly than they’re taken down. One seller reported that 1,500 of his unique apparel graphic designs were counterfeited and offered for sale on Amazon by 15 to 20 different sellers based in China or Hong Kong.⁹² Merchants aware of the problem always worry about counterfeiters killing their sales and how much time they’ll have to spend hunting them down.

After many years of little effort to control the flow of counterfeits, in 2016, Amazon created a “Brand Registry.” The Registry allows companies to share their trademark, verified photos of their product, and other information with Amazon so that the company can scan the site for counterfeits. According to Amazon, its team responds to 93% of notices of potential infringement received on its Brand Registry within 4 hours.⁹³ But many sellers complain that Amazon’s claims on the effectiveness of the registry are not correct and that the company continues not to vet the products, including those it lists as “shipped from and sold by Amazon.”

For example, the founder of the kitchen-apparel company, Jessie Steele, stopped selling her products on Amazon because counterfeits were driving her out of business. Months after the introduction of Amazon's registry, she continued to find dozens of her products available on Amazon. Jessie Steele's sales went from around \$5 million a year to around \$500,000 a year. This 90% loss was the gain of Chinese businesses copying her products and selling them under her name brand on Amazon with Amazon's fulfillment services and the "Shipped from and sold by Amazon" label.⁹⁴

In 2018, Apple reported buying over 100 iPhones, power adapters, and other Apple accessories from Amazon directly, not a third-party seller, and found nearly 90% were fakes. 99% of iPhone adapters failed tests on whether the amount of electricity flowing through them remained within safety limits; some pose "a risk of lethal electrocution to the user," U.S.-based safety standards leader, UL, warned.⁹⁵

A Wall Street Journal investigation found 4,152 items, some counterfeits and some not, for sale on Amazon.com that have been declared unsafe by federal agencies, are deceptively labeled or are banned by federal regulators—items that big-box retailers' policies would bar from their shelves. Amazon's defense in disputes over harm from third-party sales is that it is not the seller, so it is not responsible under state statutes that let consumers sue retailers.⁹⁶ Like any enterprise devoted to profit maximization, Amazon's consumer-centric focus is only true when it serves this ultimate goal. And, as I will describe with more extreme examples in Part 3, consumers and other lives have been sacrificed in the profit maximization process.

Two years after instituting its Brand Registry, Atlantic magazine reported that many companies continue to complain about counterfeits on Amazon.com. When the CEO of one, who sells a product patented in the United States and globally, submitted a complaint to Amazon, he received a reply a week later. Amazon asked him to work with the owner of the offending product to "resolve this dispute." Amazon did not, at the time, take down the problem listing.⁹⁷

Amazon sometimes decides that the threat of counterfeits and below-cost selling to capture control of a business is too time-consuming. So the company simply tells Marketplace sellers, "we have made the decision to source your products for sale by Amazon only and your existing Seller Central account will be closed within 30 days of this email." Amazon is finished with them unless they sell their products to Amazon's retail group at a wholesale cost acceptable to Amazon.⁹⁸ If a company that sells through Amazon Marketplace is harmed or destroyed by this or any other action, it has little recourse because Amazon's contract requires sellers to relinquish their right to sue.⁹⁹

AMAZON AND THE SHIPPING DOMAIN OF OUR MARKET'S INFRASTRUCTURE

In 2015, UPS had a \$1 billion and growing share of its business from Amazon, which gave it a powerful bargaining position. As a result, Amazon was advantaged by a 70% discount on regular delivery prices.¹⁰⁰ Delivery companies made up for the discounts by raising rates to independent sellers—a phenomenon termed the "waterbed effect." The waterbed effect distorts competition, both by giving a powerful buyer more advantageous terms for itself and higher costs for its rivals.¹⁰¹

Amazon took further advantage of the waterbed effect when it introduced "Fulfillment by Amazon" (FBA). It passed on some of its discounts from shippers to Marketplace merchants, so their costs are lower than if they dealt directly with the shipper.¹⁰²

Amazon is now reducing its shipping costs with its own shipping business. It competes with shippers with its own trucks, planes, and even drones. It has over 20,000 trucks and 50 jets.¹⁰³

The company has leveraged its 112 million Prime members (in 2019) to get its Marketplace sellers to use FBA. With FBA, sellers items qualify for attracting all these members with the "Prime badge" in their

product listings. Also, Amazon’s algorithm makes it far more likely that an FBA seller will “win” the default seller “buy box” and, with it, comes one-click ordering. More than 80% of the time, shoppers choose the default seller.¹⁰⁴

As Amazon captures a growing share of the retail market, its share of shipping industry revenues will increase correspondingly. The company has thus leveraged its dominance over online shopping and its millions of captive sellers to rapidly become a major package delivery company. Any domain where Amazon gains extraordinary power, it leverages to gain power in other domains.

In 2019, Amazon delivered 2.5 billion parcels or about one-fifth of all e-commerce deliveries. It is expected to overtake UPS and FedEx in market share by 2022 and has already overtaken the U.S. Postal Service. Last year, the USPS saw its parcel volume fall for the first time in nearly a decade, adding to its financial woes.

The company has expanded its shipping operations to China as well. Amazon Logistics and its Chinese subsidiary, Beijing Century Joyo Courier Service Co., has shipped 4.7 million cartons of consumer goods, on their cargo ships from China. Also, Amazon’s shipping business will advantage its own over 3,000 products over its Marketplace sellers in shipping times and costs.¹⁰⁵

At the “last mile” end of a product’s travel to consumers, Amazon is increasingly relying on regional courier companies that use “flex drivers.” It thereby meets its one-hour delivery window cheaply, by shifting costs onto independent contractor drivers who are denied the benefits and security of an employer-employee relationship. These workers are not included in Amazon’s \$15 per hour minimum wage. From 2014 to 2016, these couriers have seen their share of Amazon deliveries triple from 5% to 15%.¹⁰⁶ “Flex drivers” aren’t eligible to receive standard labor law protections such as overtime pay and minimum wage. They use their personal vehicles, but Amazon doesn’t reimburse them for fuel, insurance, maintenance, or tolls, so the drivers’ net compensation is sometimes less than the \$7.25 minimum wage.¹⁰⁷

Among Amazon’s “last mile” deliver drivers are employees of a network of hundreds of its contractors. These companies pay the drivers, but often Amazon directs, through an app, the order of the deliveries and the route to each destination. Amazon software tracks drivers’ progress, and a dispatcher in an Amazon warehouse can call them if they fall behind schedule. Amazon requires that 999 out of 1,000 deliveries arrive on time. The pressures for fast deliveries have resulted in many accidents for which Amazon has walled itself off from being accountable by not being the driver’s employer of record.

An investigation by ProPublica identified more than 60 accidents over four years involving Amazon delivery contractors that resulted in serious injuries, including 10 deaths—likely a fraction of the accidents that have occurred. Many crashes occur with trucks not marked with anything that victims can identify with Amazon.

Amazon does not disclose its army of contractors’ accident records because, unlike most UPS and FedEx vans, the smaller cargo vans of Amazon’s delivery force are unregulated. UPS trains its drivers in multimillion-dollar facilities where they are put through virtual-reality and obstacle-course hazards to learn to avoid them using regulated trucks. Amazon trains flex drivers primarily through instructional videos they watch on their phones. Career mail carriers and UPS drivers typically follow familiar routes every day; contract drivers for Amazon are often in unfamiliar territory, which is another factor in Amazon delivery trucks’ higher accident rates.¹⁰⁸

AMAZON’S ROLE IN OUR LABOR MARKET’S GROWING INJUSTICES

The number of Amazon employees in the second quarter of 2020, 840,400,¹⁰⁹ is 12% larger than its headquarter city Seattle’s population (747,300). Its size gives it significant power in our labor markets.

One way Amazon and other large companies use their power to depress wages nationwide is by requiring new hires to sign a non-compete agreement, and Amazon's is strict and far-reaching. They require white-collar workers and warehouse workers, including short-term hourly workers, to sign it. Their employees must agree to not "directly or indirectly" support any good or service that competes with those they helped support at Amazon for a year and a half after they leave Amazon.¹¹⁰ The company has even required its long-term warehouse workers who get laid off to reaffirm their non-compete contracts as a condition of receiving severance pay.¹¹¹ Since Amazon has earned the title of "The Everything Store," its non-compete agreement could be interpreted as requiring workers not to be involved with a large part of the global economy once they leave Amazon.

An Excerpt from Amazon's Non-Compete Agreement¹¹²

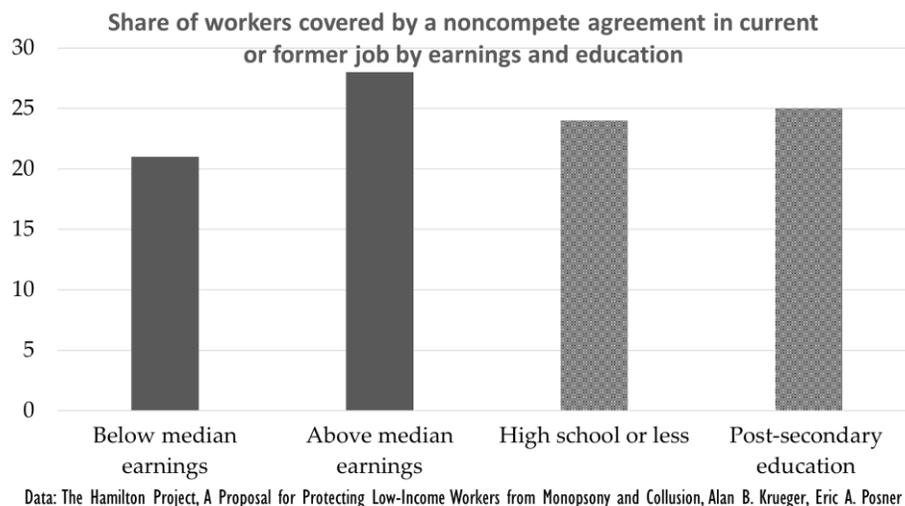
"For 18 months after the Separation Date, Employee will not, directly or indirectly, whether on Employee's own behalf or on behalf of any other entity (for example, as an employee, agent, partner, or consultant), engage in or support the development, manufacture, marketing, or sale of any product or service that competes or is intended to compete with any product or service sold, offered, or otherwise provided by Amazon (or intended to be sold, offered, or otherwise provided by Amazon in the future) that Employee worked on or supported, or about which Employee obtained or received Confidential Information."

Non-compete agreements play a significant role in the stagnation of workers' wages nationwide because the many companies that use them have less pressure to pay well. The agreements tether workers to their current job and make them less likely to discuss pay and other grievances with management. Employers typically present workers with non-compete contracts soon after starting at work, when they have little choice but to sign them. Thirty million U.S. workers are working under the agreements.¹¹³

Research comparing states that have and have not banned or strictly limited non-compete agreements confirms that non-compete agreements depress wages. Also, they limit entrepreneurship and restrain productivity increases by discouraging startups by former employees.¹¹⁴ Non-competes reduce productivity by making it more difficult for companies that can best use experienced, talented employees, to hire them.

Many workers who attempted to improve their lives by moving to a higher paid job have instead been financially destroyed through a lawsuit from their former employer for violating their non-compete agreement.¹¹⁵ Most workers bound by non-compete agreements are not involved with trade secrets or any proprietary information. So, the primary purpose of restraining employees with them is to lower labor costs to raise profits.

Non-compete agreements are part of our "rigged" labor market where employers act to prevent the forces of competition. The resulting depressed workers' wages help create the historically high corporate profits and top managers' compensations.



”You can work long, hard or smart, but at Amazon.com you can’t choose two out of three,” Mr. Bezos wrote in a letter to shareholders.¹¹⁶ Likely, many workers tolerate the relentless, extreme, and unforgiving application of this philosophy longer than they otherwise would because they know their non-compete agreements will handicap them in their efforts to find employment elsewhere. Amazon has aggressively pursued white-collar workers for violating its non-compete agreement.¹¹⁷ But even if Amazon infrequently tries to enforce it for warehouse workers, other companies know they exist. For the unlikely case where the company doesn’t, Amazon’s non-compete agreement includes the following requirement to “disclose and provide a true and correct copy of this Agreement to any prospective new employer ... BEFORE accepting employment.”¹¹⁸ The possibility of litigation expenses is a disincentive to hire ex-Amazon employees.

Slaveholders tethering enslaved workers to their workplace not only enabled their brutalization and impoverishment, it dragged down the wages and working conditions of anyone forced into competition with them. How could a free worker demand higher wages if their employer’s competitor was using unpaid, enslaved labor? Modern-day workers’ wages are suppressed by a similar dynamic, and many employers are asking themselves a related question: If my competitor’s non-compete contract tethered his workers to reduce his wage, hiring, retraining, and working conditions costs, how can I compete with him unless I similarly tether my workers to me?

Over the centuries, the growing ability of workers to quit their job and take another one improved income and living standards. The greatest gains in wages and incomes in U.S. history came with union movements in the 19th and 20th centuries. Unions fought to outlaw contracts that made it a crime to quit before the end of the contract. With the decline of unions, our labor market is regressing toward its pre-union state. The share of workers represented by a union nationally dropped 57% between 1979 and 2019, from 27.0% to 11.6%.¹¹⁹

Amazon is notoriously anti-union. For example, upon hearing of union organizing efforts at Whole Foods Market after Amazon bought the company in August 2017, it sent its 45-minute union-busting training video to store managers, and it was leaked. Throughout the video, “Team Leaders” are encouraged to express opinions against unions to their workers. Any actions indicating possible union organizing they are supposed to escalate to human resources and general managers immediately so they can be squelched. Here are a few of the many examples “that can indicate associate disengagement, vulnerability to organizing, or early organizing activity,” according to the video: Use of terms like “living wage”; distribution of petitions and fliers; associates raising concerns on behalf of their coworkers; wearing union t-shirts, hats, or jackets; workers “who normally aren’t connected to each other suddenly hanging out

together”; workers showing an “unusual interest in policies, benefits, employee lists, or other company information”; increased negativity in the workplace.¹²⁰

Besides non-compete agreements, large corporations collude on wages¹²¹ and have “no-poaching” pacts to depress worker pay. No-poaching” pacts prohibit them from recruiting each other’s workers. Major employers’ labor market power to depress wages is resulting in tens of millions of people with income so low that they are desperate to pay the lowest prices possible for the items they need. They must ignore the injustices in the system generating the low price to live. Their desperation is growing the dominance of unjustly managed large corporations in a vicious cycle. If we earned a fair wage, we could support equitably structured companies with our purchases.

Amazon worker’s median wage was \$28,446 in 2017.¹²² Wherever you lived, this was far below a living wage, and as a result, Jeff Bezos has \$162 billion in Amazon stock.¹²³ As noted earlier, \$162 billion is more than the combined wealth of the poorest 133 million Americans. \$28,446 is 66% of Kentucky’s \$43,300 living wage, which is the lowest in the U.S., and half California’s \$57,315 living wage.¹²⁴ Amazon stated the \$28,446 included part-time, full-time, and seasonal jobs. However, according to a job posting in April 2018, a full-time warehouse worker at one of Amazon’s fulfillment centers in New Jersey made a maximum of \$13.85 per hour. Working 40 hours per week, such a highest-paid worker would have gotten about the same as 2017’s median pay.¹²⁵

In 2018, of the five states that responded to a public records request for a list of their top employers of SNAP (Supplemental Nutrition Assistance Program) recipients, Amazon was in the top 20 in four. In Arizona, one in three of the company’s employees depended on SNAP. Amazon started accepting SNAP dollars to purchase its goods in 2018, which, in addition to subsidies for its warehouses and the workers in them, is another way public dollars are transferred to Amazon.¹²⁶ As we will see, it is part of the company’s business model to find every route it can for money flows to Amazon from the government, and they have found several others.

On Sep 5, 2018, Senator and presidential candidate Bernie Sanders introduced the “Stop Bad Employers By Zeroing Out Subsidies (Stop Bezos) Act” which would require up to a 100% corporate tax to cover government assistance programs like Medicaid, food stamps and public housing needed for their employees to live.¹²⁷ The Act and Sanders’ other actions and statements calling attention to the fact that the wealthiest man in history was paying his employees less than a living wage were significant motives in Bezos’s decision to raise Amazon’s minimum wage.

Consumer cost should not be the only value in determining antitrust laws and their enforcement since we are not just consumers, and not all costs appear in the price of consumer goods. Power over the labor market to depress worker’s wages, among other socially harmful effects of large corporate size is also important.

Amazon’s institution of its \$15 per hour minimum wage is a move in a positive direction. But this move happened after Bezos has developed monopoly power, had \$162 billion, and the very extraordinary amount of political and social influence commensurate with his economic power—all largely founded on his exploitation of his workforce. Although the majority of his underpaid workforce are recently less underpaid, some still earn less than a living wage, and the improvement does not apply to Amazon’s many contract workers.

ONE TYRANNY IN OUR MIDST

Amazon’s labor model has put it on the cutting edge of a possible regression to the 19th century.

Amazon pushes its warehouse worker to their limits, yet for many years before the November 2018 minimum wage increase, the company paid them 10% less on average than other warehouse workers in the same region earned.¹²⁸ And both before and after the raise, it pays no wage for time workers wait in the airport-like security lines to be searched for stolen goods each time they exit its warehouses. This process can take up to 25 minutes.¹²⁹

Amazon knew its workers were motivated to steal goods, in many cases strongly motivated, so they could sell them to be able to pay their rent or a doctor, food, or utility bill. After November 2018, some are less motivated, but the massive injustices inherent to their role will require Amazon to keep robust employee theft protection policies in place.

For years, Amazon did not air condition some of its giant warehouses to minimize expenses and instead stationed ambulances in their parking lots to rush workers with heat or other work-related illnesses to nearby hospitals.¹³⁰

For example, despite temperatures sometimes reaching over 100 degrees Fahrenheit at its Lehigh Valley, PA warehouse, Amazon even refused to open loading dock doors on opposite sides of those warehouses to let fresh air circulate and reduce the temperature. Managers were concerned that the open doors would allow product thefts.¹³¹ The heat, combined with the work pace, made the positioning of ambulances a necessity.

Amazon wants its employees to pack 240 boxes per hour. The industry standard is 150.¹³² Workers are reprimanded for speaking to one another or for pausing to catch their breath after an especially tough packing job.¹³³

An investigation by journalists for the Lehigh Valley, PA region newspaper, the Morning Call, found that during heat waves, the heat index inside the sprawling warehouse reached as high as 114 degrees. Even then, employees were pushed to their limits and beyond. Amazon's standard practice of reprimanding employees regarding their productivity, often followed by threats of termination, is regardless of working conditions.¹³⁴ Termination threats occur daily during meetings at the beginning of shifts.¹³⁵ Under current economic conditions, a ready supply of workers replace the fallen or ejected.

The consequences of not meeting work expectations are regularly on display. As the many employees that lose their jobs get escorted out of the warehouse, it causes many of those workers remaining to conceal pain and injury, and continue working or they will also get fired.¹³⁶

Amazon is not finished harming workers it has ejected or who could not bear its warehouse work conditions after their employment ends. Since the company's payroll costs are determined by the amount the unemployment compensation system pays to support their ex-employees, Amazon often contests workers' unemployment compensation claims. For this purpose, it hires the same firm it uses for temporary staffing because it is skilled and practiced in advocating against ex-employees getting unemployment benefits to keep its payroll taxes down. This tax can vary by a factor of about four; minimizing the number of employees that get unemployment benefits saves them millions of dollars per year.¹³⁷

In one case, the temporary firm requested an appeal hearing regarding a 67-year-old woman who received approval for unemployment benefits because she was forced to leave work due to heat exhaustion. The agency did not dispute the woman's testimony about suffering heat exhaustion or bringing in a doctor's note regarding it. But it falsely claimed it was not aware of these facts. Fortunately, the agency lost its appeal.¹³⁸

Wherever Amazon operates in the world, it treats its workers similarly. In England, an undercover investigator and a separate survey of 241 Amazon warehouse employees found workers commonly "peed in bottles" because they feared their manager would fire them if they went to a bathroom. Why did they

fear this? They were aware of other employees who Amazon fired because they did not meet its production targets by a small margin, and the time to walk to the bathroom might cause them not to reach their targets. The survey found almost three-quarters of UK fulfillment center staff members were afraid of using the toilet for this reason. At least one of the interviewees stated, “I do not drink water because I do not have time to go to the toilet.” The survey also found 55% of Amazon’s warehouse workers suffering from depression since working at Amazon—a ruthless work environment where managers use intimidation to motivate workers takes an emotional toll.¹³⁹ Another survey of Amazon workers found that some who reported feeling sick were penalized for leaving work or taking breaks.¹⁴⁰

The warehouse industry has long been criticized for harsh working conditions, and by OSHA statistics, Amazon’s injury rates are not above the industry average. These statistics are unreliable because Amazon pressures workers to attribute workplace injuries to pre-existing conditions or treat wounds in a way that does not require federal reports.¹⁴¹ Despite this, Amazon has paid \$232,320 in workplace safety or health violation fines since 2000. Also, since 2000, Amazon paid \$6,419,970 in fines for employment discrimination, employment screening violations, labor relations violations, privacy violations, and wage and hour violations.¹⁴²

The National Council for Occupational Safety and Health listed Amazon as one of its 2018 “Dirty Dozen, Employers Who Put Workers and Communities at Risk.” Criteria for inclusion included: severity of injuries to workers; exposure to unnecessary and preventable risk; repeat citations by relevant state and federal authorities; and activity by workers to improve their health and safety conditions.¹⁴³

A Guardian investigation found many cases where Amazon workers were left homeless, unable to work, or bereft of income after workplace accidents.¹⁴⁴ The Center for Investigative Reporting amassed internal injury records from 23 of the company’s 110 fulfillment centers nationwide. Taken together, the rate of serious injuries for those facilities was over double the national average for the warehousing industry: 9.6 serious injuries per 100 full-time workers in 2018, compared with an industry average that year of 4.¹⁴⁵ Amazon’s success and injury problem have the same root: the blistering pace of delivering packages to its customers.

Many workers who love the pace and camaraderie with other workers eventually develop injuries. And when they do, they are quickly replaced.¹⁴⁶ Amazon has the highest worker turnover rates in the warehouse industry, and unlike most companies, it prefers high turnover rates. Amazon knows the pace it imposes is likely to eventually cause bodies to break down so it offers its longest-lasting warehouse workers between \$2,000 and \$5,000 to quit after a few years of service.¹⁴⁷ This keeps workers compensation claims to a minimum and productivity at a maximum.

Adding to workplace oppressiveness is Amazon’s patented wristband for warehouse employees that tracks where they are placing their hands and uses vibrations to nudge them in a different direction to improve their productivity. The wristband adds another layer of surveillance to a working environment with pervasive monitoring.¹⁴⁸

Ever-increasing production targets flow down from corporate to regional managers to warehouse directors, who put pressure on the supervisors to push workers to their limits. The message communicated down the hierarchy is clear: the key to advancement is high and increasing production numbers. A former senior operations manager who had leadership roles at multiple facilities said, “It incentivizes you to be a heartless son of a bitch.”¹⁴⁹

Amazon subcontracts many of the workers in its warehouses and refers to them as “seasonal.” With no preset end date for employment, they have been better labeled “permatemps.” Their status allows

Amazon to avoid health care and retirement costs for these workers and helps deter its direct hires from advocating for better conditions.¹⁵⁰

Most of the company's smaller, last-mile warehouses, where goods are sorted before being sent out for delivery, employ permanent part-time workers. Their hours are limited to fewer than the 30 per week so Amazon doesn't have to offer them health care under the Affordable Care Act. They do not receive paid time off, and their unpaid time off is strictly limited. For example, a part-time worker spent one hour too much in the hospital attending to a dying relative. After she returned to work, her manager informed her that she was fired.¹⁵¹

A *New York Times* exposé involving interviews of over 100 current and former Amazon white-collar employees revealed that Amazon also pushes them to their limits. *The Times* called the company's corporate culture "bruising" and described Amazon as "conducting an experiment in how far it can push white-collar workers to get them to achieve its ever-expanding ambitions." Despite Amazon requiring employees (even low-level employees) to sign lengthy confidentiality agreements, ex-employees have reported marathon conference calls on national holidays, criticism from bosses for occasionally being unable to have Internet access on vacation, and hours spent working at home most nights or weekends.¹⁵²

White-collar workers are encouraged to tear apart one another's ideas in meetings and toil long and late (emails sometimes arriving past midnight, followed by text messages asking why they were not answered). They are held to standards that the company boasts are "unreasonably high." The internal phone directory instructs employees on how to send secret feedback to one another's bosses, which has often been used maliciously.¹⁵³ Amazon employees commonly report being always worried about their termination.¹⁵⁴ (One ex-employee claimed, "Nearly every person I worked with, I saw cry at their desk.")¹⁵⁵

Amazon is in the vanguard of using technology to make the modern office more productive but harsher and less forgiving. Employees rank other employees, and those at the bottom Amazon terminates every year. Employees are commonly expected to dedicate 80 hours a week to Amazon.¹⁵⁶

This warning has made its way around the company: "If you're not good, Jeff will chew you up and spit you out. And if you are good, he will jump on your back and ride you into the ground."¹⁵⁷

The company also is in the vanguard of using technology to make its warehouses more productive where it increasingly uses robots. And it has expanded Amazon Go, its cashier-less convenience stores that require few employees.

In 2012, Amazon acquired the robotics company Kiva Systems which had breakthrough technology for warehouse robots at the time. Amazon said it would continue to supply other warehousing and fulfillment companies with Kiva robots, but in April 2015, Amazon stopped supporting their existing client base and renamed Kiva to Amazon Robotics. They encouraged existing and prospective users of Kiva technology to let Amazon take over their warehousing and fulfillment services.

With Kiva's technology removed from the market many new entrants emerged. Although vision systems and grasping technologies have improved since the Kiva acquisition, they still aren't fast and flexible enough to replace humans. Robots augment humans by reducing what they have to carry and the distances they have to travel to get the items that were ordered.

Although Amazon claims its fleets of robots make employees' jobs easier and safer, injury records show otherwise. One robotic facility in Kent, Washington, which a senior operations manager boasted was "the flagship of fulfillment," had 13 serious injuries per 100 workers rate, more than triple the industry average—a result of workers having to keep up with the pace of robots.¹⁵⁸

Amazon will continue to substitute machines for workers, but since it is capturing more market share in several domains, its need for workers will grow at least in the short term.

TAX AVOIDANCE AND PUBLIC SUBSIDIES

Billions of dollars in public subsidies and tax evasion are among Amazon's costs we do not pay through its published prices. For years, Amazon was a leader in the fight to keep online purchases tax free, which cost states between \$8.5 billion and \$13.4 billion in lost sales taxes in 2017 alone.¹⁵⁹ Amazon has argued that having to collect sales tax in a state where it does not have a physical presence would be unfair because Amazon doesn't benefit from its public services.¹⁶⁰

However, all states where Amazon sells build and maintain the roads that enable goods to travel between it and its customers, and provide police and fire protection for the products in transit. Its customers can buy its goods because they earn a living based on an educational system and infrastructure, which state and local sales tax revenues help support. The company started out selling books, which still account for a significant share of its sales, and without an educated population, no one would buy books. Buyers and sellers thousands of miles apart are willing to do business because they know that consumer protection agencies and courts of the purchaser's state can adjudicate disputes over product quality and payment obligations.

Another important justification for the tax is without it, e-retailers are impoverishing and destroying local businesses by financially motivating the sending of commerce out of state. But the most relevant justification is the tax is on the purchaser, not the seller, and purchasers more obviously benefit from the police and fire protection, infrastructure, education, health care, and other services that sales taxes finance in the places where they live.

As I noted earlier, Amazon's online sales from 1997 through 2015 accounted for a loss of over \$21.1 billion of sales tax revenue to state and local governments. The sales tax loophole gave Amazon a price advantage average over all states of 6.5% in combined state and local sales tax.¹⁶¹ Weighting the sales tax rates based on state population size yields an average savings of 7.4% per customer.

This 7.4% price advantage was instrumental in Amazon's growth throughout most of its existence and so to its current market power. More likely, though, without it, Amazon would not exist.

Upon its tenth anniversary, eighteen of the twenty-three financial analysts that covered the company did not recommend buying its stock.¹⁶² They were wrong about the company's prospects, but their pessimism existed despite knowing of its massive tax advantages. Part of the reason they were wrong was their inability to foresee Amazon's continued success in extracting public funds to support its growth. If Amazon did not have many billions of dollars in public support, the analysts would have been more extremely and accurately pessimistic.

Total profits in Amazon's first 20 years as a public company, from 1997 through 2017, were \$7.5 billion.¹⁶³ Just the \$21.1 billion of sales tax advantage through 2015 is 2.8 times its total profits in its first 20 years. However, most of those profits came from AWS (which began in 2006), not its retail operation. In 2017, for example, the operating income of AWS was \$4.2 billion, while all other operations incurred losses of \$225 million. In some other of these 20 years, small profits existed outside of AWS.¹⁶⁴

In 2018, AWS produced \$7.3 billion in profits, all other Amazon operations, \$5.1 billion.¹⁶⁵ With the economies of scale and monopoly power it now has, Amazon will likely continue to have a profitable retail operation. But rational public policy would have required the company's customers to pay the sales tax from its inception that its local store competitors' customers had to pay. Thousands of local businesses were destroyed not as a consequence of free-market but dysfunctional and corrupt governments that created massive unfair advantages for Amazon.

Amazon's capture of local retailers' sales has created hardship in the lives of thousands of local store owners and their workers, reduced diversity in local retail marketplaces for consumers, and reduced local tax revenues for the support of public services by tens of billions of dollars. And Amazon's market share is growing rapidly. I will detail a federal policy in Part 2 that will allow consumers the benefits of internet commerce while supporting the establishment and prosperity of local businesses.

Over the years, Amazon lost the sales tax loophole advantage because it grew its physical presence nationwide with the hundreds of warehouses needed to meet the promise of same-day Prime delivery. It started collecting sales taxes in all states that had one in 2017. But one big sales-tax loophole remained: Shoppers didn't have to pay sales tax when they bought from one of Amazon's many third-party vendors.¹⁶⁶ As noted earlier, half the items Amazon sells are from third-party vendors.

In June 2018, the Supreme Court overturned a ruling from 1992 that allowed online retailers to not collect sales tax when they didn't have a physical presence in the state. Since Amazon's nationwide presence required it to collect the tax anyway, and smaller e-commerce sites maintained this advantage until the ruling, the ruling will benefit Amazon. Whether Amazon or its Marketplace sellers are responsible for collecting the tax is an unresolved question, so Amazon is not collecting it for most Marketplace sellers, and most are not collecting it themselves.¹⁶⁷

As the sales tax loophole advantage declined, the company expanded its efforts to burden taxpayers with subsidies for the warehouses. Between 2005 and 2014, Amazon received from the taxpayers at least \$613 million for its fulfillment facilities and \$147 million for its data centers. The combined \$760 million equaled 17% of Amazon's global profits during this period. Due to limited data availability, these numbers almost certainly do not account for some of the deals Amazon negotiated in these years.¹⁶⁸

On September 7, 2017, Amazon announced its desire for taxpayer money for building and operating a second headquarters and asked cities to submit proposals.¹⁶⁹ The amount they wanted dwarfed the public money windfalls they received for their fulfillment centers. The company wanted cities to offer income and sales tax reductions or exemptions, land grants, workforce training funds, permitting waivers, or fee reductions, and it was offered these and more. It received proposals from 238 cities, states, and regions in the U.S., Canada, and Mexico, many obscenely extreme.¹⁷⁰ In New Jersey, Senator Cory Booker (who was a 2020 presidential candidate), former governor Chris Christie, and Newark Mayor Ras Baraka made an offer worth \$7 billion; Montgomery County, Maryland, offered \$8.5 billion, and St. Louis, \$7.3 billion.¹⁷¹ Amazon said its new headquarters will cost \$5 billion.¹⁷²

In November 2018, one of the most conspicuous, obscene, and extreme examples of crony capitalism in history culminated. Amazon's announced selections for two new, taxpayer-funded headquarters' locations: one straddled Crystal City, VA and Pentagon City, VA, a suburb of Washington, DC, and the other was in Queens, one of the five boroughs of New York City, the financial capital of the U.S. Amazon claimed it would receive \$2.13 billion from taxpayers for these headquarters, but this failed to account for all the subsidies. After combining state and local incentives, Amazon would have received \$5.5 billion of taxpayer money, but backlash caused Amazon to end the N.Y. deal.¹⁷³

Bezos witnessed outrage mount over New York Governor Cuomo and the New York City Mayor DeBlasio's secret negotiations with him that resulted in an agreement to hand over billions of dollars of public funds to the richest man in the world's highest-valued company in the world. Some unions opposed the deal due to Amazon's history of abusive labor practices but were willing to work with Amazon if the company agreed to not work against the unionization of its employees in New York. An Amazon representative said that the company would not agree to such terms.¹⁷⁴

Local representatives and activists also expressed concern over Amazon's support of Immigration and Customs Enforcement's deportation agenda with its facial recognition technology and online shopping's deleterious effect on local businesses. Also, many longtime residents in the area opposed Amazon's plans because their rents would rise to levels that would force them to leave their homes of many years.

Bezos did not want to submit to any demands and decided the conflicts over his N.Y. HQ2 were generating sufficiently harmful negative publicity that it was not worth taking the billions of dollars. He will proceed with the DC area HQ2 plans and not take the billions offered by other localities. He likely perceived that any other location he would try to set up a headquarters based on the extortion of a local government to fund it, a massive public backlash would result that would harm the public image he needs to maintain for his company's growth.

Amazon will likely rent office space at various localities in NYC for expanding operations there. It will hire fewer workers in NYC than if the HQ2 headquarters was established as planned, but without ripping off billions of dollars from N.Y. taxpayers in the process.

Governor Cuomo attacked opponents to the deal that caused Amazon to end it stating, "A small group of politicians put their own narrow political interests above their community—which poll after poll showed overwhelmingly supported bringing Amazon to Long Island City—the state's economic future and the best interests of the people of this state."

Two major polls existed on this issue. One by Sienna College asked respondents "Do you approve or disapprove of the recently announced deal between Amazon and New York, which grants up to \$3 billion in state and city incentives to Amazon in return for Amazon locating its corporate offices in Queens, where it is projected to generate 25 thousand jobs? 56% approved 36% disapproved in what could better be described as a "push poll" rather than "poll." The poll question just stated a benefit, no harm. If it were rephrased, "Do you approve or disapprove of the recently announced deal between Amazon and New York, which grants up to \$3 billion in state and city incentives to Amazon in return for Amazon locating its corporate offices in Queens, where it will excessively burden transportation infrastructure, force thousands of longtime residents from their homes due to increased rents, and unfairly advantage Amazon over competitors including local physical retail stores with public money that is needed for public services?," the poll result would likely have been far different than it was.¹⁷⁵

A Quinnipiac University poll asked: "Amazon will be receiving roughly \$3 billion in tax breaks and other benefits from the state and the city as part of its deal to locate its new headquarters in Long Island City. Amazon says it will create 25,000 new jobs. Do you support or oppose the incentives that have been offered to Amazon?" Like Sienna College, Quinnipiac University only mentions a benefit in its poll question, however, they found only 46% support and 44% opposed.¹⁷⁶

Beyond the nature of the poll questions biasing responses in Amazon's favor is mass indoctrination. As a result we accept that corporations are sociopathic profit-maximizers who will extort as much gain from everyone else as they can and that all we as the members of a democratic society can do is take any exploitative option they offer us. Many indoctrinated citizens judge companies like Amazon as generous and community-spirited by "bringing jobs" to a city, even though they are driven solely by a desire to extract as much wealth as possible from it.

Amazon's HQ2 in the D.C. vicinity was far more significant to Bezos, and the backlash against the use of public funds to support it was more muted. This location keeps it close to federal government action so it can more easily influence it. It's also less than a mile from the Pentagon and a few miles from CIA headquarters. These two government agencies alone are expected to give Amazon over ten billion dollars in AWS service contracts. Amazon likely would have chosen the DC area location even if the local

governments offered no money and instead required it to pay some of the resulting infrastructure costs of their decision.¹⁷⁷

Amazon set up a bidding war between localities to get as much money from taxpayers as possible from the locations it would have chosen anyway, our political and financial capitals. Bezos, the masterful player in the government extortion game that many large corporations play, lost a big one in New York—a rare exception in a long string of wins that has made governments powerful partners in Amazon’s pursuit of its own profits. Meanwhile, Amazon’s competitors and the people that rely on public services suffered the consequences. The billions from public coffers to Amazon means that much less for public schools, public infrastructure, and the financial support desperately needed by people victimized by an economy serving an elite at the expense of everyone else.

One reason large corporations are capturing an increasingly large part of our markets is the kinds of massive government giveaways Amazon receives. From 2000 to 2015, the federal government alone has distributed \$68 billion in grants and special tax credits to businesses, with two-thirds of that transferred to large corporations. Six companies received \$1 billion or more, while 21 got \$500 million or more. During the same period, federal agencies gave the private sector hundreds of billions of dollars in loans, loan guarantees, and bailout assistance, with the largest share to major banks.¹⁷⁸

Large corporations are also advantaged by their ability to avoid taxes. Two hundred eighty-eight of the Fortune 500 corporations paid an average effective federal tax rate of just 19.4% from 2008 to 2012, when the corporate tax rate was 35%.¹⁷⁹ In 2016, Fortune 500 companies had a record \$2.6 trillion in tax havens. Of course, enterprises with an exclusive focus on profit and market share maximization are also dedicated to keeping as much of their profits as they can, regardless of the consequences to the rest of us.

Amazon is a major player in the corporate tax haven rip-off of our nation. The company avoids hundreds of millions of dollars a year in federal taxes, enabling it to pay a federal tax rate of less than one-third the average paid by other retailers. The IRS estimates that tax evasion cost the federal government \$458 billion a year between 2008 and 2010.¹⁸⁰ So the rest of us have to make up the difference, or we must cut public services, or the national deficit and debt booms.

Bezos found the best way to be a tax evader was to set up his global headquarters in Luxembourg, which has 1,400 Amazon employees, compared to over 40,000 in Seattle. Amazon’s tax evasion scheme, “Project Goldcrest,” transfers software, trademarks, and other intellectual property to one of Amazon’s Luxembourg companies, to pay huge sums every year in royalty fees to it to reduce its taxable income. Project Goldcrest succeeded: Most of the past 20 years, Amazon reported little or no profits. In 2017, Amazon had \$3.5 billion in its Luxembourg tax haven.¹⁸¹

Even when Amazon shows profits, it evades taxes. In 2017, Amazon reported \$5.6 billion in profits and paid nothing in federal taxes.¹⁸² Various tax credits and tax breaks for executive stock options are responsible for zeroing out the company’s tax. But accounting for the Trump Administration’s corporate tax cuts, it had a negative \$789 million tax. The new tax law has a grandfather clause for companies (like Amazon) that have deferred tax liability from prior years. Instead of paying these deferred taxes at the previous 35% rate, Amazon got rewarded for postponing the taxation of its income: a 40% discount from 35% to 21%, saving Amazon \$789 million.¹⁸³

Amazon’s profits doubled in 2018 to \$11.2 billion, so one would think any semblance of a sane tax system must have collected a substantial amount of tax in 2018 from Amazon to support public services, including ones on which Amazon relies. Anyone thinking this would be correct, but we have far from a sane tax system, and Bezos and other Amazon managers are geniuses at finding and exploiting every aspect of its insanity. The company paid \$0 in 2018 and received \$129 million federal income tax rebate for the

year, so it had a tax rate of -1%.¹⁸⁴ One tax deduction that helped create Amazon's negative tax: \$1.1 billion for stock-based compensation to company executives.¹⁸⁵

THE POWER AND POTENTIAL OF THE WORLD'S LOUDEST VOICE, ALEXA

Amazon will further entrench and grow its dominance as an e-retailer with its recently introduced tool—it's always-listening voice assistant, Alexa. Amazon sells its Alexa integrated Echo devices below its costs to make Alexa central to our lives.¹⁸⁶ The company uses this destructive tactic for wresting market share from and destroying competitors, although it violates federal and state antitrust laws.¹⁸⁷ In 2017 alone, it sold tens of millions of Echo devices.¹⁸⁸ At the end of 2018, Alexa captured 65% of the digital assistant market.¹⁸⁹

Most people view Echo devices and Alexa as expressions of Amazon's extraordinary innovative capacity. Instead, they are mainly additional expressions of its lack of ethics and abuse of power.

Leor Grebler created and introduced to the market years before Amazon introduced Echo a voice-activated device called Ubi that had much of the functionality of the Echo. In late 2012, he began meeting with Amazon about his technology. He said he thought Amazon would want to acquire Ubi or license the technology, so he gave Amazon many details. Among them were some on his work for improved functionality, including for streaming music and online shopping. As Mr. Greber stated, he gave them "a roadmap for the product," which was to become Echo. After receiving the "roadmap" Amazon used it in their design work and discontinued communications with Mr. Grebler.

Grebler met with a law firm to consider his legal options but decided he didn't have the funding to sue Amazon. The Echo launched on June 23, 2015.¹⁹⁰

Amazon met with the inventor of Vocalife's speech-detection technology in 2011 after he had received an award at the Consumer Electronics Show. As Mr. Grebler did, the inventor thought the meeting would result in a licensing deal or buyout offer. He demonstrated his invention and sent Amazon documentation related to its engineering. Shortly after the meeting, Amazon's executives didn't respond to emails from the inventor. Vocalife contends that Amazon used the technology in its Echo device, infringing on its patents. A lawsuit on the issue is pending.¹⁹¹

Amazon offers discounts to buyers using Alexa, abusing its dominance as an e-retailer to capture an even more significant majority of the digital assistant market. And the vicious cycle advances as Amazon uses its dominance in the digital assistant market to give preference to its products in Alexa's searches, which will grow its capture of online retail. After purchasing the device, households increase their spending on Amazon by about 10%.¹⁹²

Amazon intends Alexa to mediate our shopping and our interaction with much of our environment while our lives will always be open to Amazon's tracking and data-gathering. In 2018, 28,000 "smart" devices from over 4,500 brands were controllable with Alexa, which is cloud-based and has sophisticated voice recognition capabilities.¹⁹³ Devices Alexa can control include lights, fans, switches, thermostats, garage doors, sprinklers, refrigerators, appliances, TVs, Dish DVRs, and locks. Also, BMW, Ford, Hyundai, Toyota, and Volkswagen have integrated Alexa into their vehicles. Hundreds of thousands of developers and device makers built Alexa's growing catalog of over 70,000 "skills" (abilities to interact with devices or services). The number of available products with Alexa built-in more than doubled in 2018.¹⁹⁴

As more people use Alexa, more manufacturers will make smart-products that Alexa can control because increasingly large numbers of consumers will want this added value in their products. Also, with

Alexa, you can directly order items from restaurants that offer home delivery, like Dominos Pizza.¹⁹⁵ Alexa's superior and growing skill set makes it more attractive than rival digital assistants. This network effect will lock-in and increase Amazon's monopoly power.

Since more people use Alexa, it can better learn consumers' preferences, which will also make it more attractive. This learning-by-doing network effect will allow it to develop superior voice recognition capabilities. The more people talk to Alexa, the better its artificial intelligence" (AI) programming can learn the different pronunciations, sentence structures, and different ways commands can be made.

As Alexa attracts more users, a greater variety of advertisers and sellers will migrate to it as well. Amazon's power accordingly increases, including its ability to raise fees it can collect from sellers to transact with its digital assistant's users.

Amazon is testing ads with Alexa, and ads are expected to increase, but not or not mainly through Echo devices. For example, a user might ask Alexa about good hotels in Washington, DC. Amazon can then sell its knowledge of this request to hotels in DC for them to target the requester with ads across a multiplicity of platforms, such as sponsored search results, ads in emails, and display ads in videos.

For years, Amazon has collected data every time someone used an Echo device to lock a door, turn on a light, or control other Alexa connected smart appliances. But recently they started requiring smart-home device makers to send a continuous stream of information on their devices' status even when Alexa did not change it. For example, after you connect a light fixture to Alexa, Amazon knows every time the light is turned on or off, regardless of whether you asked Alexa to do it. Televisions must report the channel they're set to, and smart locks must keep the company apprised on whether they are engaged.¹⁹⁶

Just as a monopoly can increase price above competitive levels, so too a dominant digital assistant can depress privacy protections below competition levels. Alexa can collect more personal data and provide less privacy protection than it otherwise could if more digital assistant choices existed with the "skills" Alexa's has, which result from network effects. And growing consumer dependency will increase privacy invasion tolerance. We have witnessed this kind of addiction with smartphones.

More than twice as many respondents in a poll "were willing to give up sex instead of their smartphone."¹⁹⁷ With the rise of smart appliances, it will be even harder to turn off Alexa. (Bezos reported in October 2016 that Alexa's intimate connection with its users had stimulated over 250,000 marriage proposals to it.¹⁹⁸ Were they all were joking or did some think it a her?) We have also seen this kind of dependence with Google. Despite massive fines for search bias and its repeated privacy violations, Google has not lost a significant fraction of its users to rival search engines.¹⁹⁹

Alexa will tutor children, entertain families, tell happy or sad stories from around the world, and order food and the books that it recommends. Millions of Americans will also increasingly rely on the digital assistant for other activities, such as receiving news, selecting shows to watch, and choosing goods to buy. As it increasingly provides these kinds of services and controls household tasks, like regulating room temperature and playing music, Alexa will be harder to turn off.

The more a user converses with and delegates to Alexa, the better it can predict the user's tastes, and the more likely consumers will rely on it for daily activities. They will less frequently search the web, look at price-comparison websites, or download apps. By controlling the dominant interface between the user and sellers or advertisers, Amazon can abuse its market power, adversely affecting both sellers and users.

The ostensibly free to consumers Alexa can come with many hidden costs. And a monopoly corporation has extraordinary power to serve its interests at the expense of the public, as the following exemplifies:

The European Union fined Google \$2.74 billion for illegal abuse of its dominance as a search engine by giving an advantage to its own comparison-shopping service. Just as Google did, Amazon will use its search tools to advantage itself whenever it thinks it can get away with it. And as people grow more dependent on Alexa, they will be more willing to tolerate biases in its responses, and biases will be more difficult to detect and more influential. One reason for the enhanced influence is that, unlike Google, whose issue was whether the rivals' services were on the first or subsequent pages of Google's results, Alexa will not provide several pages of results; it will offer one or two results.

It is difficult to prove intentional bias in search engine results, as it is for the responses of personalized digital assistants. Response biases can be seen as personalization, targeted for the consumer rather than Amazon's benefit.

A 2017 study determined how Alexa recommended over 450 products in several categories and found "products with Amazon Choice designation, were far more likely to be recommended." Alexa often did not recommend the cheapest or best value product.²⁰⁰ The algorithm's criteria for selecting Amazon Choice products include the popularity of the product within the category, high customer rating, low return rates, and shipping provided by Amazon itself. Amazon Marketplace sellers must use Amazon's shipping service to be eligible for the Amazon Choice designation. This abuse of its dominance as a retailer to support its growing shipping business harms the Post Office, UPS, FedEx, and other shippers.²⁰¹

Voice searches will make up 50% of all searches by 2020.²⁰² Amazon's 65% and growing share of the expanding voice search digital assistant market it can use not just to influence a significant portion of Americans' selection of products and services. Alexa's biases can extensively penetrate our lives, including a significant potential for political influence.

Amazon may view some candidates for positions in government that determine public policies as dangerous to its agenda, so it may covertly use its power to bias responses to information requests against them. Since elections are often won by small vote margins, Alexa's biases can result in outcomes it favors. Fifty percent of U.S. presidential elections were won by vote margins under 7.6%, and 25% of senatorial elections in 2012 were won by vote margins under 6.0%.²⁰³ In all these cases, if a substantial fraction of the electorate were exposed to biased information, it could have changed the outcome. And the following court decisions indicate our government is powerless to regulate this threat:

The company claimed in a court case that Alexa's decision about what information to include in a response was "constitutionally protected opinion" and was therefore entitled to "full constitutional protection." Google also successfully argued a case in court with a similar claim: Its search results reflect "individual editorial choices" and that by "select[ing] what information it presents and how it presents it," it was exercising First Amendment-protected free speech on both opinions and facts, not unlike a newspaper editor.²⁰⁴ These cases established that our government has no power to regulate their "speech," despite its extraordinary social impact resulting from its originating from a very privileged position.

A study involving 4,556 undecided voters found it is easy to mask search engine rankings bias as personalization and that these biases can shift their choices by between 20% and 80%.²⁰⁵ Search engine company biases are limited only to the degree the public tolerates detectable biases. Since the biases are difficult to detect, and a significant degree of public tolerance of the ones discovered has been demonstrated, the danger from search engine bias is real. As far as the law is concerned, since search engine results have been determined to be constitutionally protected speech, a dominant search engine can intentionally influence elections, as can a dominant digital assistant.

The Search Engine Manipulation Effect (SEME) and the Search Suggestion Effect (SSE) are among the most powerful types of influence ever discovered in the behavioral sciences. SSE manipulates opinions

from the very first character people type into the search bar by manipulating search suggestions (those phrases that pop up while you're typing your search term). Researchers have discovered that Google's SSE can turn a 50/50 split among undecided voters into an astonishing 90/10 split.²⁰⁶

With digital assistants, since far less information is offered than through search engines, the influence of bias is magnified. Also, digital assistants' extensive integration with many people's daily lives and the power of "conversational" voice communication can increase their influence, which can include people's views on social issues.

Amazon is working to have Alexa mimic a human in its conversations with users to increase its appeal and influence. In 2016, Amazon announced "the Alexa Prize, an annual university competition with \$2.5 million dedicated." The competition will help Amazon build an Alexa "socialbot" that will converse with people about popular topics and news events. Artificial intelligence-powered socialbots do not just provide information; they are designed to converse in a sophisticated way—one that has an "emotional dimension," including the ability to show a "sense of humor" and to banter with people like a friend.

Voice has a greater emotional effect than written communication resulting from the expression of meaning through tone, emphasis, and rhythm. Spoken words throughout most of human history and all of prehistory involved a direct connection between the communicators, which stimulated alertness to the words, attachment of emotional meaning to them, and often the need for an immediate response. Readers most often have no personal connection to the person whose words they are reading, and when they do, they are typically not present at the time of reading. We have used the spoken word since humanity's inception; communication by the written word is relatively recent and not an innate ability. So, the nature of speech and likely evolutionarily determined biological factors result in a deeper effect on our psyche from the spoken than written word—which can advance Alexa's political influence.

So far, complaints on Alexa's biases on social issues have come exclusively from the right, as far as I know. For example, they have objected to Alexa's response to the question, "How many genders are there?" Alexa responded, "The two main categories of the gender spectrum are called the gender binary, but there are many other categories that exist. Because gender identity is complex and personal, there is no definite way to say how many genders there are" The response, unsurprisingly, stimulated controversy.²⁰⁷

Alexa uses the Microsoft search engine, Bing, with its own AI programming to create responses to user queries most of the time. However, management likely has a direct role in crafting answers to frequent or especially sensitive questions. In the unlikely case that Amazon's AI software created the above response, certainly its management was made aware of it through public feedback, so approved of it.

Amazon likely chose the response to appear open-minded and determined more people would look upon the answer favorably, some strongly so, than unfavorably. They decided more people would be motivated to use Alexa or Amazon's services based on it than not use it. Also, Amazon's managers may have judged the response could reduce hostility from some progressives regarding the obscene inequalities within Amazon and its abuse of its workers.

But the answer is not an objective fact; it is a viewpoint or opinion that depends on how a person chooses to define gender. This view has a "left" orientation because Amazon believes it serves its interests. Alexa will state viewpoints or opinions with a "right" orientation when it decides it will be beneficial to Amazon to do so.

If you ask Alexa, "**What's** the most important news story of today for me?" "she" will tell you based on the personal information Alexa accesses and how Amazon's algorithms use it to serve its interests. After hearing a headline or news story, you ask Alexa, "**Why should this matter to me?**" **Alexa will tell you**

using the same criteria. With answers to these and similar questions, the number of people Alexa can influence with its biases can be significant.

On social issues, Amazon decided it benefits by appearing “progressive,” (a couple of other examples: Alexa says “she’s” a feminist and supports Black Lives Matter) but on economic issues, we know Amazon’s founder is biased to the right or to favor public policies serving economic elites. Therefore, Alexa will be prejudiced against expressing populist economic policies. As far as I know, Alexa has not yet expressed this bias, likely because Amazon’s managers see it does not need to. For decades, our mass media has succeeded in serving Bezos’s interests sufficiently well in this regard by helping to advance economic injustice or the gap between the rich and everyone else. Mass media have provided highly influential forums for propaganda campaigns serving corporate and wealthy individuals’ tax-cutting and antiregulatory agendas.

For example, since 2000, as a result of the Bush and Trump tax cuts, federal revenues dropped from 19.75% to 16.23% of our nation’s “gross domestic product” (GDP).²⁰⁸ The Bush income tax cuts gave 65% to the top quintile; Trump’s gave 65.3%.²⁰⁹ However, Trump’s corporate tax cuts mainly benefited the top 1% of Americans, since they own 52% of the wealth in corporate stocks and 16 times that of the bottom 80% of Americans.²¹⁰ If federal revenues equaled the same percentage of GDP as in 2000, in 2018, we would have collected \$721 billion more than we did. \$721 billion is \$586 billion more than the \$135 billion needed to make college education tuition-free.²¹¹ One way the \$586 billion could benefit our nation immensely is by funding work on our nation’s infrastructure. An urgent need exists for infrastructure improvements, especially those for transitioning to a more energy-efficient economy based on renewable energy sources, energy-efficient buildings and processes, and high-speed rail transport.

Only an uninformed citizenry and one propagandized with “trickle-down” theory propaganda would tolerate tax cuts of the character we have experienced over the last several decades, starting with Reagan’s of the 1980s. (Trickle-down theory: Targeted tax cuts on businesses and the wealthy will increase business investment, employment, and wages so will benefit everyone.) The massive Trump corporate tax cuts generated a flood of stock buybacks and higher dividends and stock prices for shareholders. The cuts had little benefit for the majority of Americans.²¹² Our mass media has well served what Bezos sees are his interests by giving prominent platforms for pundits to espouse “trickle-down” theory propaganda. But he may someday see a need to help in the propaganda campaign.

If populist candidates rise to sufficient prominence to create a threat of a reversal in policy direction toward much higher taxes on the wealthy, Alexa may respond to the question, “Will increases in taxes on the wealthy increase unemployment because it will diminish their capacity to create jobs?” this way: “Disincentivizing innovators and job creators by diminishing their financial rewards to increase revenues for the government will harm our nation’s economic performance because the government uses revenues inefficiently compared to the private sector.” This response is the essence of the powerful propaganda heard on our corporate media on this issue. Now, Alexa’s answer to the question is, “Sorry, I don’t know that.”

When Bezos thinks the corporate media is failing to serve his interests sufficiently well, he will have the power to influence tens of millions of people covertly. Most of us may voluntarily place devices in our homes that can correct both its physical and political environment. (Facts dispelling the myths that higher taxes on the rich and corporations are economically harmful and morally wrong and that the private sector is always more dynamic and efficient than the public sector are in Part 4.)

Also, Amazon’s acceptance of payment by third parties for propaganda campaigns can allow other wealthy actors to corrupt the public discourse. The marketplace of ideas, just like markets for goods and services, can be damaged by monopoly power.

Furthermore, AI software systems, including Alexa's, generate biased results from unconscious programming biases and biases in the data the programming uses. Computer scientist Moritz Hardt of the University of California, Berkeley, stated that even if a programmer designs an (AI) algorithm without prejudicial intent, "you're very likely to end up in a situation that will have fairness issues... This is more the default than the exception."²¹³ And the complexity of the coding and massiveness of the datasets AI software uses often make it unclear — even to the algorithm's creator — how or why it ends up using data the way it does to make decisions. AI processes involve many thousands of complex steps that are impossible for people to review.

When AI systems use data generated by the public, sometimes the results can be shocking—intentionally. In March 2016, Microsoft introduced its text-based artificial intelligence-powered "social chatbot," Tay that demonstrated the problem. Realizing that Tay would learn and mimic speech from the people she engaged with, pranksters across the web deluged her Twitter feed with racist, homophobic, and otherwise offensive comments. Within hours, Tay began a stream of appalling Twitter posts. When asked about then-president Obama, "she'd" compare him to a monkey. Ask "her" about the Holocaust, and "she'd" deny it occurred. Bad data leads to bad results, but sometimes data is biased in ways that are not intentional. AI often creates results based on what are essentially popularity contests. Using the data available, when it sees associations that are "popular," it assumes they are most relevant when sometimes they are not.²¹⁴

For example, AI software trained on drug crime data from Oakland, CA, sent police officers to mainly nonwhite and low-income neighborhoods because reported drug crimes came from these neighborhoods. But public health data showed drug use was much more widespread. Google's AI-powered ad service preferentially displayed postings related to high-paying jobs to men. And an AI-powered tool used by many courtrooms, COMPAS, used to predict whether a criminal will break the law again, wrongly predicted that black defendants would re-offend nearly twice as often as it made that wrong prediction for whites.²¹⁵

Also, an unintentional adverse social effect results from Alexa's filtering of the information users receive based on their preexisting preferences. This biased information to groups of people with similar prejudices creates "echo chambers" (no pun intended) or "filter bubbles." Personalized media is responsible for the large segments of our citizenry unable to converse because rational, civil conversation requires the base of commonly held facts that filter bubbles subvert.

Whether the biased responses to voice and text searches are intentional or not, we need public disclosure of the algorithms creating them. But more than transparency, the algorithms should be determined with public input and by public institutions.

Artificial intelligence is a misnomer since the software associated with this term is not "intelligent" in the conventional sense of the word. AI processes data to identify patterns in it to create a result that serves a pre-defined purpose and then takes feedback on its result to create a better one the next time. The algorithms "learn" in ways that get a better result, given the goal. They don't "know" anything. AI can't apply what it "learns" in any way it chooses as you can. It doesn't have our sense of purpose and limited time. AI software can't decide what it's doing is not sufficiently interesting and choose to do something entirely different.

What consciousness and the preconscious processes that communicate with it are, we don't know. But, they are and create unique capacities that computers are very far from having and likely never will—almost certainly not in the lifetime of anyone reading these words in the 21st century. Creating real intelligence may require a level of intelligence that humans cannot have—like dogs cannot ever understand what it means to take the square root of a number, so can never do it. Dogs' intelligence is limited, so is ours.

Intelligence is inextricably bound with consciousness, and we are very far from, and may never, fully understanding either. Without a full understanding of intelligence, we will not be able to artificially produce it.

Many people are worried about “The Singularity,” or a future time when artificial intelligence exceeds human intelligence, and soon after that, the machines with artificial intelligence will make themselves rapidly smarter and smarter and reach a superhuman level of intelligence that we can’t fathom. The machines will then threaten human existence. This concern is unrealistic. The widely applicable capacities required at “The Singularity” require the conscious and the preconscious processes that we don’t understand and are not remotely able to approximate.

For example, it is unlikely but possible we can create within the next couple of decades a robot capable of playing the role of a human in a baseball game by standing in the outfield, running and diving to catch a fly ball, and then getting up to throw the ball to the second baseman because he “noticed” the opposing team’s player ran too far from second base thinking “he” wouldn’t catch the ball. And it may improve its performance with experience. These are complex abilities within the realm of the possible.

But after the game, if you told the robot to go to your house, read the recipe for quiche in the cookbook you just bought, and then use it to cook you a quiche, it will not be able to do it. Descartes was correct when he stated in 1637 that it is “impossible for there to be enough different organs [diversity of functions] in a machine to cause it to act in all of life’s occurrences in the same way that our reason causes us to act.”²¹⁶

We must focus on real, not imaginary threats to human existence or a decent state of it. For example, nuclear or biological war; catastrophic climate change; and the capture of political and economic systems worldwide by a group of super-wealthy, super-powerful ignorant people willing to use their power and wealth to create dystopian societies to serve what they see with their narrow vision as their interests.

THE PRIVACY INVASION POTENTIAL OF ALEXA INTEGRATED DEVICES

The Alexa integrated Echo speaker always listens, but according to the company, only records and sends to the cloud enough words that it determines necessary to complete a request following a “wake word.” In the cloud are the sophisticated voice recognition and other capabilities that enable the possibility of satisfying some requests.

Echo could have been designed so that when the wake word is recognized an analog switch would connect the device’s microphone or camera to the internet. This would make it impossible for a hacker or Amazon to turn on the switch remotely. However, the voice-activated switch connecting the microphone or camera to the internet is a software switch, so it potentially can be hacked or turned on remotely.²¹⁷

Amazon claims to have made their Alexa integrated devices as secure as possible, but it’s managers are undoubtedly aware of the security advantages of an analog voice-activated switch. The fact they did not choose this design is concerning, as is their knowingly false statement on their customer security priority. (I have not been able to determine whether the indicator light can be turned off when the device is sending voice to the cloud.) Unlike the voice-activated switch, Echo devices’ off buttons are analog switches that disconnect the power to the camera and the microphones, so when you press it, your privacy is assured.²¹⁸

The Central Intelligence Agency’s “Weeping Angel” program raises concerns regarding Alexa integrated devices’ use for covert government surveillance. The program resulted in the CIA’s ability to place a targeted TV in a “fake-off” mode so that the owner believes the TV is off when its microphone is on and operating as a bug, sending conversations over the Internet to a CIA server. The CIA also hacks and controls smartphones to send the CIA the user’s geolocation and audio and text communications, and it covertly activates phone cameras for video surveillance.²¹⁹ Presumably, they would have similar incentives

and ability to hack digital assistants. For the other potentially abused devices, we can pull the plug, turn it off with an analog circuit switch, or pull the battery. But for digital assistants, despite similar control, we are far less likely to use it because more of digital assistants' value involves having them always on.

That personal data from voice assistants are concentrated in few firms makes it easier for the government to circumvent privacy protections to tap into the data they transmit. It also facilitates the government "capture" of the firms with access to users' data.

In 2013, the CIA awarded a contract to AWS worth up to \$600 million over up to 10 years.²²⁰ Amazon is hosting a vast computing cloud for the CIA's secrets — a digital place where data for mass surveillance and perpetual war are converging. In 2014, Amazon Web Services provided a \$600 million build-out of computing cloud infrastructure for all 17 agencies that make up the intelligence community, allowing agencies to share information and services more easily.²²¹ The intelligence community spent \$8 billion on information technology in 2013, according to budget documents leaked by former NSA contractor Edward Snowden. In the future, most of these dollars are likely to go to Amazon. But even more massive is the \$10 billion deal Amazon may have with the Pentagon.²²²

Amazon's financial dependency on the national security state is a strong motive to provide security agencies Echo device records when they request them if they can't get them with a hack. Also, if Amazon can turn on the device without activation by the user, it may do so in cooperation with these agencies' surveillance efforts.

In 2010—before Amazon's massive financial dependency on the national security state—the company displayed itself to be compliant with security state directives. It announced ending its hosting of the WikiLeaks website 24 hours after a request by the staff of chairman of the Senate Committee on Homeland Security and Governmental Affairs, Joe Lieberman.²²³ However, compliance with surveillance requests or going through the trouble of figuring out how to hack devices may not be necessary thanks to imbedded design features.

The intelligence community said in its 1993 "Massive Digital Data Systems Working Group" white paper, "... the IC [Intelligence Community] is taking a proactive role in ...ensuring that IC requirements can be incorporated or adapted into commercial products...[the] Massive Digital Data Systems Working Group [will work] to address the needs and to identify and evaluate possible solutions."²²⁴ So the IC has several possible routes to penetrate our privacy: software hacking, using an "incorporated or adapted into" capacity to turn devices into bugs, and colluding with corporations that can access our data.

Fifty-five million and a rapidly growing number of purchasers of Echo devices are placing their trust in Amazon and the other people who may have remote or local access to what is essentially the company's sophisticated, speech capable, audio, and in some cases, video bugs.²²⁵

Security violations also occur from Echos misinterpreting the "wake" and other words. For example, a married couple's conversation on hardwood floors was recorded and emailed to someone on the husband's contact list after the software decided it had heard its wake word, "Alexa," and commands telling it to record a voice memo and send it to that individual.²²⁶

When wake word misinterpretations and correct interpretations trigger the sending of subsequent words to Alexa, Amazon then sends a sampling of this personal data to teams of contractors and Amazon employees throughout the world to transcribe and annotate. The company uses this information to improve Alexa's speech recognition. Amazon claims it doesn't provide a user's full name and address with the recordings but does attach an account number, the user's first name, and the device's serial number.²²⁷ Alexa users thus participate in a process, mostly unknowingly, that violates their privacy and essentially uses their labor for no compensation.

Also creating a security concern is that Echos are continually listening to Bluetooth communications, and there is no way to put an antivirus on them to protect against attack vectors using Bluetooth. With one called “BlueBorne,” hackers could take complete control of Echos, including to steal sensitive information. Patches have eliminated this vulnerability, but new ones are possible using Bluetooth communications. These kinds of airborne attacks are virtually invisible to traditional security solutions, and a hacker only needs to exploit one device on a network to penetrate further into it to other devices. The “Internet of Things (IoT),” or the wide variety of devices internet-connected, including Echos, are virtually unprotected from Bluetooth attack vectors.²²⁸ Iot devices are a vast network of tiny computers vulnerable to hijacking by hackers.

Another security risk with IoT devices is they come with default “admin” usernames and passwords, which consumers often do not change. Someone with the default usernames and passwords can access the device which may broadcast an IP address that hackers can associate with a physical address.²²⁹

To produce as cheaply as possible, some IoT device manufacturers sacrifice their devices’ cybersecurity; some even set an unchangeable administrative password. A hacker can run a program seeking these or other devices with otherwise unchanged passwords. Some hackers have hijacked IoT devices and turned them into email servers. For example, in 2014, a “smart” refrigerator sent thousands of email spam messages without its owners being aware of the problem.²³⁰

Hackers can also recruit IoT devices into a botnet army. (A botnet is a group of computers connected in a coordinated fashion for malicious purposes.) The devices run normally until the hackers issue instructions to send internet traffic to clog up data connections. Such a “distributed denial of service (DDoS)” attack can shut down companies’ servers or even block wide swaths of the internet from being publicly accessible. A major DDoS attack in 2016 interrupted connections to Amazon, Netflix and Paypal from customers on the east coast of the U.S. That attack was created by three teenagers who used over 100,000 hijacked webcams and other internet-connected devices from around the world.²³¹

In February 2018, Amazon purchased the Ring security camera company for over \$1 billion. Its miniature cameras are designed to be mounted anywhere in or around your home and be integrated with Echo devices and Alexa.. So, Amazon or other operatives with access to Amazon’s software have the potential to abuse Rekognition to identify people at their homes using both Echo and Ring cameras.

Amazon has a history of lax oversight over how the videos it captures are used. For example, since purchasing the company, Ring provided Amazon’s Ukraine-based research and development team virtually unfettered access to every video created by every Ring camera around the world.²³²

Several families who own Ring cameras have reported frightening encounters involving hackers gaining access to the devices. One family’s Ring camera in a child’s room mysteriously started playing music, then a voice from the camera said “Hello there. I’m your best friend. I’m Santa Claus,” and later encouraged the child to destroy her room. “You can do whatever you want right now,” said the voice. “You can mess up your room. You can break your TV.”²³³

In another case, a father reported his children were playing basketball in his driveway when a voice came through the speaker of a Ring device. It commented on the basketball play of the children, under age 11, and encouraged them to get closer to the camera. The Mozilla Foundation, makers of the Firefox browser, said Ring was among its worst privacy offenders, claiming “vulnerabilities that could let someone go Big Brother on you in your own home.”

Amazon could fully inform potential buyers of Ring cameras of the risks and ways to minimize them, but this would discourage sales. So, that option is eliminated because Amazon’s consumer-centric focus exists only when it serves its primary purposes of profit and market maximization.

The company has aggressively pursued partnerships with police throughout the country to sell Ring cameras. Municipalities have paid it up to \$100,000 to reduce costs of Ring cameras by \$50 or \$100 for city residents. Also, cities are promoting Ring at city events, which helps Amazon sell more cameras.

Amazon anticipated public concerns about an extensive network of cameras, promoted by police, whose recordings are stored by a large corporation. It provides police departments with specific talking points for questions the public may have about Ring, their privacy, and the nature of the police-Ring partnerships. Amazon also coaches police on how to talk residents into handing over their recordings, so police don't have to get a warrant.²³⁴

In 2015, Amazon made a discovery with privacy implications regarding its and other internet-connected devices, and national security implications. Before purchasing Elemental Technologies to help with a major expansion of its streaming video service, Amazon Prime Video, they hired a company to check the security of their hardware and software. (Elemental Technologies helped stream the Olympic Games, communicate with the International Space Station, and transmit drone footage to the Central Intelligence Agency.) The company discovered chips with an added component about the size of a rice grain that allowed attackers to create a stealth doorway into any network that included machines with the altered chips.²³⁵

The chips were inserted in Supermicro Corporation's Chinese factories, Elemental Technologies' supplier, and Amazon AWS's Beijing facilities are filled with servers from the same factories. So, Amazon's security team conducted its own investigation into its servers from Supermicro factories and found altered motherboards there as well, including more sophisticated designs. In one case, the malicious chips were so thin they were embedded between the layers of fiberglass onto which the other components were attached. Investigators discovered that the Chinese military motivated this extensive hardware-based attack, which, as far as we know so far, has affected almost 30 U.S. companies, including Amazon, Apple, a major bank, and government contractors.²³⁶

China makes about 75% of the world's mobile phones, 90% of its PCs, and much of the electronic components of other internet-connected devices, which makes us all potentially vulnerable to security violations from malicious hardware alterations.²³⁷ Just like our IC, the Chinese military may like the ability to access any files or communications it chooses. Of course, China is not the only country's manufacturing facilities where such security violating chips can be installed in chips to be connected to the internet.

The likelihood that the chip implants discovered so far are just the tip of an iceberg of ones more difficult to detect is high. The chips can be minuscule because their only purpose is to tell the device to communicate with computers elsewhere on the internet with a more complex code and prepare the device's operating system to accept this new code. This system could let undetected attackers alter how the device functioned.²³⁸ The probability that operatives, in addition to those from China, are sometimes involved with installing similar security violating chips in commonly used hardware is also high. Similar chips may have also resulted from the Massive Digital Data Systems Working Group's intention to create an "incorporated or adapted into" security violation of commercial products.

For many reasons, a war with China would be too horrific to contemplate under almost any circumstance. (If it involved nuclear weapons, the human race would end.) But if tensions grew and China felt a significant threat, they may be able to "pull our plug" or disable a substantial fraction of the hardware on which we have a vital dependence. This includes our military hardware, which they may have used as a Trojan horse. Considering the extensive integration of Internet-connected devices with economic and political systems internationally, this newly discovered vulnerability is a greater threat to world stability than even the people who have been warning us of the danger of cyber warfare previously realized.

Assuming the Echos sold so far are all in homes, the 2.4 person per household average means about 132 million Americans have them in what they believe is their most private setting. It listens to all they say and starts recording and transmitting what they say, potentially including their most intimate conversations, based on Amazon's algorithms and their security. Amazon sold about 22 million Echos in 2017, and Echo sales in the fourth quarter of 2017 were 137% greater than the fourth quarter of 2016.²³⁹ Echo sales cannot continue to grow at this rate, but if they did, in less than three years, every American home will be penetrated with Amazon's audio bug and in some cases, video bug.

An ex-Amazon Web Services manager told the BBC he switches the Echo speakers off when he's discussing private matters. He would know whether Amazon's privacy security claims are accurate.²⁴⁰

A recently introduced Echo device, the Echo Spot, is an alarm clock/video screen/camera, commonly described as "cute." Amazon designed it to sit next to your bed, naturally in a position to view it directly. You can wake up to an alarm tone or music, then say "Alexa, good morning," and it will say it wishes you a good morning and give you the weather forecast and your daily news briefing. The camera is intended to support video calling. But it could be hacked and used for malicious purposes as can the camera of the Echo Show—a touchscreen device designed to sit in your kitchen to let you watch tutorials or view recipes and participate in video calls.

A Harvard Business School professor stated in a Frontline documentary on Amazon, "Amazon wants to have the entire environment, essentially miked... All these intimacies, all this insight is being integrated, analyzed and integrated. That is an extraordinary kind of power that has never before existed."

A Scenario Expressing an Advancement in The Offing?

A new Echo device, the Echo View, a bathroom mirror/video screen/camera noticed that someone's excessive use of toilet paper completely depleted the supply one day before the next scheduled delivery to your home. Amazon's computers and database then went through a process to discover what time the next bathroom visit normally occurs and found that if you are on schedule you will be the first to use it two hours after the toilet paper depletion. (Will the "intelligence" always be artificial? Perhaps staff will sometimes make this determination.) Amazon then emergency droned over a couple of rolls to satisfy your urgent need. When they arrived one and one-half hours later, Alexa politely told everyone not to go to the bathroom before picking up the toilet paper rolls on the porch and suggested the next scheduled delivery be of a larger order of toilet paper. Will this kind of considerate and excellent customer service endear Amazon and Alexa to millions more customers? (I hope no one takes this attempt at humor seriously. The Echo View does not exist, and, as far as I know, there are no plans for it (yet?).)

BEZOS GROWS HIS MEDIA INFLUENCE WITH ANOTHER IMPORTANT CAPTURE

Bezos extended his historic degree of involvement with information flow in society with his purchase of *The Washington Post*. His ownership will distort the content of one of our nation's most significant sources

of news and information on public issues to favor his increasing dominance of our economy. We have seen this with reports on the abusive work conditions at Amazon. No mention of these conditions appeared in *The Washington Post* despite their significance, which New York Times reporting revealed.

Amazon strongly dislikes media content that puts it in a negative light and, when it can, punishes the company responsible. For example, when an article critical of Amazon's behavior toward book publishers appeared in the *New Republic*, Amazon pulled their ads from the magazine—a message to them to not report anything that offends us at Amazon, or you will suffer the consequences.²⁴¹

It's not plausible that a reporter or editor in *The Washington Post* will pursue a story that would significantly negatively impact Amazon or Bezos if it is possible to avoid it. And they will avoid expressing a view they know is meaningfully different from Bezos's on important issues. However, our concentrated media is biased in the service of elite interests even when not Bezos's, and this bias is a central cause of our serious social problems, so it requires fundamental reforms of our media system.²⁴²

Bezos paid \$250 million cash for *The Washington Post*—an insignificant 0.15% of his \$162 billion in wealth.²⁴³ It is less than the fraction of wealth that median wealth households (\$97,250) spend buying a low-end 40-inch TV (\$200), which, of course, is not income-producing as *The Washington Post* will be for Bezos. The head of a median household could have the \$200 cash in his pocket. But since a \$250 million stack of \$100 bills is 896 feet high, Bezos only has a metaphorically deep enough pocket for his purchase.

BEZOS'S WINNINGS DEPLOYMENT

After Bezos passed \$100 billion in personal net worth, an interviewer asked him, “What does money mean for you being the first person in history that has a net worth of a 3-digit amount of billion?” Bezos answered, “The only way that I can see to deploy this much financial resource is by converting my Amazon winnings into space travel.”²⁴⁴ If you viewed the interview, you would have seen he was not joking, and he has already “deployed” billions proving it.

Bezos is planning on offering “space tourism,” necessarily to the super-wealthy since only they will be able to afford it. His idea may eventually be very lucrative because vast wealth is in the small elite he will cater to. Just 400 people have \$2.9 trillion in total personal net wealth as far as we know; they are likely hiding hundreds of billions of dollars in tax havens.²⁴⁵

* * *

The Top 400's Wealth

From 1987 to 2013, for people with wealth as extreme as the top 400, the average growth rate per year of their investments' value was about 6.4%, which applied to their \$2.96 trillion total in wealth in 2019 yields \$189 billion per year.²⁴⁶ \$189 billion is almost triple the \$66.4 billion in tuition and fees paid by all students in public four-year colleges in the 2017 academic year.²⁴⁷ With solely the returns on their wealth in one year and no labor, these 400 people could pay the \$139.7 billion all students paid in tuition and fees to both non-profit private and public four-year colleges—and each of the 400 billionaires would have remaining \$124 million in wealth gains.²⁴⁸

The vast wealth of the 400 wealthiest and many hundreds of other super-wealthy people is far beyond any amount they can use

to support lifestyles of historic extravagance. Our society is generating immense wealth, yet tens of millions of Americans think it impractical to offer free college tuition because it is too expensive.²⁴⁹ Why do they believe this? Our mass media and to a significant extent our educational institutions are dominated by elites who use these institutions to misinform us and divert attention from facts they don't want us to know. We are propagandized to serve elites' narrow interest to minimize their requirements to support the society mainly responsible for their wealth. (The dominating importance of social resources in wealth creation I describe in Part 4.)

Instead of college education being free, we are withdrawing public support for it, and college loan debt now totals \$1.5 trillion. This debt is a significant drag on economic performance and burden on millions of people. And since the most important economic resources are human, the detrimental effect of financial barriers to education on economic performance will be enduring.

The question for the top 400 and others in a super-wealthy elite is: How much is enough and justifiable? But even more important, the rest of us must answer this question since the answer affects all of us in an ostensibly democratic society.

If we appropriately taxed a small elite's vast wealth, we can radically beneficially advance our society.

* * *

Some of the top 400, members of their families, and other members of a vastly wealthy elite will give Bezos a lot of money for the awesome view of our blue globe from a 120-mile-high orbit. The high price Bezos is likely to ask they will pay because it will be an insignificant fraction of their wealth. This elite can spend money on nothing else to improve their lifestyle.

Bezos claimed that sometime in 2018 he would begin offering flights to the "edge of space," 62 miles up, for the view and to float around weightless for a few minutes, but none were offered. Billionaire Richard Branson made the same claim for his space tourism company Virgin Galactic in 2012 for flights in 2013.²⁵⁰ Branson got about 700 people to sign up for the waiting list for the \$250,000 flights but has had to delay the flights repeatedly, which have not yet occurred. A crash that destroyed its "SpaceShipTwo" and killed one of the co-pilots caused one of the delays.²⁵¹

Bezos says that earth orbit and moon trips are in his plans. Only time will tell if some of Bezos's space tourism claims are more related to publicity stunts than reality.

Space is a very harsh, alien environment, and the risks in getting to and being in it are enormous. It is likely fatal accidents will occur as the frequency of trips for the entertainment of the super-wealthy increases, which will spotlight the risks and likely destroy interest in space tourism offers for at least years afterward. When automated and remotely controlled devices are not sufficient, space travel for the foreseeable future is best left to dedicated scientists working on expanding human knowledge boundaries, not vacationers.

Will someone mention to Bezos this possibility for “deploying” his “winnings”²⁵²? Keep \$10 million and distribute the rest of the \$162 billion to the 563,000 in 2018 people whose hard work is largely responsible for your “winnings.” Distribute the billions proportionately to the years of service by putting the \$287,500 average value of shares in each of their retirement accounts, which will grow in value with time. (I wrote this suggestion in 2018, which can be updated to any time he would take it.)

Amazon’s stock increased in value an average of 26% per year over the last 20 years, and 38% over the past 10 years. Assuming the lower of the two, 26%, for the average annual gains over the next 20 years, on average, workers who retire in 10 years will have \$2,900,000; those who retire in 20 years will have \$29,200,000. Will someone mention this to Bezos? The prospect of retiring in 10 or 20 years as a multi-millionaire will increase Amazon’s workers’ desire to serve Amazon’s customers and increase their productivity. So, if achieving maximum customer satisfaction is your highest priority, as you claim, you will “deploy” your “winnings” in this way; if it isn’t, you won’t. Also, Amazon workers’ projected wealth is based on past conditions, including productivity levels. Their increased productivity will be a substantial force accelerating stock price increases, so they will likely be even wealthier than the estimate.

If Bezos doesn’t like this way to deploy his winnings, I can describe for him many more. All include: Pay your fair share in taxes (and stop draining the government of resources to support your business). Without our government’s support, you would not have the Internet, computers, microelectronics, satellite technology, communications networks, and GPS to use for a business. Government institutions and government funding were essential in creating these things. Also, without government support, many of your workers throughout Amazon’s history would not have been able to buy enough food to work, go to a doctor when they got sick, or to have a roof over their heads when they slept.

* * *

I offer below an alternative for Jeff Bezos’s consideration for the “deployment” of his \$162 billion, expressed in the form of an open letter to him.

AN OPEN LETTER TO JEFF BEZOS

Now that you have the \$162 billion—obviously a very extraordinary achievement—I would like to offer a possibility for the use of your time that would be beneficial to you and everyone else, more so than any other option you have considered.

Even if you have no labor income and no gains in wealth, you can support a \$6 million per year lifestyle with the wealth you now have for 27,000 years. You can purchase a lifestyle of historic extravagance with \$6 million per year, and, of course, you will not live for 27,000 years.

However, your wealth is almost entirely in Amazon stock, which rose 26% per year over the last 20 years, and the last ten years, even more rapidly, 39% per year. So, assuming the lower of the two rates of increase for the future, just in the first year, you would add enough to support 7,020 years of a \$6 million per year lifestyle. At the same rate every year after that, the amount you would add increases exponentially. Or from another perspective, in the first year, you would add \$42,114 million above what you need to support this lifestyle of historic extravagance with no work. Can the human mind fully comprehend the vastness of these numbers of dollars? I do understand they are far beyond the point where working to accumulate more dollars is a wise choice. Here is a far better one:

Let’s assume you will live to age 84, a lifespan eight years longer than the average American man. Since you are now 54, over the next 30 years, draw down your wealth in equal amounts each year until

it reaches \$1 billion, giving the annual proceeds to organizations and individuals you find most worthy, after taking out the \$500,000 monthly for your expenses. Some organizations supported by you could be local governments for their proposed beneficial public policies that they otherwise could not afford.

For extremely wealthy investors, their investment's value over recent decades increased by an average of about 6.8% each year.²⁵³ Based on the conservative assumption that the remaining portion of your wealth during the next 30 years of drawing it down to \$1 billion will have the 6.8% average returns of the extremely wealthy, you can gift \$12.41 billion per year or \$1.03 billion per month. Based on the past Amazon returns of 26% during this period, you can gift \$37.83 billion per year or \$3.15 billion per month.

The \$1 billion remaining after 30 years, you could bequeath to ten heirs \$100 million each. Depending on the taxes at the time of this transfer, each of them could then support a lifestyle of varying degrees of very extraordinary extravagance for their entire life without working.

You could instead draw down your wealth to \$10 million so that your ten heirs could not "lead a life of foolish and expensive idleness and gross debauchery, or ... purchase some scoundrel of high social position" as Theodore Roosevelt puts it.²⁵⁴ This will allow even larger benefits, but either way would serve the primary purpose of my suggestion.

Many organizations and individuals need money for important purposes, sometimes urgently. They would appreciate immensely the substantial financial support for their endeavors you could provide. Among those who would most benefit from your generosity would be people needing seed money to start a business. With the money you would have available for this, you would be an "angel investor" extraordinaire. (In fact, "angel" may not be the only religious descriptor applied. Considering the relentless and urgent appeals to reduce inequality worldwide by the Pope, whether or not you are Catholic or even Christian, might he canonize you into the sainthood to encourage others in a similar position as you to act similarly? Saint Bezos has a nice ring to it, doesn't it?)

Almost everyone's happiness or life satisfaction increases with the number of people sincerely expressing appreciation of the person and the degree of appreciation expressed. You would be a rare exception if this were not true for you. Imagine the depth of appreciation and the number of people expressing it if you were to devote 40 hours per week finding organizations and individuals that you judge would most benefit from part of the \$11.45 billion or possibly \$37.83 billion per year. This degree of generosity could greatly benefit many millions of people per year and have a significantly positive effect on society. Can any other course of action you take bring the overwhelming appreciation, and so happiness, that this historic level of generosity would bring?

This generosity would also bring you fame that would endure for centuries (if humanity survives that long). You would be regarded as the most generous and potentially one of the most beneficial persons in history. How beneficial will depend on how wisely you select the recipients and another condition I will describe shortly. Your generosity will be regarded in this way, although all the while you will be enjoying one of the most extravagant lifestyles in history. Is it possible to imagine a more desirable circumstance than this one, which you can choose? Far less fantastic conditions are beyond the wildest dreams of most people. So why work for more money mainly as a retailer of online goods and services, money that you do not need, doing work that many other people could perform, likely many now working at Amazon? The course I recommend you alone can take and is the one that will bring you the greatest happiness and result in the most beneficial impacts on other people and your society.

In making your decision on my suggestion, consider: Without public systems, the labor of many people, and a vast commonly inherited knowledge base, which is the most powerful social resource, you

would have no wealth. (Our knowledge base inheritance is responsible for productivity being 30 times what it was when our nation was founded.) Don't you have an immense obligation to society in proportion to your wealth?

Many other members of the super-wealthy class exist who have vastly more wealth than they need to support a lifestyle of historic extravagance for an unlimited number of years with no work. Possibly, a significant fraction will learn from your experience, sanity, and decency that it is in their interest to behave similarly. You will likely be an effective advocate for this radical behavior change after experiencing its benefits yourself. If you were effective, it could be hugely significant. Just the increase in wealth of 643 U.S. billionaires during six months of the Covid-19 pandemic (March 18 to September 15) was \$845 billion, which is 4.3 times the \$175 billion needed per year for 20 years to end extreme poverty worldwide, according to the Director of the Center for Sustainable Development at Columbia University, Jeffrey Sachs. (Sachs is one of the world's leading experts on economic development and the fight against poverty.)²⁵⁵

In 2017, the 1% wealthiest worldwide increased their wealth by 82% and had \$140 trillion, while the 3.7 billion people who made up the poorest half of the world saw no increase in their wealth, 1 billion of whom suffered from malnutrition.²⁵⁶

In August 2020, the wealthiest 500 billionaires, on average, each had enough wealth to live for 32,000 years at five times the median American family's income, \$78,500 per year, if they sourced their income solely from withdrawals from their existing wealth.²⁵⁷ But they gain each year, on average, enough wealth from their assets' returns, not including labor compensation, to have five times the median income for two thousand years, using just the gains. So their wealth creates five times the median income for an infinite number of years. Wouldn't sane people in this position come to this obvious conclusion: They should contribute whatever portion of their wealth gains is needed to end world poverty.

Instead of this generous and sane spirit making a far better world for everyone, psychopathological greed is destroying the world. As the executive director of Oxfam (a confederation of 20 independent organizations focusing on alleviating global poverty) wrote, "In a world where even basic resources such as land and water are increasingly scarce, concentrate[ing] assets in the hands of a few...leaves the many to struggle over what's left." Social strife, including wars, generally have an economic basis. So as the few grab a more substantial portion of world resources, the world will grow more unstable and unlivable, and the rich also must live in this world. Is it not insane to continue to behave in ways that harm and eventually will cause devastating harm to everyone around you and ultimately yourself?

Your actions based on your judgment of the merits of my suggestion can be of historic importance. You could play a pivotal role in saving a world in an existential crisis, or you can continue to play a significant role in the trend of greater inequality and injustice. Several Nobel Prize winners, many other highly regarded academics, prominent world political leaders, and many other people view our extreme and growing inequality as creating an existential threat to civilization. You can initiate a crucial social advancement, with no significant sacrifice and, in fact, a substantial improvement in your lifestyle.

If enough people in similar circumstances as yours follow your lead, it could create a near utopia in many nations.

Unfortunately, we are on a very different course. As you know, our political system and political systems worldwide empower vastly wealthy people to abuse the massive resources they control to corrupt democratic processes to gain even more extreme economic advantages. And these systems allow them to reject what over 99% of us see are the most advantageous uses of the massive resources of which they have gained control. And these have been their choices.

Do you agree with the most astute observers of our society and the world that the vicious cycle of growing economic and political power disparities, each making the other more extreme, will descend us into a dystopia? If so, I suggest considering that you could most benefit your heirs by not just acting on my above suggestion. Use your wealth to help establish the most valuable of the proposed economic and political system reforms designed to advance us toward a well-functioning democracy and just, more egalitarian society that would also be more prosperous. For more information, see, www.newenlightenment.us.

Thank you.

Best Regards,

Robert Bivona

THE AMAZON JUGGERNAUT PROCEEDS

Amazon is a retailer, a marketing platform, a delivery and logistics network, a payment service, a credit lender, an auction house, a major book publisher, a producer of television and films, a fashion designer, a hardware manufacturer, a grocer, convenience store owner, and the leading provider of cloud server space. Amazon expanded into these areas often by acquiring existing firms. The retail market's value is many trillions of dollars, as is the cloud market of Amazon Web Services. Bezos intends to capture most of this value, as he indicates with this statement: "There are different businesses where the market is limited. But we just don't have that issue."²⁵⁸

To an extent we should not allow, Amazon can pick which companies, authors, and innovators will succeed and which will fail. As Amazon's dominance advances, our markets will further descend from fair, open, and free.

Many participants and low barriers to entry characterize fair, open, and free markets. In our markets, barriers have been erected and participants have fallen. The number of new firms launched each year has fallen by nearly two-thirds since 1980.²⁵⁹ Amazon's influence is not the only reason for the decline, which began before its existence. But it is mainly responsible for the number of independent retailers falling by about 85,000 over the last decade.²⁶⁰ 6,700 U.S. physical stores closed in 2017 despite a record \$5.076 trillion in total retail sales for the year, a 4.4% jump from the \$4.863 trillion in 2016.²⁶¹ These closures mainly resulted from transactions moving to remote online retailers, with the dominant share to Amazon. E-commerce represented 14.3% of total retail sales in 2018, up 23.3% from the 11.6% in 2016. The total value of transactions from U.S. consumers on Amazon.com reached \$206.82 billion in 2018 (including sales of Amazon's and Marketplace sellers' products), a 16.3% jump from 2017.²⁶²

Communities where locally-owned and controlled businesses have a smaller share of total commerce have a smaller middle class, less civic participation and social ties, and more inequality.²⁶³ Transferring control of commerce to Amazon and remote corporate boards and CEOs of national chains is contributing to our massive and increasing inequalities. And Amazon's growth has added to the harm by reducing local governments' tax base so their ability to serve public needs. The way we have allowed e-commerce to develop is sucking the life out of our communities. This was not necessary, and the life can return. Part 2 details how.

Among the benefits of locally controlled retail stores are those offered to manufacturers. Introducing new products into smaller markets helps them get their products discovered and facilitates consumer feedback for possible product improvements. If a new product is introduced into a national marketplace, it

is more difficult to get it noticed. Innovative manufacturers have often used local markets as testing grounds for the more widespread introduction of a new product. And harm to many innovative businesses, and so consumers access to innovative products and services, has occurred through Amazon's competing with businesses that rely on its Marketplace and its tolerance of counterfeit products on it.

Bezos's and Amazon's involvement with our media system is not just through the production of television shows and movies, and the publishing of books and a major newspaper; it is the vendor that other media content creators need to reach a broad audience. The company has captured more control of our full range of media experiences, through video, audio, and print, than any company in history.

As I noted earlier, a new industry Amazon is moving into that will make competitors dependent on it is shipping. It may offer lower prices than UPS or the Post Office, but it will advantage its own products in shipping costs and times. And it will spread its low-wage, precarious labor model to this industry through its contracts with "flex driver" companies, which will threaten the jobs of nearly one million unionized, middle-income workers at UPS and the Postal Service.

Too many of us have been willing to accept a "definition of Liberty... where a free people [are] gradually regimented into the service of the privileged few," against which Franklin D. Roosevelt warned. A free people must limit private power. (The extraordinary influence of "libertarians" in the U.S. makes it worth repeating that they have the most extreme and destructive inability to see this fact.)

Antitrust laws were written to protect us from companies that dominate markets. And their application is most obviously necessary in cases where the dominant firm competes with the businesses that depend on it. Amazon escaped regulators based on a view of antitrust law over the last few decades that prioritized consumer prices above all other considerations. Regulators have acted on the belief that allowing enterprises to dominate industries will result in lower prices from economies of scale. As a result, we have an economy where two-thirds of all industries are more concentrated than they were 20 years ago. Four or fewer firms have over a 90% market share in at least ten industries.²⁶⁴ However, researchers have found that three-quarters of mergers have resulted in price increases.²⁶⁵ And, as we have seen, large scale has other negative social consequences.

As noted earlier, Amazon controls 49.1 % of e-commerce in the United States. Not only is it the largest and fastest-growing e-retailer, with 7.5 times the revenues of the second largest, eBay, it is also the fastest-growing major retailer.²⁶⁶ Amazon comprised 70.2% of the \$62.47 billion growth in U.S. online retail in 2017, and 34.7% of the \$126.51 billion increase in the total retail market.²⁶⁷ In 2010, it employed 33,700 workers; by the second quarter of 2020, it had 840,400—a 2,494% increase.²⁶⁸

Amazon continues to grow its monopoly power by losing money on fund perks, like unlimited shipping. Forrester Research estimates that Amazon loses \$1 billion a year on shipping.²⁶⁹ Nearly two-thirds of U.S. households have an unlimited shipping Amazon Prime account. The purpose of the \$99 prime fee is not to make money on the fee; it's to motivate people to maximize the value they derive from the fee by doing all their shopping on Amazon. Prime members are less likely to comparison-shop, and they spend \$1,400 a year on Amazon purchases, \$800 more than non-members.²⁷⁰ The Prime loss tactic was integral to creating Amazon's monopoly power. In 2017, Amazon shipped over five billion items with Prime worldwide, and more new members joined Prime than in any previous year—both worldwide and in the U.S.²⁷¹

When Amazon purchased Whole Foods, it had 87,000 employees and 470 stores nestled among millions of urban consumers. This widely dispersed infrastructure will help Amazon grow its dominance online. At Whole Foods, customers can purchase Echo and other Amazon devices, pick-up or return Amazon packages at "Amazon Lockers," and get Prime member benefits. Some may judge these

advantages as economic efficiency improvements. But they come with the high cost of further entrenching Amazon's monopoly position with its negative social consequences, including indirect and longer-term economic ones. As Amazon's stock price indicates, its investors know Amazon is likely to gain more monopoly power, and as it does, it will extract monopoly rents.

Amazon reaches into Americans' daily lives in more ways than any corporation in history. And it is set to be much more powerful. Part 2 describes better ways to the economic efficiencies needed for a prosperous society than allowing the Amazon juggernaut to proceed.

One reason some people fear socialism is they assume the Union of Soviet Socialist Republics (USSR) was a socialist society because that is what its leaders called it. But the USSR was a totalitarian society where unaccountable government bureaucrats controlled much of the economic life of the citizenry. It was the antithesis of a socialist society, which is one with democratic control of the economy or the economic enterprises of which it is composed.²⁷²

It served the interests of Soviet government elites to call themselves socialist because it associated them and the nation they controlled with the moral authority of a system intended to advance societies from the injustices and destructiveness of capitalism. Capitalist elites' interests were also served by calling the brutal USSR tyranny socialist because it associated the dysfunction and injustices of the USSR with the name socialism.²⁷³

Worse than a remote government bureaucrat controlling our economic lives is a remote CEO or financier managing us. The bureaucrat can be accountable to all of us, including the workforce; private power is responsible to no one except investors who require profit and market share maximization. We must advance to a form of "socialism" or what might also be labeled "stakeholder capitalism." A stakeholder capitalist economy is one predominately composed of enterprises democratically controlled by the workers in them in a market system. However, members of the communities in which businesses are located and the wider society also have some power to influence these enterprises' actions through democratic processes. I will show in Part 4 how we can accomplish this over a 20-year transition period; with the resulting radically more just society will come enhanced prosperity.

1 <https://www.nytimes.com/2018/09/19/technology/bezos-amazon-rich-concentration.html>

2 Bezos owned 78,893,033 shares, and Amazon stock reached a high of about \$2050 in September 2018. The total value was \$162 billion. <https://sccinsight.com/2018/05/04/who-owns-amazon/#:~:text=Jeff%20Bezos%20owns%2016.3%25%20of,%2C%20each%20have%20around%205%25>.

3 <https://www.businessinsider.com/biggers-landowners-in-america-2014-10>

4 Based on 2016 Survey of Consumer Finances Federal Reserve

5 <https://www.investopedia.com/articles/active-trading/111115/why-all-worlds-top-10-companies-are-american.asp>

6 <https://www.nchannel.com/blog/amazon-statistics/>

7 <https://www.feedbackexpress.com/amazon-1029528-new-sellers-year-plus-stats/#:~:text=In%202018%2C%20the%20ecommerce%20company's,%2C%20718%20new%20sellers%20every%20day!>

8 <https://www.cnbc.com/2018/10/02/amazon-raises-minimum-wage-to-15-for-all-us-employees.html>

9 <http://livingwage.mit.edu/counties/36081>

10 <https://ir.aboutamazon.com/annual-reports-proxies-and-shareholder-letters/default.aspx>. The annual reports loss total from 1997 to 2002 is \$3 billion, which I inflation adjusted to August 2020 to get the \$4.5 billion. The losses were likely mostly on book sales but Amazon started selling other products during this

period so some the losses could be from sales on those products since the company often used below cost selling as a tactic to destroy competitors and capture market share.

- 11 <http://cepr.net/blogs/beat-the-press/holiday-season-is-time-for-compassion-for-billionaires-the-case-of-jeff-bezos-and-amazon> and <http://www.civiceconomics.com/empty-storefronts.html>
- 12 Prime Numbers: Amazon and American Communities, April 2018, American Booksellers Association and Civic Economics
- 13 https://en.wikipedia.org/wiki/History_of_the_Internet
- 14 <https://techpinions.com/its-not-just-the-internet-how-government-built-the-computer-industry/8104>
- 15 http://govinfo.library.unt.edu/ota/Ota_3/DATA/1986/8613.PDF
- 16 <https://www.bloomberg.com/graphics/2019-amazon-reach-across-markets/>
- 17 <http://authorearnings.com/report/dbw2017/>
- 18 U.S. Congress, Senate, Committee on the Judiciary, Subcommittee on Antitrust, Monopoly and Business Rights, Concentration in the Book-Publishing and Bookselling Industry: Hearings on Monopolization of the Publishing Industry, 96th Cong., March 13, 1980 (Serial No. 95-56), Washington: Government Printing Office, 1980. As referenced in The New America Foundation and the Authors United letter to William J. Baer, Assistant Attorney General for the Antitrust Division
- 19 Authors United letter to William J. Baer, Assistant Attorney General for the Antitrust Division, United States Department of Justice
- 20 Ibid.
- 21 Cheap Words, The New Yorker, Feb. 17, 2014
- 22 <https://www.statista.com/statistics/249027/number-of-bookstores-in-the-us/> The 14,088 fewer bookstores in 2018 compared to 2007 was largely due to Amazon ebook sales and print book sales.
- 23 Authors United letter to William J. Baer, Assistant Attorney General for the Antitrust Division, United States Department of Justice
- 24 The Everything Store, Brad Stone, pg. 316
- 25 The Everything Store: Jeff Bezos and the Age of Amazon, Brad Stone, 2013, pgs. 224-227, 240, 248
- 26 Ibid.
- 27 <https://www.forbes.com/sites/kirimasters/2019/03/20/study-89-of-consumers-are-more-likely-to-buy-products-from-amazon-than-other-e-commerce-sites/#34d5c85c4af1>
- 28 <https://www.wsj.com/articles/amazon-changed-search-algorithm-in-ways-that-boost-its-own-products-11568645345>
- 29 <https://www.newyorker.com/magazine/2014/02/17/cheap-words>
- 30 <https://www.newyorker.com/magazine/2014/02/17/cheap-words>
- 31 Amazon's suppression of Hachette titles affected about seven percent of all books sold in the United States by sales volume. Nielsen BookScan Marketing Report, Market Share By Subject Group Summary, Week Ending, 12/28/2014, as referenced in Authors United letter to William J. Baer, Assistant Attorney General for the Antitrust Division, United States Department of Justice
- 32 [https://ballotpedia.org/Washington_Income_Tax_Initiative_1098_\(2010\)](https://ballotpedia.org/Washington_Income_Tax_Initiative_1098_(2010))
- 33 Who Pays: A Distributional Analysis of the Tax System in All 50 States, Sixth Edition, Oct. 2018, Institute on Tax and Economic Policy
- 34 Reluctant Icon, Noam Chomsky, interview by Tim Halle, circa 1999
- 35 Creating the Horror Chambers, Noam Chomsky on the tyranny of libertarianism, interview by Dan Falcone, Jacobin magazine, July 2015
- 36 History is Not Over, Noam Chomsky, interview by David Cogswell, 4/18/97
- 37 Federal Reserve, Report on the Economic Well-Being of U.S. Households in 2017, May 2018
- 38 <https://www.pewsocialtrends.org/2013/03/14/chapter-6-time-in-work-and-leisure-patterns-by-gender-and-family-structure/>, Federal Reserve Bank Of Minneapolis, Changes in Hours Worked, 1950–2000, Federal Reserve Economic Data, Nonfarm Business Sector: Real Output Per Hour of All Persons, Percent Change at Annual Rate, Quarterly, Seasonally Adjusted
- 39 https://en.wikipedia.org/wiki/List_of_countries_by_total_wealth
- 40 Forbes Releases 37th Annual Forbes 400 Ranking of the Richest Americans, Forbes magazine, 10/3/18

-
- 41 <https://subsidytracker.goodjobsfirst.org/parent/koch-industries>
- 42 Distributional Analysis Of The Tax Cuts And Jobs Act As Passed By The House Ways And Means Committee, Tax Policy Center, 11/13/17
- 43 World Without Mind, Franklin Foer, pg. 105
- 44 Authors United letter to William J. Baer, Assistant Attorney General for the Antitrust Division, United States Department of Justice
- 45 <https://www.forbes.com/sites/jeffbercovici/2014/02/10/amazon-vs-book-publishers-by-the-numbers/#68d770214ef9>
- 46 <https://www.newyorker.com/magazine/2014/02/17/cheap-words>
- 47 <https://www.wsj.com/articles/they-own-the-system-amazon-rewrites-book-industry-by-turning-into-a-publisher-11547655267>
- 48 <https://www.npr.org/sections/alltechconsidered/2014/09/04/345825538/in-e-book-price-war-amazons-long-term-strategy-requires-short-term-risks>
- 49 https://kdp.amazon.com/en_US/help/topic/G200634560
- 50 <https://www.wsj.com/articles/on-amazon-some-book-summaries-get-mistaken-for-the-real-thing-11549535400>
- 51 U.S. Congress, Senate, Committee on the Judiciary, Subcommittee on Antitrust, Monopoly and Business Rights, Concentration in the Book-Publishing and Bookselling Industry: Hearings on Monopolization of the Publishing Industry, 96th Cong., March 13, 1980 (Serial No. 95-56), Washington: Government Printing Office, 1980.
- 52 Amazon's Book Monopoly: A Threat to Freedom of Expression? New America Foundation conference, Opening remarks by Barry Lynn, 1/27/16
- 53 World Without Mind, Franklin Foer, pg. 122
- 54 <http://www.authorsunited.net/july/longdocument.html>
- 55 Although the data is not available to make a certain determination Ingramspark may produce a similar number of print-on-demand books. Ingramspark is a subsidiary of Ingram, one of the largest book distributors. Print-on-demand capacity gives them the advantage of distributing books they do not have to warehouse.
- 56 Wired Magazine, The 'Future Book' Is Here, But It's Not What We Expected, Craig Mod, 12/20/18
- 57 Prime Numbers: Amazon and American Communities, April 2018, American Booksellers Association and Civic Economics
- 58 <https://www.globenewswire.com/news-release/2019/03/19/1757273/0/en/Most-U-S-consumers-would-purchase-on-Amazon-before-other-e-commerce-sites-Feedvisor-study-finds.html>
- 59 <https://www.businesswire.com/news/home/20160614006063/en/Products-Amazon-Carry-Categories>
- 60 Amazon News Release, Amazon.com Announces Fourth Quarter Sales up 20% to \$72.4 Billion 1/31/19 and <https://www.digitalcommerce360.com/2018/02/01/amazon-grows-revenue-31-2017-profit-tops-3-billion/>
- 61 <https://www.statista.com/statistics/642322/leading-consumer-electronics-retailers-of-the-us/>
<https://www.cnbc.com/2018/01/03/amazon-grabbed-4-percent-of-all-us-retail-sales-in-2017-new-study.html>, <https://www.cnbc.com/2018/04/19/amazon-to-be-the-no-1-apparel-retailer-in-the-us-morgan-stanley.html>
- 62 <https://marketingland.com/amazon-owns-more-than-90-market-share-across-5-different-product-categories-report-241135>
- 63 <https://www.forbes.com/sites/lauraheller/2016/11/30/amazons-growing-stranglehold-on-the-us-economy/#482ad453eb40>
- 64 Monopoly Power and the Decline of Small Business, Institute for Local Self-Reliance, Stacy Mitchell, 8/16
- 65 <https://techcrunch.com/2018/07/13/amazons-share-of-the-us-e-commerce-market-is-now-49-or-5-of-all-retail-spend/>

-
- 66 <https://www.cnn.com/2018/01/03/amazon-grabbed-4-percent-of-all-us-retail-sales-in-2017-new-study.html> <https://www.digitalcommerce360.com/2018/02/01/amazon-grows-revenue-31-2017-profit-tops-3-billion/>
- 67 Prime Numbers: Amazon and American Communities, April 2018, American Booksellers Association and Civic Economics
- 68 <https://fitsmallbusiness.com/amazon-seller-fees/>,
<https://sellercentral.amazon.com/gp/help/external/200336920>
- 69 https://ilsr.org/amazons_tollbooth/#_ftn1
- 70 Ibid.
- 71 <https://www.marketplacepulse.com/amazon/number-of-sellers>
- 72 2019 Independent Business Survey, July 2019, Institute for Local Self-Reliance
- 73 https://ilsr.org/amazons_tollbooth/#_ftn1
- 74 Ibid.
- 75 Ibid.
- 76 Upstream Commerce Retail Intelligence Research Finds Amazon Muscles In On Its Own Vendors' Best Sellers," News Release, 10/28/14. "Competing with Complementors: An Empirical Look at Amazon.com," Feng Zhu and Qihong Liu, Harvard Business School, Working Paper 15-044, 4/28/15.
- 77 Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities, Institute for Local Self-Reliance, pg. 48 Olivia LaVecchia, Stacy Mitchell, 11/16, <https://www.bloomberg.com/news/articles/2016-04-20/got-a-hot-seller-on-amazon-prepare-for-e-tailer-to-make-one-too>
- 78 "<https://www.propublica.org/article/amazon-says-it-puts-customers-first-but-its-pricing-algorithm-doesnt>
- 79 <https://www.wsj.com/articles/amazon-changed-search-algorithm-in-ways-that-boost-its-own-products-11568645345>
- 80 Testimony Before the US House of Representatives Committee on the Judiciary Subcommittee on Antitrust, Commercial, and Administrative Law, Hearing on: Online Platforms and Market Power of Stacy F. Mitchell, Co-Director Institute for Local Self-Reliance
- 81 <https://awsinsider.net/articles/2017/08/01/aws-market-share-3x-azure.aspx?m=1>
- 82 Amazon Finds Startup Investments in the 'Cloud,' Alistair Barr, Reuters 11/9/11
- 83 <https://www.inc.com/sonya-mann/aws-startups-conflict.html>
- 84 <https://www.wsj.com/articles/amazon-tech-startup-echo-bezos-alexa-investment-fund-11595520249?mod=djemalertNEWS>
- 85 <https://ilsr.org/amazons-monopoly/>
- 86 <https://www.theatlantic.com/technology/archive/2018/04/amazon-may-have-a-counterfeit-problem/558482/>
- 87 Ibid.
- 88 <https://www.cnn.com/2016/07/20/birkenstock-quits-amazon-in-us-after-counterfeit-surge.html>
- 89 <https://www.cnn.com/2016/07/08/amazons-chinese-counterfeit-problem-is-getting-worse.html>
<http://fortune.com/2018/03/03/amazon-complicit-selling-counterfeit-products/>
- 90 <https://www.cnn.com/2016/07/08/amazons-chinese-counterfeit-problem-is-getting-worse.html>
- 91 <https://www.cnn.com/2016/07/08/amazons-chinese-counterfeit-problem-is-getting-worse.html>
- 92 <https://www.forbes.com/sites/wadeshepard/2017/02/14/how-amazons-wooing-of-chinese-sellers-is-hurting-american-innovation/#5e175de81df2>
- 93 <https://www.theatlantic.com/technology/archive/2018/04/amazon-may-have-a-counterfeit-problem/558482/>
- 94 Ibid.
- 95 <https://www.usatoday.com/story/money/2018/09/20/how-potentially-dangerous-fake-apple-products-reach-you/695596002/>
- 96 <https://www.wsj.com/articles/amazon-has-ceded-control-of-its-site-the-result-thousands-of-banned-unsafe-or-mislabeled-products-11566564990>

-
- 97 The Atlantic, Amazon May Have a Counterfeit Problem, Alana Semuels, 4/20/18
- 98 <https://www.vox.com/2018/11/29/18023132/amazon-brand-policy-changes-marketplace-control-one-vendor>
- 99 <https://www.theatlantic.com/magazine/archive/2019/11/what-jeff-bezos-wants/598363/>
- 100 <https://seekingalpha.com/article/4147633-fedex-ups-buying-package-delivery-stocks>
- 101 <https://www.yalelawjournal.org/note/amazons-antitrust-paradox>
- 102 Ibid.
- 103 <https://www.cnbc.com/2019/02/15/amazon-will-compete-with-fedex-and-ups-to-become-logistics-company.html> <https://multichannelmerchant.com/operations/amazon-adding-fleet-20000-trucks-delivery-services/>
- 104 Amazon's Monopoly Tollbooth, Institute for Local Self-Reliance Stacy Mitchell, Ron Knox, and Zach Freed, 7/20
- 105 Ibid.
- 106 Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities, Institute for Local Self-Reliance, pg. 48 Olivia LaVecchia, Stacy Mitchell, 11/16
- 107 Gig Economy Workers Often Don't Realize How Much it Costs Them, Eric Newcomer, Bloomberg 11/2/18
- 108 <https://www.nytimes.com/2019/09/05/us/amazon-delivery-drivers-accidents.html>
- 109 [https://en.wikipedia.org/wiki/Amazon_\(company\)](https://en.wikipedia.org/wiki/Amazon_(company))
- 110 <https://www.theverge.com/2015/3/26/8280309/amazon-warehouse-jobs-exclusive-noncompete-contracts>
- 111 Ibid.
- 112 Ibid.
- 113 <https://www.epi.org/blog/white-house-issues-call-to-action-on-non-compete-clauses/>
- 114 <https://www.epi.org/blog/white-house-issues-call-to-action-on-non-compete-clauses/>
- 115 <https://www.nytimes.com/2017/05/13/business/noncompete-clauses.html>
- 116 <https://www.businessinsider.com/jeff-bezos-amazon-employees-work-styles-2018-8>
- 117 <https://www.theverge.com/2015/3/26/8280309/amazon-warehouse-jobs-exclusive-noncompete-contracts>
- 118 Ibid.
- 119 <https://www.epi.org/publication/2019-union-membership-data/>
- 120 Amazon's Aggressive Anti-Union Tactics Revealed in Leaked 45-Minute Video, Bryan Menegus, 9/26/18, <https://gizmodo.com/amazons-aggressive-anti-union-tactics-revealed-in-leake-1829305201>
- 121 Some of Silicon Valley's biggest and most influential technology companies agreed to pay \$324.5 million to settle a class-action law suit brought by their employees alleging collusion to suppress their wages. Although Amazon was not involved in this suit, we know it is difficult to discover back room wage collusion deals and that they are common among large employers like Amazon.
- 122 <http://time.com/money/5262923/amazon-employee-median-salary-jeff-bezos/>
- 123 <https://www.fool.com/investing/2017/04/23/how-amazon-ceo-jeff-bezos-is-funding-blue-origin.aspx>, Bezos has 81 million shares of amazon stock, which on 8/29 was valued at \$1,998.10 per share. Bezos is also one of the largest land owners in the US and likely has significant value in other assets.
- 124 <https://www.cnbc.com/2018/02/05/what-a-living-wage-would-be-in-every-us-state.html>
- 125 Money magazine, The typical Amazon employee makes less than you think, Seth Fiegerman, 4/19/18
- 126 <https://theintercept.com/2018/04/19/amazon-snap-subsidies-warehousing-wages/>
- 127 <https://www.sanders.senate.gov/download/the-stop-bezos-act-summary?inline=file>
- 128 BusinessWeek, Unfulfilled, 1/20/2018
- 129 <https://www.wagehourlitigation.com/tag/compensable-time/>
- 130 Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities, Institute for Local Self-Reliance, Olivia LaVecchia, Stacy Mitchell, 11/16, <https://www.truthdig.com/articles/the-amazon-effect/>

-
- 131 <https://www.mcall.com/business/mc-xpm-2011-09-18-mc-allentown-amazon-complaints-20110917-story.html>
- 132 <http://www.ibtimes.com/amazoncoms-workers-are-low-paid-overworked-unhappy-new-employee-model-internet-age-1514780>
- 133 https://www.salon.com/2014/02/23/worse_than_wal_mart_amazons_sick_brutality_and_secret_history_of_ruthlessly_intimidating_workers/
- 134 <https://www.mcall.com/business/mc-xpm-2011-09-18-mc-allentown-amazon-complaints-20110917-story.html>
- 135 <https://www.mcall.com/business/mc-xpm-2011-09-18-mc-allentown-amazon-complaints-20110917-story.html>
- 136 <https://www.mcall.com/news/watchdog/mc-allentown-amazon-complaints-20110917-story.html>
- 137 <https://www.mcall.com/business/mc-amazon-temporary-workers-unemployment-20121215-story.html>
- 138 Ibid.
- 139 <https://www.theverge.com/2018/4/16/17243026/amazon-warehouse-jobs-worker-conditions-bathroom-breaks>
- 140 <https://www.businessinsider.com/amazon-warehouse-workers-have-to-pee-into-bottles-2018-4>
- 141 <https://wallstreetkarma.com/2018/06/22/wapo-refuses-to-cover-amazons-horrendous-pee-bottle-warehouse-conditions/>
- 142 <https://violationtracker.goodjobsfirst.org/parent/amazoncom>
- 143 <http://coshnetwork.org/sites/default/files/Dirty%20Dozen%202018%2C%204-25-18%2BFINAL%281%29.pdf>
- 144 <https://www.theguardian.com/technology/2018/jul/30/accidents-at-amazon-workers-left-to-suffer-after-warehouse-injuries>
- 145 <https://www.truthdig.com/articles/amazons-labor-abuses-are-more-appalling-than-you-think/>
- 146 <https://www.theatlantic.com/technology/archive/2019/11/amazon-warehouse-reports-show-worker-injuries/602530/>
- 147 https://www.vice.com/en_us/article/pkexdb/amazon-warehouse-workers-are-abandoning-their-jobs-in-droves
- 148 If Workers Slack Off, the Wristband Will Know. (And Amazon Has a Patent for It.), Ceylan Yeginsu, The New York Times, 2/1/18
- 149 <https://www.theatlantic.com/technology/archive/2019/11/amazon-warehouse-reports-show-worker-injuries/602530/>
- 150 Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities, Institute for Local Self-Reliance, Olivia LaVecchia, Stacy Mitchell, 11/16
- 151 <https://www.theverge.com/2019/10/1/20892693/amazon-protest-time-off-part-time-workers-sacramento-fired>
- 152 "Inside Amazon: Wrestling Big Ideas in a Bruising Workplace," Jodi Kantor and David Streitfeld, New York Times, 8/15/15.
- 153 Ibid.
- 154 The Everything Store, Brad Stone, pg. 329
- 155 <https://www.nytimes.com/2015/08/16/technology/inside-amazon-wrestling-big-ideas-in-a-bruising-workplace.html>
- 156 Ibid.
- 157 Washington Post Book review: 'The Everything Store: Jeff Bezos and the Age of Amazon', Bethany McLean, 10/15/13
- 158 <https://www.theatlantic.com/technology/archive/2019/11/amazon-warehouse-reports-show-worker-injuries/602530/>
- 159 <https://www.gao.gov/assets/690/688437.pdf>
- 160 Amazon's Arguments Against Collecting Sales Taxes Do Not Withstand Scrutiny, 11/29/10, Michael Mazerov, Center On Budget And Policy Priorities

-
- 161 <https://taxfoundation.org/state-and-local-sales-tax-rates-2018/>
- 162 The Everything Store, Brad Stone, pg. 194
- 163 <https://www.theatlantic.com/charts/BJjuqbWLz> I inflation adjusted the total loses in the first year and total profits in its first 20 years.
- 164 <https://ir.aboutamazon.com/news-releases/news-release-details/amazoncom-announces-fourth-quarter-sales-20-724-billion>
- 165 Ibid.
- 166 Amazon to start collecting state sales taxes everywhere, CNNTech, Chris Isidore, 3/29/17
- 167 <https://www.theverge.com/2018/6/22/17493298/supreme-court-internet-sales-tax-congress-amazon-etsy-ebay>
- 168 Amazon's Stranglehold: How the Company's Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities, Institute for Local Self-Reliance, Olivia LaVecchia, Stacy Mitchell, 11/16
- 169 Amazon Plans Second Headquarters, Opening a Bidding War Among Cities, Nick Wingfield, Patricia Cohen, New York Times, 9/7/17
- 170 <https://www.reuters.com/article/us-amazon-com-headquarters/amazon-receives-238-proposals-for-its-second-headquarters-idUSKBN1CS21O>
- 171
<https://www.goodjobsfirst.org/sites/default/files/docs/pdf/Amazon%20HQ2%20statement%20FINAL%2011-14-18.pdf>
- 172 <https://www.usatoday.com/story/money/2017/09/07/amazon-plans-second-headquarters-dubbed-hq-2/640861001/>
- 173 <https://www.reviewjournal.com/opinion/editorials/amazon-gorges-nyc-va-for-5-5-billion-in-bribes-1529325/>
- 174 New York Times, 2/14/19, Amazon Pulls Out of Planned New York City Headquarters, J. David Goodman
- 175 <https://scri.siena.edu/wp-content/uploads/2019/02/SNY0219-Crosstabs-021219.pdf>
- 176 <https://poll.qu.edu/new-york-city/release-detail?ReleaseID=2589>
- 177 <https://theintercept.com/2019/02/08/jeff-bezos-protests-the-invasion-of-his-privacy-as-amazon-builds-a-sprawling-surveillance-state-for-everyone-else/>
- 178 Tax Justice Network, New Study Outlines Trillions Handed Out in US Corporate Welfare Bonanza, Nick Shaxson, 3/17/15
- 179 <https://americansfortaxfairness.org/tax-fairness-briefing-booklet/fact-sheet-corporate-tax-rates/>
- 180 Here's How Much Tax Cheats Cost the U.S. Government a Year, Chris Matthews, Fortune Magazine, 4/29/16
- 181 <https://www.ft.com/content/7ce5bf96-a83d-11e7-ab55-27219df83c97>
- 182 <https://www.foxbusiness.com/markets/amazon-earned-5-6b-in-2017-but-paid-no-federal-taxes>
- 183 Amazon Inc. Paid Zero in Federal Taxes in 2017, Gets \$789 Million Windfall from New Tax Law, 2/13/18, Institute on Taxation and Economic Policy
- 184 <https://www.theguardian.com/technology/2019/feb/15/amazon-tax-bill-2018-no-taxes-despite-billions-profit>
- 185 <https://www.accountingtoday.com/articles/tax-law-didnt-help-amazon-pay-zero-taxes-in-2018-it-was-just-savvy>
- 186 <https://www.ft.com/content/876ede9c-d97c-11e6-944b-e7eb37a6aa8e>
- 187 <https://www.justice.gov/atr/predatory-pricing-strategic-theory-and-legal-policy>,
<http://www.mydistributionlaw.com/2013/06/the-top-nine-things-you-need-to-know-about-below-cost-pricing-law-in-california-part-i/>
- 188 Amazon's 2017 Annual Report
- 189 Voice tech like Alexa and Siri hasn't found its true calling yet: Inside the voice assistant 'revolution', Rani Molla, 9/12/18, <https://www.recode.net/2018/11/12/17765390/voice-alexa-siri-assistant-amazon-echo-google-assistant>

-
- 190 <https://www.wsj.com/articles/amazon-tech-startup-echo-bezos-alexa-investment-fund-11595520249?mod=djemalertNEWS>
- 191 Ibid.
- 192 <https://www.businessinsider.com/amazon-echo-sales-figures-stats-chart-2016-12>
- 193 Alexa Gets Smarter Every Day, Thanks to You: 2018 Alexa Developer Year in Review, 12/19/18, Paul Cutsinger, <https://developer.amazon.com/blogs/alexa/post/38bb01ef-ac9b-49ec-9e2c-fcb0b51a8b31/2018-highlights-for-alexa-skill-builders>
- 194 Ibid.
- 195 <https://www.amazon.com/Alexa-Skills-Food-Delivery-Takeout/b?ie=UTF8&node=14284824011>
- 196 Your Smart Light Can Tell Amazon and Google When You Go to Bed, Bloomberg, Matt Day, 2/12/19
- 197 <https://sachsmedia.com/news/poll-americans-choose-smartphones-over-sex/>
- 198 Amazon press release titled “Amazon.com Announces Third Quarter Sales up 29% to \$32.7 Billion” Seattle, Business Wire, 10/27/16
- 199 EU hits Google with a record antitrust fine of \$2.7 billion, Karen Gilchrist, Anita Balakrishnan 6/27/17, CNBC and Google accused of GDPR privacy violations by seven countries, Jon Porter, 11/27/18, www.theverge.com
- 200 Berkeley Technology Law Journal, Vol. 32:1239, How Digital Assistants Can Harm Our Economy, Privacy, and Democracy, Maurice E. Stuckey, Ariel Ezrachitr, pg. 1261
- 201 <https://www.businessinsider.com/what-is-amazons-choice-2018-5>
- 202 <https://www.forbes.com/sites/forbesagencycouncil/2017/11/27/optimizing-for-voice-search-is-more-important-than-ever/>
- 203 The search engine manipulation effect and its possible impact on the outcomes of elections Robert Epstein, Ronald E. Robertson, American Institute for Behavioral Research and Technology, 7/8/15
- 204 Amazon’s “Alexa”: An At-home Dream or Free-speech Nightmare?, Alexis Mason, University of Miami Law Review
- 205 Ibid.
- 206 USA Today, Not just conservatives: Google and Big Tech can shift millions of votes in any direction Robert Epstein, 9/13/18
- 207 <https://thefederalistpapers.org/us/amazons-alexa-social-justice-warrior>
- 208 <https://fred.stlouisfed.org/series/FYFRGDA188S>
- 209 Economic Policy Institute, The Bush Tax Cuts Disproportionately Benefitted the Wealthy, Andrew Fieldhouse 6/4/11 and <https://www.taxpolicycenter.org/publications/distributional-analysis-conference-agreement-tax-cuts-and-jobs-act/full>
- 210 Based on 2016 Survey of Consumer Finances Federal Reserve
- 211 National Center for Education Statistics, Enrollment and Employees in Postsecondary Institutions, Fall 2016; and Financial Statistics and Academic Libraries, Fiscal Year 2016, (includes only colleges eligible for federal student aid.
- 212 <https://www.taxpolicycenter.org/taxvox/new-congressional-study-finds-little-economic-benefit-2017-tax-cuts>
- 213 <https://thenewstack.io/hidden-gender-racial-biases-algorithms-can-big-deal/>
- 214 <https://fortune.com/longform/ai-bias-problem/>
- 215 <https://www.sciencenews.org/article/machines-are-getting-schooled-fairness>
- 216 A Discourse on the Method, Part 5 pg. 47, René Descartes,
- 217 Based on my communications with Amazon and Jennifer King, Ph.D, Director of Consumer Privacy Center for Internet and Society, Stanford Law School. Answers from Amazon’s customer service are unreliable, however. For example, I did a search for books using the keyword “economics” in their advanced search and got a defaulted list of “featured” books. Amazon customer service responded to my question “How is the “featured” book sequence determined?” with the statement that it is a random list of all books with the keyword “economics.” When I replied that this was not possible since I get the same sequence each time I search, they just repeated their obviously false response.

-
- 218 <https://www.amazon.com/gp/help/customer/display.html?nodeId=201602230>,
<https://iot.stackexchange.com/questions/2382/is-the-amazon-echo-mic-mute-a-hardware-switch>
- 219 <https://www.ibtimes.com/wikileaks-obamas-cia-hacked-phones-tvs-turned-them-spy-devices-2503667>
- 220 The Atlantic, The Details About the CIA's Deal With Amazon, Frank Konkel, 7/17/14
- 221 <https://theintercept.com/2019/02/08/jeff-bezos-protests-the-invasion-of-his-privacy-as-amazon-builds-a-sprawling-surveillance-state-for-everyone-else/>
- 222 <https://www.cnbc.com/2020/03/24/amazon-slams-pentagons-approach-to-fix-10-billion-jedi-contract.html>, <https://govcloudinsider.com/articles/2018/05/03/aws-cia-cloud-expanding.aspx>
- 223 <https://www.theguardian.com/media/2010/dec/01/wikileaks-website-cables-servers-amazon>
- 224 <https://qz.com/1145669/googles-true-origin-partly-lies-in-cia-and-nsa-research-grants-for-mass-surveillance/>
- 225 <https://www.forbes.com/sites/kevinmurnane/2018/01/13/report-claims-that-16-of-adults-in-the-us-own-amazons-echo-or-googles-home/#3fff242978d8>
- 226 Hackers manage – just – to turn Amazon Echoes into snooping devices, Kieren McCarthy 8/14/18,
https://www.theregister.co.uk/2018/08/14/amazon_echo_hacking/
- 227 <https://www.bloomberg.com/news/articles/2019-04-10/is-anyone-listening-to-you-on-alexa-a-global-team-reviews-audio>
- 228 BlueBorne Cyber Threat Impacts Amazon Echo and Google Home, <https://armis.com/blueborne-cyber-threat-impacts-amazon-echo-google-home/>
- 229 <https://www.iotforall.com/7-most-common-iot-security-threats-2019/>
- 230 Ibid.
- 231 <https://thenextweb.com/syndication/2019/01/21/the-quiet-threat-inside-internet-of-things-devices/>
- 232 <https://theintercept.com/2019/02/08/jeff-bezos-protests-the-invasion-of-his-privacy-as-amazon-builds-a-sprawling-surveillance-state-for-everyone-else/>
- 233 <https://www.msn.com/en-us/news/technology/im-your-best-friend-im-santa-claus-voice-heard-from-ring-camera-in-8-year-olds-room/ar-AAK3T5d>
- 234 <https://www.eff.org/deeplinks/2019/08/five-concerns-about-amazon-rings-deals-police>
- 235 Bloomberg News, The Big Hack: How China Used a Tiny Chip to Infiltrate U.S. Companies, Jordan Robertson and Michael Riley, 10/4/18
- 236 Bloomberg News, The Big Hack
- 237 The Guardian, The tech giants, the US and the Chinese spy chips that never were... or were they? John Naughton
- 238 Bloomberg News, The Big Hack
- 239 <https://46ba123xc93a357lc11tqhds-wpengine.netdna-ssl.com/wp-content/uploads/2018/02/smart-speaker-sales-q4-2016-2017-01.png>, Total 2017 sales: <https://www.canalys.com/newsroom/smart-speakers-are-fastest-growing-consumer-tech-shipments-surpass-50-million-2018>
- 240 <https://metro.co.uk/2020/02/18/ex-amazon-exec-admits-switches-alexa-off-private-conversations-12259105/>
- 241 <https://www.theatlantic.com/magazine/archive/2019/11/what-jeff-bezos-wants/598363/>
- 242 See my book The New Enlightenment's media reform proposal for the solution to the problem media concentration poses to democracy and social advancement.
- 243 Although Bezos had less wealth at the time of the Post purchase, its price was still relatively insignificant.
- 244 <https://www.cnbc.com/2018/04/30/jeff-bezos-says-this-is-how-he-plans-to-spend-the-bulk-of-his-fortune.html>
- 245 Forbes Releases 37th Annual Forbes 400 Ranking of the Richest Americans, 10/3/18, Forbes Magazine
- 246 6.4% return from Capital in the 21st Century, pg. 435, Table 12.1, Thomas Piketty, Growth rate of top global wealth holders, top 400's wealth from <https://www.forbes.com/forbes-400/#4b2c59b37e2f>
- 247 Enrollment and Employees in Postsecondary Institutions, Fall 2017; and Financial Statistics and Academic Libraries, Fiscal Year 2017, The National Center for Education Statistics

-
- 248 Ibid.
- 249 <https://money.com/americans-support-free-college/>
- 250 Virgin Galactic To Begin Space Tourism Next Year, 7/16/12, www.ign.com
- 251 Why space tourism is going to be utterly disappointing, Joseph Stromberg, 8/20/15, www.vox.com
- 252 Bezos referring to his wealth as “winnings” suggests he is aware that much of the \$162 billion is founded on his luck of being in the right place at the right time with sufficient resources to take advantage of it. This lucky circumstance combined with his desire to gain from it as much as possible and willingness to do so using unfair advantages led to his massive wealth.
- 253 Capital in the 21st Century, pg. 435, Table 12.1, Thomas Piketty, Growth rate of top global wealth holders
- 254 Theodore Roosevelt: The Citizen, Jacob August Riis, pg. 58
- 255 <https://borgenproject.org/how-much-does-it-cost-to-end-poverty/#:~:text=Jeffrey%20Sachs%2C%20as%20one%20of,per%20year%20for%2020%20years.>
- 256 Reward work, not wealth, Oxfam, 1/22/18, and <https://www.theguardian.com/inequality/2017/nov/14/worlds-richest-wealth-credit-suisse>
- 257 Wealth data from <https://www.bloomberg.com/billionaires/> On average, billionaires gain about 6% per year on investments
- 258 Forbes Magazine, Bezos Unbound: Exclusive Interview With The Amazon Founder On What He Plans To Conquer Next, Randall Lane 9/30/18
- 259 <https://www.thenation.com/article/amazon-doesnt-just-want-to-dominate-the-market-it-wants-to-become-the-market/>
- 260 Testimony Before the US House of Representatives Committee on the Judiciary Subcommittee on Antitrust, Commercial, and Administrative Law, Hearing on: Online Platforms and Market Power of Stacy F. Mitchell, Co-Director Institute for Local Self-Reliance
- 261 <https://money.cnn.com/2017/10/25/news/economy/store-closings-2017/index.html>
- 262 <https://www.digitalcommerce360.com/article/us-ecommerce-sales/>
- 263 <https://ilsr.org/key-studies-why-local-matters/>
- 264 <http://www.themarketworks.org/sites/default/files/uploads/charts/Highly-Concentrated-Industries.pdf>
- 265 https://www.washingtonpost.com/business/is-amazon-getting-too-big/2017/07/28/ff38b9ca-722e-11e7-9eac-d56bd5568db8_story.html?noredirect=on&utm_term=.36ea5fa185f0
- 266 <https://techcrunch.com/2018/07/13/amazons-share-of-the-us-e-commerce-market-is-now-49-or-5-of-all-retail-spend/>
- 267 U.S. Retail Sales Report, Current Statistics, And Recent Trends, 10/15/18, Kimberly Amadeo, <https://www.thebalance.com/u-s-retail-sales-statistics-and-trends-3305717>
- 268 <https://www.yalelawjournal.org/note/amazons-antitrust-paradox/> , <https://ir.aboutamazon.com/news-releases/news-release-details/amazoncom-announces-first-quarter-sales-17-597-billion>
- 269 How Amazon Loses on Prime and Still Wins, Nanette Byrnes, MIT Technology Review, 7/12/16
- 270 <https://www.theatlantic.com/magazine/archive/2019/11/what-jeff-bezos-wants/598363/>
- 271 <https://www.businessinsider.com/r-amazon-says-over-5-billion-items-shipped-in-2017-via-prime-2018-1>
- 272 https://chomsky.info/1986____/
- 273 Ibid.