STATEMENT OF ROBERT W. FRASE, ECONOMIST AND ASSOCIATE MANAGING DIRECTOR, AMERICAN BOOK PUBLISHERS COUNCIL

THE MEASUREMENT OF CHANGES IN BOOK PRICES

My name is Robert W. Frase, Economist and Associate Managing Director of the American Book Publishers Council. The Council is the trade and professional association for general book publishing—that is, the publishing of books other than textbooks and reference books such as encyclopedias. There are some 190 firms and other business organizations in the Council including all the well known commercial book publishing firms plus publishers of paperbound books, book clubs, religious publishing houses and university presses. In other words the members of the Council publish books of the types that are most purchased and used by public libraries.

I am submitting this statement not for the purpose of supporting the bill—although the Council does support the bill, as might be expected of an association of book publishers. My purpose rather is to place before the Committee and get into the public record a technical discussion of the measurement of book prices. My request to submit this statement was stimulated by the report of the House Committee on Education and Labor on a similar House bill, H.R. 14050. In the House Committee report of May 4 (House Report 1474) the statement is made that "average book prices rose 45% between 1960 and 1965." This statement is undoubtedly based on the prepared statement of Secretary of HEW Gardner in the House hearings on April 19, 1966, which contained this statement in exactly the same words.

We believe that the record should be clear that there is no foundation in fact for any assertion that average book prices have increased by 45% since 1960. We have no quarrel with Secretary Gardner on this point but believe that there was a lack of precision in the use of statistical materials in the preparation of his testimony. The following is the text of a letter which I wrote the day following Secretary Gardner's House testimony to Dr. Alice Rivlin, Deputy Assistant Secretary of HEW who, I had been given to understand, had been asked by Secretary Gardner to look into the matter of book prices:

APRIL 20, 1966.

Dr. ALICE RIVLIN,
Deputy Assistant Secretary for Program Coordination, Room 5041, North Building, Department of Health, Education, and Welfare, Washington, D.C.

DEAR DR. RIVLIN: Since writing you yesterday I have seen a copy of Secretary Gardner's statement today opening the hearings on various bills to amend the Library Services and Construction Act before the Select Subcommittee on Education of the House Committee on Education and Labor. In that statement on page 5 the following sentence appears: "Average book prices rose 45 percent between 1960 and 1965."

As you continue your study of book prices and book publishing economics I would like an opportunity to discuss with you the price index on which this statement is apparently based, namely the Cost of Library Materials Index, originally developed by William H. Kurth, then at the Library of Congress, later taken over by a committee of the American Library Association, and now compiled annually by the R. R. Bowker Company. This index is published each year in the "Bowker Annual" of Library and Book Trade Information, and also published in HEW Trends. A similar but not identical index is published on periodical prices.

This Library Materials Index was designed for library budgeting purposes and is a useful tool in that connection, but it is by no means a measure of all book prices nor in any way comparable to the Consumer Price Index. It omits paperbound books, textbooks, encyclopedias and "backlist" books (book titles published in previous years but still being sold by publishers) which represent approximately one-half of the sales of general books. These omitted categories have had a more stable price structure.

The Library Materials Index also gives disproportionate weight to high-priced book titles of limited sale. For example, a $35 art book selling 5,000 copies is given as much weight in the index as a novel selling 100,000 copies in its original $6 hardbound edition; and perhaps another half-million copies in a 75-cent paperbound reprint edition of the same novel is not contained in the index at all. A true index of book prices would include all books and weight them according to the volume of sales. In addition, changes in quality and size of books (number of pages) are not measured by the Library Materials Index.