



Misguided Textbook Transparency Act Would Increase Student Costs

By Dan Grana

On the final day of Missouri's legislative session, the Senate approved the Textbook Transparency Act, a bill intended to lower costs for students of public colleges statewide. Although the mounting price of higher education is a legitimate concern, this act will not achieve its intended purpose. If signed, it would establish three misguided provisions: First, textbook producers would be required, if asked, to share with professors a host of information about their books; second, publishers would also be forced to sell textbooks individually, eliminating the practice of "bundling," which many claim is unnecessary and costly; third, the bill would permit any scholarship funds in excess of tuition and fees to be redeemable for books at school bookstores.

The rationale for the bill, which was originally written by two student organizations at the University of Missouri–Columbia, is certainly well-intentioned. As a student with at least two more years of textbook buying to anticipate, I am particularly drawn to ideas that mitigate the costs of education. In practice, however, all three of the bill's provisions have fundamental flaws. Ideally, these faults would merely render the potential act ineffective, so that it causes no harm despite the fact that it will do no good. It is more likely, though, that the act would actually increase costs to students.

The bill would oblige textbook publishers, upon request, to provide to professors a price and revision history, and a list of alternative formats. Currently, those interested in this information can simply check the Internet or ask a sales representative. Professors who are not interested would be completely unaffected by this provision, because it only requires producers to provide this information if asked. Further, legally mandating this unnecessary condition would impose marginal sales burdens on bookstores and publishers. The associated costs would be passed on to consumers, at least in part, in the form of higher prices.

Why would students want their professors to select textbooks based on price, anyway? Content is a much more important factor. Considering the generally small deviation in the prices for comparable textbooks and the fact that books constitute a tiny fraction of overall

Summary

Although Missouri's Textbook Transparency Act is intended to lower the costs of higher education, the actual provisions of this bill will not achieve that purpose.

Informational mandates and regulation of the ways that textbooks can be sold would decrease marginal producer profits, in many cases passing those costs on to students.

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education expenses, even the most cash-strapped students should be willing to trust their professors' selections.

Successful textbook authors enjoy an intellectual monopoly. This is because few potential competitors can meet the tremendous input costs of time and expertise that go into creating worthwhile textbooks, and fewer still can undertake the significant risk that a new book will not attract sufficient market share from the existing standard. This market power over such a narrow consumer base allows the publishers of successful books to charge high prices. In order to partially reconcile monopolistic pricing with what consumers think is fair, publishers often attach less popular books and resources to the core text. This way, students receive more for their money and authors retain their profits.

If Missouri lawmakers take away the option to bundle books, producers will have little trouble reclaiming their lost profits elsewhere. Authors of quality textbooks could simply charge more for their individually profitable works without facing much penalty from eagerly subscribing professors. Also, students interested in using supplemental materials would suffer as decreased profitability from unbundling would limit their continued production. In some cases, students might save the relatively small costs of supplements they don't want, but price hikes and the forfeit of some potentially useful supplements are more probable.

The last portion of the bill would allow excess scholarship funds to be spent on required texts at school bookstores. Although it seems sensible, this provision would likely promote harmful inefficiencies. The appropriately narrow parameters of scholarship funds give students little incentive or means to shop for bargain prices. Although scholarship recipients may not be overly concerned with thrift when spending the money they've been granted, scholarship donors and public funds would suffer from having to consistently back purchases made at campus store premiums. Carefree spending by scholarship students would directly profit authors and publishers, which would only drive up textbook prices by further encouraging frequent revisions. If the same excess scholarship money were instead passed on to tuition-paying families, education would be less costly in general and textbook purchases would be subject to the efficiency of the market.

The proposed Textbook Transparency Act is fraught with problems. Rather than opposing successful authors who provide superior resources, Missouri lawmakers should realize that textbook prices are ultimately driven by supply and demand. If nothing else, the practical inefficiencies of this bill should alarm everyone interested in its goal of lowering education costs. Student groups should focus their energy on informing peers about cost-saving alternatives to campus bookstores rather than appealing to potentially costly and assuredly inefficient legislative mandates.

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