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Fixed Book Price Systems as Tools of Literary Politics

Paper delivered at Workshop on “The Economics of Fixed Book Price (FBP) Systems”.
Justus Liebig Universität, Giessen. November 14 – 15, 2019.

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ABSTRACT

In this paper, we draw on two separate studies that we have undertaken in recent years. Both relate to the topic of the workshop on “The Economics of Fixed Book Price (FBP) Systems”. The first study is presented in the book *The Tools of Literary Politics*ⁱ which was published in the spring of 2019 and was distributed and presented as part of the programme when Norway was guest of honour at the Frankfurt Book Fair in 2019. The book presents an overview and a typology of various tools, explaining their base for legitimacy and their organisational mechanisms; and in the case of Norway; why they were developed and how they actually function in today’s Norwegian context. We offer a quick introduction to the theories and typologies we developed for the book and we also position Fixed Book Price Systems (FBPS) within our framework. The second study we draw on is a comparative analysis of European FBPS that we together with other researchers undertook for the Ministry of Culture and the Ministry of Education in Norwayⁱⁱ in preparation for a Norwegian book law in 2012. Against our advice, the law never came to be implemented. However, our report has since been updated. In this paper we briefly present the main findings of our analysis across European markets and states.

ⁱ Rønning, Helge & Tore Slaatta (2019) *The Tools of Literary Politics. The Norwegian Model*. Oslo. Scandinavian Academic Press.

ⁱⁱ *Books – At what price? Report on policy instruments in the publishing industry in Europe* by Helge Rønning, Tore Slaatta, Olav Torvund, Håkon Larsen, Terje Colbjørnsen, First Submitted to the Norwegian Ministry of Culture and the Norwegian Ministry of Education and Research, 15 February 2012. And then delivered in a revised and updated version by Helge Rønning and Håkon Larsen, to The Norwegian Publishers Association, 25 February 2018.

Fixed Book Price Systems as Tools of Literary Politics

In spring of 2019 we published a book on Norwegian literary politics where we analysed the different elements that constitute the literary system in Norway. We called the book *The Tools of Literary Politics. The Norwegian Model*. The aim of the analysis was to explain how the different aspects of the country's cultural and educational policies influence and form the basis for policy schemes that make Norway one of the countries in the world with the highest number of regular readers and books published per capita.

1. State-Society Relations; the Nordic Model

Our investigation was based on an understanding that cultural policies of Norway and the other Nordic countries have their basis in a triangular model of state-society relations where it is the role of the state and public institutions to provide an infrastructure, and the role of the market and the civil society to complete the task of producing and distributing cultural expressions such as literature and arts, without interference from the state. This is very much in line with a liberal theory of state-society relations. However, the welfare state ideal offers a stronger social legitimation for state intervention, also in the cultural domains. In his book *The Nordic Cultural Model*,ⁱⁱⁱ Peter Duelund summarises the basis for the cultural policy of the Nordic countries from a history of ideas perspective: the cultural policy model of the welfare state is based on a classic enlightenment and education ideal that includes an aesthetic formation. As a regulating and intervening body, the welfare state shall enable the enlightened citizens of society as individuals to participate in as extensive a cultural life as possible. This in turn helps democracy develop. Artistic expressions and cultural experiences are part of the holistic social welfare development. This also means that the state should take on some responsibility for the welfare of artists and authors.

Art and culture are made accessible to the public for instance through the building of publicly funded cultural institutions for performing arts, visual arts, music, and literature. These physical infrastructures form the basis for private initiatives and cultural financial investments, and for civil society –through a plethora of organisations, companies and actors in order to secure the production and distribution of cultural expressions. The institutions are partly operating within market logics, although being directly supported by the state. And, in order to sustain a community of independent artists and authors, the state, the municipalities and private interests also go together to offer a wide range of support schemes.

Hence, there is a mixed model of state, market and civil society involvement in the Nordic countries. In order to maintain the political autonomy of the arts, the state supported schemes are administered by an independent organisation; the Arts Council Norway. This division of labour here is based on the liberal vision and the central precondition of the so-called principle of 'at arm's length'. This principle requires a clear division of labour and responsibility between the state and the production of cultural expressions, where it is the task of the state to define the economic framework, but not the artistic ones. The principle relies on an active role of civil society, where artist organisations and independent parties engage in negotiating the state's exercise of power in cultural policies. To make it work, the state must recognise the organisations' representativeness and competence on specific terms and thus provide limited and clarified authority to them, facilitating a form of state delegation in

ⁱⁱⁱ Duelund, Peter (ed.) (2003) *The Nordic Cultural Model*. Copenhagen. The Nordic Cultural Institute. p. 539

cultural politics. The artist organisations, on their behalf, must have parallel checks and balances in their systems to secure optimal conditions for fair and uncorrupted distribution of artists' support.

The interaction between the state on the one hand and the civil society on the other in the literary field encompasses among others state support schemes for literature, as well as provisions for teaching material for the educational systems, and an extended library network. Civil society actors comprise among others: organisations of librarians, authors, publishers, book sellers and collective rights management organisations^{iv}. An important premise for this delegation of power is rooted in Norwegian copyright legislation, which – in line with the other Nordic countries – provides strong protections for authors' rights and includes a provision for extended collective licensing. The so-called contract license states that compensation for the secondary use of copyrights must be represented by right holder organisations (so-called 'CMOs', Collective Management Organisations) when negotiating with state and private interests.

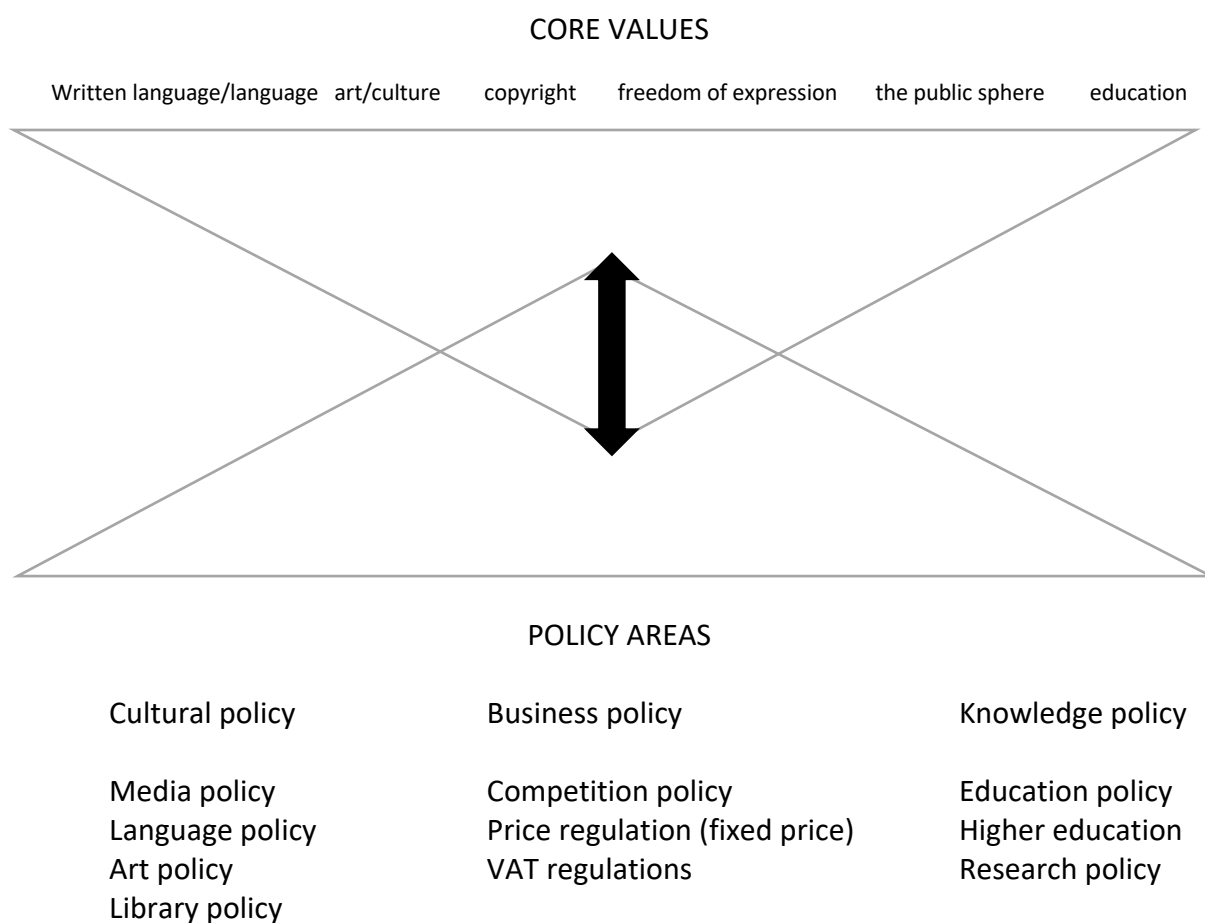
2. The Values, Policy Areas and Institutions in Literary Politics

In order to legitimate literary politics, we developed this model, connecting values on one hand, and policy areas on the other. The shape of the model indicates that there is no linear relationship between one value and one policy area. They all crisscross and interact and all the values can be, and probably will be, present in all the areas. However, they are probably weighed differently. In cultural politics, it will be more important to preserve some unique features of cultural identity which often is connected to language and some kind of understanding of quality and relevance in cultural production and consumption. In market politics, the value that usually are being most treasured is price/cost-efficiency, often seen from the perspective of the primary agent; the consumer/reader. In knowledge politics, the consumer more often becomes a citizen that requires access to education, to media and a functional public sphere. Thus, values are valued and connected differently to each segment, but always present in all areas.

This is important for how we understand FBPS. They are often solely seen as part of the business policy area. However, the way they are defined, and the way a book is seen as a unique cultural good, turns them into a legal tool within cultural policies. This is more so with a book law than with a business agreement between publishers and booksellers, since the law is universal and binding for everyone, and the business agreement only adheres to the members of the contracting member associations.

^{iv} The Norwegian CMO for texts is called Kopinor. See: www.kopinor.no/en/about-kopinor

Fig. 1 The core values and areas of literary policy



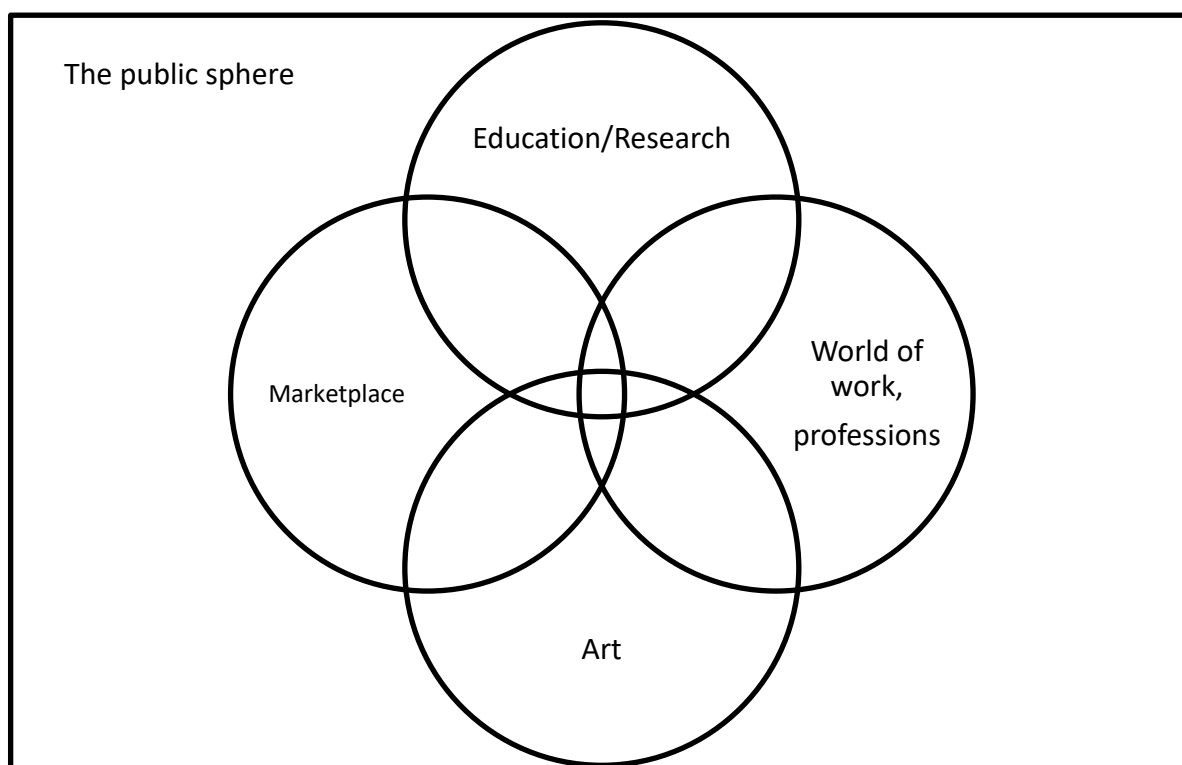
In our book, we are particularly concerned with how what we called knowledge politics must be considered as an essential part of the literary policy system. Knowledge policy is characterised by several internal divisions related to institutions. Firstly, there is non-fiction literature written for the various levels in the Norwegian school system, often called educational material. Secondly, there is scholarly literature (academic, science) aimed towards the academic community of students, professors, and researchers in academia. Thirdly, there is professional literature that includes applied and experience-based knowledge that can be categorised under the umbrella term of knowledge literature. Knowledge literature differs from the general non-fiction (trade books) that address the general public in the form of debate books, political and social arguments and analyses, biographies, and as popular science literature. The book is in fact a call to arms for active literary politics in Europe. We argue in the preface that:

Literary politics is both cultural and knowledge politics, thus knowledge literature should also get its share of attention. The literary policy schemes in Norway have also benefitted literature

and society at large. Therefore, it is important that literary policy is continually developed. This must be done from a broad understanding of literature and written culture.^v

The institutions of literary politics can be modelled as an interlocking or overlapping figure of spheres, all embedded within an overarching, general public sphere:

Fig. 2 The five institutions of literature



Literary policy is connected to all five of these institutions and is historically related to a media industry that once had the book and the art of printing as its point of departure, but which is now characterised by a global media industry. The structure of the publishing industry varies in different language markets. There may be a mixture with a few big publishers and book shops alongside many smaller ones. There may also be a large or small market concentration, or both horizontal and vertical integration between publishers and distributors. And just as the five institutions have different texts and genres, the book trade in different language markets have different centres of gravity. In small countries like Norway, it is especially common for large publishers to publish books for all five institutions and to play complex roles in society's culture and knowledge production. International publishing today can seem even more specialized, with clearer divisions of labour between publishers that target the general market and the wider reading public (trade publishing), and publishers who specialise in education and research. But through acquisitions and reorganizations there are,

^v *The Tools of Literary Politics*, Oslo: Scandinavian Academic Publishing, p.7.

on the one hand, large international publishing groups, and, on the other hand, so-called imprints, which are smaller, specialised publishers within the large and medium-sized publishers. The relationship between a writer and a publisher is shaped by the same division of labour and the publishers assume completely different roles for the writer and the reader, depending on within which institution the text is produced. This is something that literary policy makers in different countries must keep in mind.

3. A Typology of Tools (and the FBPS)

In the book we identified four different sectors of tools related to literary politics. They are legal tools ^{vi}, economic tools ^{vii}, educational or pedagogic tools ^{viii}, and infrastructural tools ^{ix}.

The various literary policy tools will fall under different policy areas depending on how the policy is organised and rooted in the various subject areas. The division largely reflects how the tools once came to be, which had consequences for how they later developed and survived, across shifting governments and through political input from the literary institutions and actors.

In political science textbooks, political management tools are usually divided into four main categories. The first category is the legal or normative tools associated with laws and regulations that stipulate how things should be and how violations should be sanctioned. The best-known literary-political laws are probably the European book laws, which limit the ability of booksellers to deviate from a price that the publishers have set for a statutory period. But there are several laws that regulate literature, not least of which are the laws regarding freedom of expression and copyright in addition to the library law, which requires the state to be an archivist and facilitator for access to and the use of the 'literary heritage'. The publishing industry is also subject to Norwegian and European competition laws, as it is an industry. Since a large part of the literature is knowledge literature written and published for students at schools

^{vi} Legal tools encompass first and foremost provisions in the Constitution for freedom of expression and also The Copyright Act. Furthermore, they include the laws pertaining to the education system, the laws that concern libraries, such as in Norway the Public Library Act, Legal Deposit Act, The Library Compensation Act, laws that regulate cultural institutions such as the Arts Council Act. In addition, there are laws governing the media in Norway: The Editorial Freedom in the Media Act, the Broadcasting Act, or the Transparency on Media Ownership Act. In countries that have legal provisions for fixed price systems these are of course important legal literary tools. Norway does not have a fixed book price law, but an agreement between the book publishers and book-sellers organisation, which presupposes an exemption from parts of the competition law.

^{vii} The economic tools of literary policy by and large have a market-regulating function. The objective of market regulation is to strengthen the book trade and compensate for the market failure the Norwegian book market experiences due to the fact that Norway is a small language area. The economic policy tools are largely general and designed to strengthen the market overall rather than hyper-focused or targeting specific fields. They may be divided into indirect and direct schemes of support. The most important example of the first in Norway is the value-added tax exemption for books, which is a tax-regulating measure. The most important direct support tool is the purchasing schemes for Norwegian literature, which imply that a set number of books of different kinds, some genres automatically, others by application, are being bought by the state for distribution to libraries. The function of the purchasing scheme in the literary cycle is to reinforce the economic incentives for the publisher and to guarantee a minimum print run and a guaranteed purchase. Other direct tools are government grants to writers. But the most important economic tool for literary politics is of course the vote in the national budget for the running of public libraries.

^{viii} The educational tools are designed to foster reading and writing skills and include everything from school curricula, dissemination activities, and special reading campaigns to celebrations and festivals that give literature, written language, and authors recognition in everyday life.

^{ix} A successful literary policy also needs a well-functioning infrastructure to facilitate the distribution and accessibility of literature. In this regard, there are three key institutions: the libraries, book shops, and the digital infrastructure.

and universities, both school laws and laws pertaining to universities and colleges affect the design of literary policy.

The second category is the economic tools, which are usually pure support schemes or forms of so-called ‘subsidy policy’ or ‘stabilization policy’, where the state gives certain economic benefits to an industry or market player. In practice, state support is often some form of tax relief or schemes where access to raw materials is provided through favourable terms like, for instance, the discounted newspaper distribution costs that Norwegian newspapers have benefited from for a long time. Another policy tool is the VAT exemption that benefits booksellers, publishers, and book buyers. One alternative to supporting publishers is to give authors extended deductions on their taxable income. This was a common business policy in post-war Europe to build up industrial businesses in the European countries. But within the EU today, many such tools are considered to distort competition and cause unfortunate protectionism. Therefore, for economic support schemes in the literary field to be defensible, they must be understood as cultural policy tools rather than business policy tools.

The third category is the educational tools. They are often less tangible, more obscure, and less controversial. More important is the Education Act, which requires the state to teach all pupils reading, writing, and arithmetic (§1–4) and to use textbooks and teaching aids that are available in the two largest languages in Norway, *bokmål* and *nynorsk* (§9–4). But even if this happens through educational means, it is primarily a legal tool. In the literary-political sense, educational tools are measures such as reading campaigns or initiatives where authors visit schools to facilitate reading for selected groups of readers, especially for children and adolescents.

The fourth category is the technological management tools (infrastructure). These are also literary policy tools that, for example, make books available in book shops and libraries. The publishers, booksellers, and distributors have agreements among themselves and ensure that books are available in the sales chain, while libraries, ensuring accessibility for the society at large, are regulated by the Library Act. But the physical facilitation of communication in Norway is also ensured by the constitution. In the Norwegian Constitution’s freedom of expression article, the sixth clause is the so-called ‘infrastructure requirement’. It states that the government shall ‘facilitate open and enlightened public discourse’. It is thus an important public task to build libraries and keep archives and collections open and accessible. Today’s politicians also want to facilitate digital development, so guaranteeing basic infrastructure for digital networks and media becomes a natural part of an expanded understanding of literary policy.

When connecting the areas and tools together, we are presented with the following overview:

Fig. 3. Literary policy tools

Cultural policy tools		
Legal	Economic	Educational/Infrastructural
Freedom of expression act, copyright, contract law	Purchasing schemes	Public libraries
	Government Grants for Artists	Legal deposit system
	Support for literature dissemination	Houses of literature, promotion of author visits to schools etc.
Business policy tools		
Legal	Economic	Educational/Infrastructural
Competition legislation	Taxes	Cultural dissemination programs at embassies
Book law, if applicable	VAT exemption	Internationally oriented cultural politics
	Fixed book price	Facilitation of digital development
	NORLA (Norwegian Literature Abroad) support for translations	
Knowledge policy tools		
Legal	Economic	Educational/Infrastructural
Education Act University and University College Act	Coordinated purchase of syllabus literature to schools	School libraries
	Financing of open access publishing in the university and college sector	Reading campaigns
		Adapted books

4. Comparative study of FBPs

In our study on European FBPs we argued that systems of fixed or free prices in the book markets are part of both the legal and economic literary tools. Thus, we concentrated both on the literary political arguments and values linked to the discussion of fixed book prices, as well as the economic or market related effects. One important motivation for the European FBPLs has been EU's acceptance of political regulation in the cultural field at a national level.^x

^x The EU allows fixed price systems but does not allow fixed prices to extend across national borders. Books are considered a cultural product, and the Treaty of Rome establishes that culture is a national concern and that

European FBPLs find justification in a desire to espouse books as a written medium in the country's own language(s), and in the publication of a broad range of books supported by good distribution systems.

Different political and value-based arguments can be framed for and against the legitimacy of fixed book price systems. An FBPL serves to underline the importance and uniqueness of book culture and of the book as a medium, while free-price systems may be legitimised by the emphasis of competition laws and on the book buyer's right to free choice (including choice of books as well as distribution channels, with digital books representing an additional choice), and the market's ability to offer lower prices to the consumer. Thus, by emphasising different norms of legitimacy, and given sufficient political will, authorities can target specific cultural policy choices.

Different Contexts and Book Markets

We argued in our report, that in order to understand the role of FBPLs and FBPA's, one has to understand that they are policy tools that are integrated in larger repertoires of policy measures and that they work in distinct and linguistically differentiated markets and states. This means that European FBPLs must be studied in local contexts. Hence, the organisational relationship between production, distribution and reception was examined independently in all European countries. The importance of alternative policy instruments had to be taken into account, e.g. VAT exemptions, subsidies for the production and distribution of technical and educational literature, and other regulations pertaining to language and/or education policy that impact the production of text and books. Thus, the context needed to be related to cultural as well as cultural economic aspects of how the industry deals with all types of books including technical and educational literature, e.g. import and export, academic publishing and specialised academic libraries and library services.

In every respect, we found that it is important to consider the general market as being separate from the technical and textbook market. The differences are related to the different functions and roles of books in society: The general market is mainly dominated by an idea about literary value and quality; books are reviewed and marketed as literature and are either what we call literary fiction or general prose (e.g. expository writing, history, biographies, documentary literature, reports, and debate books). In the market for educational literature, specific expertise is combined with subject-specific functions for educational purposes. There are generally utilitarian considerations related to the acquisition of knowledge in regulated educational systems, and books are added to reading lists by what are presumed to be competent individuals. In the academic market, research results and the importance of scholarly and technical development count a great deal, and the relationship between publishing activities and research institutions is very important.

One of the first things we had to point out is the difference between European countries in the level of specialisation among publishers that deal with technical literature and textbooks, i.e. whether they publish textbooks and scientific and academic material exclusively, or whether their publications include general literature, fiction, children's books or other types of

intervention on the part of the EU is only justified when it represents added value for the EU. This applies in both the EU and EFTA. In the court case C-531/07 (the LIBRO case), 19 and 21 March 2008, statements made by the EU Commission and the EFTA Surveillance Authority specified "[...] the protection of the position of books as a cultural product justifies placing limits on free trade". The ideological justification for literary policy precedes the policy instruments and thereby represents a decisive aspect of a country's literary policy.

literature as well. A general characteristic of the European publishing industry is that the largest publishing groups, i.e. those with the highest volume of sales and revenues, focus almost exclusively on educational and scientific literature. For example, four of the five largest German publishers publish educational material and textbooks and academic and scientific material. In the case of major mergers and publishing corporations, those that combine general publishing with textbooks and technical literature rank highest. Accordingly, publishers specialising in general literature and particularly literary publications are often small compared with large textbook publishers. In Scandinavia it is common for medium and large publishing houses to publish different types of fiction (children's books, crime, short stories and novels), as well as assorted non-fiction (informational literature, hobby books, essays, general non-fiction, etc.). The major Scandinavian publishers have especially comprehensive publishing profiles and therefore operate large and important textbook departments and academic imprints or subsidiary publishing companies. Such broad publishing profiles within one and the same publishing house are less common in the larger markets (Spain, France, Germany, and UK). It is important to keep in mind that the conditions and structures in the production and distribution of educational literature vary considerably from one European country to the next. All European countries represent specialised sub-markets for the various educational offerings, governed by different production and distribution requirements that affect the competitive situation and the government's ability to target specific cultural or educational policies. There are variations in fixed book price countries go whether they include textbooks in the legislation.

Textbooks have been the basic teaching material in schools for centuries. They have been a fundamental part of the educational infrastructure. Schools and educational authorities have assigned them to classes. They have been under constant renewal, but the format of the book has been constant. This is changing. Teaching materials are now more and more multidimensional and multi-formatted, and often linked to online platforms. One of the questions raised is whether this leads to the death of textbooks? Textbook publishing companies have launched digital platforms, and they style themselves as learning science companies or technical education companies. This means that even material based on textbooks change as they become digitised, interactive and steadily updated. This transforms the teaching landscape but also the educational publishing landscape.

Academic publishing encompasses many aspects such as scholarly publishing in the social sciences, humanities, law, etc. The field includes many different publishing products, from teaching materials for higher education in the form of books to electronic learning tools and "teaching packs", monographs, scientific papers, anthologies, and last, but not least, academic and scientific journals. The most profitable sector of academic publishing is the field of STM (Science, Technology, Medicine). Since the information flow in scientific environments is passed on to the more general and applied fields within medicine, engineering, management, politics and financial governance, academic publishing businesses can effectively be linked to other forms of media and information flow, e.g. news media or professional journals. The best example of this is ThomsonReuter, which also operates Reuters, the world's largest news agency. STM is the most profitable field in the entire industry, a phenomenon that has made the International Association of Scientific, Technical & Medical Publishers into an influential organisation for especially profitable publishers.

The knowledge element of the publishing industry breaks down into four markets:

- 1) The domestic, institutionalised book market catering to primary and secondary education.

- 2) The domestic or regional book market catering to higher education (college, university, special skills).
- 3) The English-language (international) book market representing the preeminent position of the English language as an international “lingua franca” for all fields of science that increasingly have to compete with domestically or regionally produced literature in other languages within higher education.
- 4) The academic and scientific publishing system, internationally as well as domestically.

Educational publishers provide key financial contributions to the publishing industry as a whole. The entire field is under pressure from international English language publishers, and it is important to strengthen the opportunities available to develop and support national academic publishing channels. In countries with FBPL laws, this field as a whole is considered to be under pressure and in need of particular attention. An important development in this context, which may serve to undermine academic publishing in smaller book markets regardless of pricing system are demands for open access publishing of research.

Legal Policy Considerations

We found that Fixed Book Price Laws (FBPLs) was the only political regulatory instrument in the book trade that is acceptable to the European Union. Such legislation is considered to be part of cultural policy law and therefore a national concern. Consequently, such laws are not affected by EU criticism of barriers to competition, which is what Fixed Book Price Agreements (FBPAs) have become. It is thus an anomaly that the only fixed price country in Europe that maintains an agreement rather than a law is Norway. Though it should be mentioned that Norway was on the verge of creating an FBPL law, but after a change of government in 2013, the law was put aside in favour of a renewed FBPL agreement.

The European book market is associated with various value-based political arguments for and against different regulatory regimes. A book law such as the French FBPL highlights the importance and uniqueness of book culture and the book as a medium, and its overall objective is to maintain diversity and universal access. The act aims to preserve book culture and the book industry as a *cultural whole*. The French FBPL with all its associated documents attaches great importance to the unique position of the book in French culture and intellectual life, arguing that a book is not a commodity like other commodities, but part of a literary-cultural system. In this context, all the involved parts – bookshops, libraries, reading circles, book clubs, publishers and authors – are of equal importance. Thus, the law provides more than merely the regulation of price.

Other book laws, such as the German FBPL, are simpler and more clearly aimed at regulating prices. This law is to a greater extent subject to economic and competitive policy, based on the understanding that books are unique products that must meet the market in a way that guarantees accessible distribution solutions.

However, all book laws share the fact that they are considered part of national cultural policy, rather than anti-competition legislation in Europe. FBPLs can differ on a number of points with regard to what types of books are covered, time limits, and additional provisions regarding discounts, etc. In most countries with FBPLs, they include all types of books. Experience and evaluations show that this has the most favourable effect on achieving the

objectives of the laws. The analyses and studies we have had at our disposal largely conclude that FBPLs cater best to cultural policy objectives.

Economic Policy Considerations

An important part of the discussion about fixed or free price systems is how free pricing affects diversity in the market, and whether the economics of book markets are affected locally by the pricing systems. It is difficult to draw clear conclusions from the situation in the free-price countries.

The situation in the UK and its development as a free-price country is well documented. Traditional bookshops appear to be under severe pressure, and the strong focus placed on bestsellers seems to be on the rise. At the same time, the English-language book market is a privileged and expanding international market, capable of maintaining scope and diversity in any event. Although data suggest that the limited British book market is stagnating, British publishers marketing their publications extensively in a rapidly expanding international market counteract this. This applies to European countries where English is not the primary language, as well as to countries outside Europe. For British publishers the strength of export sales in the science, research and academic markets are particularly important ^{xi}

The Swedish book market has evolved towards a strong concentration and vertical integration on the publishing and distribution sides alike. Corresponding trends are seen under free-price as well fixed-price systems, and we are unable to conclude with certainty that the development is the result of free-price regimes. However, the situation for writers in the free-price countries seems particularly precarious, and according to Swedish reports, bookshops have experienced a clear negative trend. Subsidies for Swedish bookshops are currently being discussed.

The situation in Denmark is especially interesting, as there is now a free market as a result of the Danish FBPA being increasingly undermined over a 10-year period before it was abolished on 1 January 2011. Reports on developments in the Danish book market since the introduction of free prices do not indicate that there have been any drastic changes neither as regards the production nor the distribution of books. The changes that have occurred are to quite some degree parallels to the case in other Nordic countries. If one is to highlight two tendencies – one is that there seems to be an increased degree of concentration in the publishing industry for general market books and that there is a certain degree of decrease in the number of bookstores, particularly in smaller towns and the Western part of the country. Otherwise the tendencies in the Danish book market for the past four years may be summed up as follows: the production of printed books shows a slight decrease, but this is compensated by a notable increase in the production of e-books and not least audiobooks. General fiction and poetry show a slight decrease while the percentage of textbooks and general books increases. Bookstores account for just beneath 50% of the sales of books, Internet sales seem to increase and there is a remarkable growth in the streaming of audiobooks. Digital sales for the publishers in 2016 accounted for 16.2%, but this also includes audiobooks. The sale of e-books has such declined. A remarkable and controversial aspect of book distribution in Denmark is the lending of e-books through public libraries. ^{xii}

^{xi} See: <https://www.publishers.org.uk/media-centre/news-releases/2017/uk-publishing-has-record-year-up-7-to-48bn/> (Last accessed Nov. 10, 2019)

^{xii} *Bogen og litteraturens vilkår 2017. Bog-og litteraturpanelets årsrapport*. Copenhagen, October 2017.

Free-price systems are legitimised by the emphasis of competition laws and on the book buyer's free choice of both books and bookshops. Most important, however, is the market's ability to reduce the price of books for consumers. Advocates of free-price systems often maintain that system leads to increasing book sales, and there are indications that this leads to lower prices on some titles (bestsellers) and to new outlets (e.g. supermarkets) that recruit new readers in ways different from fixed-price systems. However, comparative studies of price trends between free-price and fixed-price systems, such as those comparing Germany, and Austria with the UK, as well as the British and French studies we have seen, seem to indicate that average prices increase most in countries with free-price systems.

Our analyses indicated that countries with FBPA or FBPL do not have higher average prices than countries with free prices. However, countries with fixed book prices seem to be better able to maintain the quality and diversity of publications, at the same time as the number of sales and distribution outlets has remained relatively stable. In small countries, fixed book prices are also considered important with a view to language and educational policy, and they help ensure satisfactory framework conditions for locally produced literature. Fixed prices systems can vary on any number of points, including what types of books they cover, their term of coverage and supplementary provisions in respect of discounts, etc. Germany, France, Italy the systems cover both fiction and educational literature. In the other countries, there are special systems for public procurements so that educational literature is not sold through bookshops and, in two cases, Greece and Latvia, textbooks are produced by state-owned publishing houses.

5. Findings on FBPS and the European Book Industry

The European book industry is marked by a considerable degree of competition. It has nevertheless been suggested that vertical integration in the book industry – as in Norway – prevents competition. In Europe (both free-price and fixed-price countries), experience shows that:

1. The book industry's threshold for new ventures is relatively low, and only marginally affected by vertical integration. This applies particularly to online booksellers and niche bookshops. In the most competitive markets, the establishment of chains has either led to the acquisition of local bookshops carrying a full range of products, or to shutdowns when the chain has gone bankrupt, such as Borders in the UK.
2. Digitisation and convergence with other related industries that open up for alternative production and distribution methods in the dissemination of books and other (more or less) text-based products^{xiii} are not contingent on pricing systems.
3. There appears to be no difference between fixed-price and free-price systems as regards moderating concentration and integration tendencies. It seems that in countries with FBPLs

^{xiii} It is important to keep in mind that the term "book" per se has become more difficult to delimit and define. This is the result of technological developments and constant releases of new products in the form of physical objects (e.g. picture books, puzzles, interactive books and other graphics-based products for children and pupils in the lower grades), as well as digital products (e.g. the increasing market for children's apps, such as games, texts, or play-and-learn), and recently the exceptional growth of streamed audiobooks.

quality and diversity are maintained, and the number of booksellers and distribution units is greater than in countries with free-price systems.

The European countries differ widely with regard to how the national book markets are structured, to which degree publishers in each country are international or local, whether they import and export books, and the incidence and impact of concentration and integration in different markets. As such, it is not easy to draw simple conclusions about general causes of developments in one country, and to apply these to predict developments in another. It is also difficult to compare statistics and information provided by the various countries, since methods for collection and registration vary. No uniform statistics exist at a European level, nor is there any notion of a unified European policy in, for example, the European Union in this area. That several countries have national FBPLs is therefore an expression of a common, continental regulation, insofar as this is feasible. The FBPLs vary, however, from country to country in terms of a range of elements, e.g. the duration of the fixed-price term, the size of the rebate, and whether or not school textbooks are included.

4. There is also variation in respect of other political instruments utilised in the field of culture, e.g. value added tax. Several countries have support schemes for authors as well as a variety of production schemes, even though no other country appears to have purchasing schemes on a par with those in place in Norway.^{xiv} However, Sweden has similar support instruments in place. Norway also appears to be particularly well developed with regard to the use of standard agreements between publishers and authors and in respect of the administration of collective rights.

5. Looking at the big picture, similar developments can be traced between fixed-price countries and free-price countries in the long period of growth experienced by the publishing industry and the book markets in Europe. Some differences have nevertheless been shown in a number of comparative and longitudinal studies that we have studied:

- Choice of price system has no effect on the sales of books.^{xv}
- The pricing system selected does have an effect on which books are sold and presumably read, however. A free-pricing system leads to increased sales of

^{xiv} In 2017, NOK 125.943 million was allotted to the six different purchasing schemes:^{xiv} New Norwegian Fiction (introduced in 1965; 773 copies of books for adults—703 p-books and 70 e-books); New Fiction for Children and Adolescents (introduced in 1978; 1550 copies of books for children and adolescents—1480 p-books and 70 e-books); Translated Fiction (introduced in 1990; approx. 130 titles; 542 copies—502 p-books and 40 e-books), Non-Fiction for Children and Adolescents (introduced in 1996; about 25 titles; 1,480 copies); New Norwegian Non-Fiction (introduced in 2005; 773 copies—703 p-books and 70 e-books); Comics (introduced in 2012; 1480 copies of books for children and adolescents, and 703 copies for adults). In addition to the book purchase, the royalties that the authors receive for the purchased books are calculated with higher rates than those agreed to in the authors' contracts with the publishers.

The first two schemes are automatic, while the others are selective—meaning that the purchases are settled after an application process and the number of purchased titles depends on the budget. In the automatic schemes, the publishers register the titles, and since the registered titles can be assumed to be purchased, they are also sent out to the libraries. But even in the automatic schemes a committee must review the books, and in order to guarantee that they are purchased, they must satisfy a minimum quality requirement. If the book does not meet the quality criteria, the publisher must repay the entire purchase amount, except for the author's royalty.

^{xv} Though there are statistics from some countries that indicate that the sale of books is stagnating and not increasing. And then there is the phenomenon that more titles are being published every year, while the total sales of book do not increase to comparable degree.

bestsellers and lower prices for selected books, while a fixed price system results in the sale of a wider range of books. The systems are indistinguishable as regards effects on average prices: Measured in averages, it is not possible to say that selecting a free-pricing system leads to lower prices than fixed-price systems.

- The price system chosen does not appear to have any effect on concentration tendencies or integration tendencies, neither horizontally nor vertically. These are found in both systems and are in any case largely low.

6. The digital and industrial revolutionary changes are most extensive in the field educational and scientific material and factual prose.

7. In all contexts, we believe the role and influence of the author^{xvi} are currently under pressure.

8. Within the field of factual prose, there are four ancillary fields, each with its own logic.

- The scientific area is dominated by the most powerful and most profitable parts of the publishing industry, which largely focus on the publication of periodicals and digital distribution.
- This is overlapped at times but is also separate from broader academic publications, which also comprise university publishers and other specialist academic publishers. Both of these types of publishers also hold a strong position in the field of teaching resources in higher education.
- The school textbook market is dominated in many countries by specialist educational publishers, but also by large integrated national publishing groups. The distribution system for this market is extremely heterogeneous in Europe.
- Publications targeting the general public within this field are published both by academic publishers and by general publishers with a strong intellectual profile.

Within this field, there is great variation in profitability: The most profitable publishers are found within the field of science, technology, medicine and engineering. The European systems that govern literature are largely based on the book as a printed medium, presupposing a given production and distribution chain consisting of author, publisher, printer, distributor, bookseller and reader. National FBPLs and FBPA's govern sellers' relationships to publishers and readers/consumers. The digitisation of literature, understood as a process by which books are not merely produced as digital files but are also distributed and sold or streamed in digital formats, modifies to some extent the assumptions underlying the political, legal and financial parameters for literature. Digitisation implies that printers, distributors and brick-and-mortar bookshops will, of necessity, perform a different function in the literary cycle, and they may even become superfluous. Strictly speaking, publishing

^{xvi} See: *UK Authors' Earnings and Contracts 2018: A Survey of 50,000 Writers*. <https://www.create.ac.uk/uk-authors-earnings-and-contracts-2018-a-survey-of-50000-writers/> (Last accessed Nov. 10, 2019)

houses are no longer necessary for an author to reach a large multitude of readers. It is possible to detect a trend in the direction of more self-published authors experiencing international success. Since it is possible to circumvent links in book production and distribution chains, one must take a closer look to determine whether digitisation can be said to impact cultural policy rationale (“the closure of local bookshops and subsequent reductions in the availability of and demand for the books of publishers and authors”), as mentioned previously.

6. A Concluding Remark – A Challenge

A special challenge for the pricing system is the streaming of audio books. Here the issues are many and they are related to what kind of product a streamed audio book really is and how to set a price for it. When it comes to streamed audio books the money is, like in the film and TV industry, channelled away from direct sales of the art product and into the platform systems while the various major players publishers and authors are running a race to win customers as part of , service everyone must have. The question is of course what role for the book sellers? The flow of audio books has increased, listeners love audio books. It is not the audiobook in itself that is challenging, it is the payment model. It is a model that first and foremost undermines the payment to the authors who receive far less for a streamed audiobook than for even a low-priced paperback edition. Secondly publishers who try control the audio book distribution and create or are being forced to enter into agreements with streaming platforms for all types of devices. One example is the Swedish company Storytel, which has subsidiaries all over Europe. Thirdly it is estimated that quite a lot of the money for each streaming goes to the Internet providers. However, for book policy purposes the challenge is first and foremost how to regulate the audio books industry and how to apply a fixed price system? As the Norwegian author Maja Lunde said in a discussion at the Frankfurt Bookfair it is important:

[...] that we focus on the cultural products rather than on platforms.
It requires that we pay for the art, created by the artists, rather than paying for a service, created by a major financial player.
Because when it comes down to it, we know that without content, without the arts, the industry does not exist.
Content is, and always will be, king.^{xvii}

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^{xvii} «Kunsten må belønnes, ikke strømmetjenesten. Uten innhold eksisterer ikke bokbransjen.» *Aftenposten*. 1. Nov. 2019.

<https://www.aftenposten.no/meninger/kronikk/i/wPkKrd/kunsten-maa-beloennes-ikke-stroemmetjenesten-uten-innhold-eksisterer-ikke-bokbransjen-maja-lunde> (last accessed Nov 10, 2019).