

A survey by Burnham & Co., member of the New York Stock Exchange, of six major companies found that their profit margins were significantly higher than for the industry as a whole.

The companies are Ginn & Co.; Harcourt, Brace & World; Holt, Rinehart & Winston; McGraw-Hill, Inc.; Prentice-Hall, Inc., and Scott, Foresman & Co.

There are perhaps 200 companies in the field, but these six are the largest, according to William M. Morris, who conducted the Burnham study. The six accounted for more than 45 per cent of the total volume of the industry.

McGraw-Hill, with 1965 sales of textbooks at \$60.5-million and total sales at \$216.2-million, had 10 per cent of the textbook industry's volume.

Scott, Foresman, which specializes in textbooks, was second with estimated sales of \$50-million in the year ended last April 30.

Total sales of all textbooks in 1965 came to \$585-million, with elementary and college sales equal at 38 per cent of the total and high school volume at 24 per cent.

Mr. Morris commented that in spite of competition in the field to produce a better product and to provide better customer service, the profit margins were high for most companies.

"In 1964," he said, "net income after taxes was approximately 8 per cent [of total sales] for the textbook industry as a whole. Complete data are not available for 1965, but margins are up somewhat from the 8 per cent of 1964. In 1965 margins of the six major companies covered in this review averaged about 10 per cent."

He commented that the large company with full-line coverage of the textbook field was in a better competitive position for these reasons:

Diversification of risk.

A broader base to support research and development expenses necessary to remain current in a changing educational environment.

A single company, well established in elementary, high school and college selling, can pursue a continuous approach better than concerns not in all three fields.

Sufficient size to finance automated billing and shipping systems.

Ability to attract and hold professional management and editorial personnel.

A new factor in the educational field, spurring the use of new types of textbooks and teaching materials, is the rise of automated teaching aids, the use of closed-circuit television and the increased volume of visual aids. These are a considerable help to total volume for the textbook publishers.

Robert A. Klaus, president of the W. A. Krueger Company of Brookfield, Wis., on the outskirts of Milwaukee, said that his concern, a major color process printer specializing in textbooks was projecting an increase of sales of about 20 per cent for the year ending next June 30 over the \$21.5-million reported for the latest fiscal year.

"This volume is virtually assured by our record backlog for textbooks and publications," he told a luncheon of security analysts last week.

Mr. Klaus's concern, which is conducting a training program for printers, is one of the few that is integrated from top to bottom. In previous years the practice for a textbook publisher was to have composition done in one printing house, makeup and assembling at another and binding done at still a third.

Krueger does all three of these operations under one roof. It has plants at Brookfield and at Chicago and Phoenix, with a warehouse centrally situated to serve the entire country in Indianapolis.

Mr. BRADEMAS. Have there been expressed by any citizen of your State in any significant way complaints based on the charge that textbooks are used in North Carolina public schools without giving a fair degree of attention, as it were, to Negroes. Or has the charge been made the other way around that too much attention is being paid to Negroes?

In other words, are you getting any complaints on racial issues and textbooks?

Mr. CARROLL. We have had few complaints and few inquiries. Most of the inquiries have been from extreme rightists regarding certain statements.

Mr. BRADEMAS. That speaks well for your school system, in my judgment. Is the North Carolina selection process an unusual one, particularly by comparison with other States in the South?