

## FIXED BOOK PRICE AGREEMENTS

In most European countries book prices on the retail level are fixed, while outside Europe this is mostly not the case. In Europe it is only Finland, Sweden, the United Kingdom, Belgium and Ireland where book prices on the retail level are freely set by the retailers. However, the latter countries, Belgium and Ireland, are considering introducing fixed book prices. Thus, the minority of European countries with free and fully competitive book markets is going to shrink further. In some countries the fixing of book prices is limited to a certain period, e.g. in the Netherlands to two years.

Formerly, this price fixing on the retail level (in Germany: *Preisbindung der zweiten Hand*) was practised in Europe for several goods (mainly of the “trade-mark” type), but today is limited mainly to books and pharmaceutical products.

In countries with fixed book prices, publishers fix the retail price and force the retailers to sell for this price. They conclude a “fixed book price agreement” with the book stores. In the framework of such an agreement, the retailers are not allowed to sell for lower prices or to give any rebates – neither open nor hidden – to the final consumer. If a retailer does not stick to the prescribed price, he is excluded from the further supply with this book – which is nothing else than an embargo, and the publisher is allowed to do so. In Germany publishers administer the fixed book prices by making the retailers sign a specific document called *Sammelrevers*.

Fixed book prices do not mean that there is no competition in the book market. Publishing houses compete by introducing new book titles, by advertising, by using a rebate system related to the sales volume of the retailers, and by the (fixed retail)

price. Book stores, however, compete mainly by the quality of their service and by being well-stocked with titles – but not by rebates on the fixed price. Thus, competition in the book market is limited insofar as there is no price competition between retailers.

The European Commission is suspicious of fixed book prices because such a system might hurt the free flow of goods between countries. But insofar as this is not the case, the Commission takes a perspective of subsidiarity and accepts the national systems of fixed book prices, while the Commission’s own argument in favour of fixed book prices is linguistic diversity in Europe.

A system of fixed book prices is commonly seen as leading to

- a larger number of (mainly smaller) book retailers and a regionally denser network of them,
- better-stocked book stores,
- a larger number of new book titles.

**Fixed Book Price (FBP) Agreements in Europe**

Country	Fixed Book Prices ?	FBP anchored in Law?	Schoolbooks exempted from FBP?	Remarks
Austria	Yes	Yes	n.a.	
Belgium	No	---	---	Considering introducing FBP
Denmark	Yes	Yes	Yes	
Finland	No	---	---	
France	Yes	Yes	n.a.	
Germany	Yes	Yes	n.a.	Publishers administer the FBP by forcing the book stores to sign a <i>Sammelrevers</i>
Greece	Yes	Yes	n.a.	
Ireland	No	---	---	Considering introducing FBP
Italy	Yes	Yes	Yes	
Luxembourg	Yes	Yes	n.a.	
Netherlands	Yes	No	Yes	FBP limited to two years; further limitation under consideration; exemption from FBP for schoolbooks under preparation
Portugal	Yes	Yes	n.a.	
Spain	Yes	Yes	Yes	
Sweden	No	---	---	Public subsidies for fiction and youth books
United Kingdom	No	---	---	

Source: Compiled from van der Ploeg (2003).

But it also leads to

- higher book prices on the retail level,
- a lower amount of sales per book and – perhaps – of the total book market volume,
- subsidies from readers of one type of books (those that would be relatively strongly reduced in price were there no fixed prices) to readers of another type of books (those that would be less strongly reduced in price).

The main arguments in favour of fixed book prices are based on cultural grounds, where the basic idea often is that “culture” and “the market” are enemies. Thus, the market should be tamed as much as possible for the benefit of culture, here: books. Specifically, it is often believed that this taming of the market – e.g. by fixed book prices – will lead to relatively more book titles of cultural value and relatively less pulp. Apart from the fact that this is not exactly in line with consumer sovereignty, it is also not at all clear – from empirical grounds – that this is the case.

What is most probably true with fixed book prices is that there are more book shops, and, thus, that the access of consumers to book stores is made easier. However, this argument has become less relevant by the spread of mail-order and internet retailers in the book market.

If, however, the aim of public cultural policy is to activate more readers and to promote more reading of “good” books, a more direct way would be to increase subsidies for public libraries – or even to subsidise the publishing of certain titles (as Sweden does).

R.O.

## References

Van der Ploeg, Fr. (2003), “Beyond the Dogma of the Fixed Book Price Agreement”, CESifo Working Paper No. 949.