

Senate Judiciary Committee  
Illinois General Assembly  
Springfield, Illinois 62701



Dear Chair Crowe, Vice Chair Connor, and Members of the Committee,

Thank you for the opportunity to testify. My name is Pat Garofalo, and I am director of state and local policy at the American Economic Liberties Project, an organization dedicated to reducing the power dominant corporations have over public life, as well as the author of a book on economic development policy. I'm here to express our strong support for SB 3417, the Freedom to Subscribe Directly Act. It's a bill that would prevent large app distributors such as Apple and Google from using their power to harm smaller Illinois app developers, a power that results in ever-more revenue being siphoned away from innovative Illinois businesses into the hands of dominant Big Tech corporations.

Through a series of predatory and abusive tactics, Apple and Google have become dominant in app distribution – essentially, every app you download onto your mobile device has to go through either Apple's App Store or Google's Google Play. As Congress' House Antitrust Subcommittee detailed in a historic report in 2020, these monopolists then use their position as gatekeepers to force developers to agree to extortionary terms in order to reach consumers.<sup>1</sup> This results in tangible harms to Illinois businesses and communities by choking innovation and undermining job growth.<sup>2</sup>

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<sup>1</sup> "Investigation of Competition in Digital Markets," Subcommittee on Antitrust, Commercial and Administrative Law of the Committee on the Judiciary, Oct. 2020

[https://judiciary.house.gov/uploadedfiles/competition\\_in\\_digital\\_markets.pdf](https://judiciary.house.gov/uploadedfiles/competition_in_digital_markets.pdf)

<sup>2</sup> "Confronting America's Concentration Crisis: A Ledger of Harms and Framework for Advancing Economic Liberty for All," American Economic Liberties Project, Aug. 6, 2020 <https://www.economicliberties.us/our-work/confronting-americas-concentration-crisis-a-ledger-of-harms-and-framework-for-advancing-economic-liberty-for-all/>

To be very clear, this is a pro-business bill that is about fairness and competition in markets, not any of the other scare terms that have been thrown around to sow fear and confusion. As you've heard, it merely says that if a developer wants to use an alternative payment system not run by Apple and Google, allowing them to directly interact with their own customers if they so choose, they can. Small and mid-sized business would survive on the strength of their product, rather than their ability to successfully navigate obstacles set up by Big Tech gatekeepers.

And that's a key point I want to emphasize. The Big Tech firms want you to think this is just a spat between big businesses – Epic and Match versus Apple and Google – but that is not the case. I talk all the time to small developers, in Illinois and across the country, for whom this bill would be a game-changer, allowing them to expand faster, scale sooner, and hire more workers. They're not here testifying because they're scared: The fear in this industry is palpable, because these developers know that Apple and Google can crush them with a click, with no warning or recourse.<sup>3</sup> That's what it means to have a monopoly and it's what the Big Tech firms would really prefer you ignore.

This dynamic, though, also means Illinois has an opportunity. The first state to approve a bill like this will send a signal to the rest of the country that it is a place that values innovation and entrepreneurship, that it is a place that guarantees free and open access to markets, that it values competition and doesn't tolerate gatekeepers extracting tolls from key avenues of commerce. You can achieve for free what states across the country, including your own, have spent loads of public funds on: Attracting tech companies and the entrepreneurs who will build the businesses of the future.

The Big Tech firms want to make this idea sound scary and complicated, throwing around terms like sideloading and making you think this is a policy that will devastate privacy. But they simply don't want to give up their power. You can act now to protect Illinois businesses from unfair and abusive practices and attract new businesses who appreciate your understanding of the

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<sup>3</sup> "Investigation of Competition in Digital Markets."

challenges they face and the opportunities they can provide. I hope that you will support SB 3417, allowing Illinois to become a national leader on a vital area of economic policy. Thanks for your time and happy to answer any questions.

Sincerely,

Pat Garofalo  
Director of state and local policy  
American Economic Liberties Project