

Current developments in the European publishing industry

A panoramic view

Rüdiger Wischenbart Europe's cultural diversity is threatened by technological and political developments. Protection measures, like the fixed book price, are under fire. Culture is no longer considered to be a public affair. A new, forceful cultural policy on an international level is needed.

A controversy on fixed book prices in Germany and Austria unexpectedly developed, in the second part of 1997, into a fundamental discussion concerning culture versus free trade, and the cultural implications of the Maastricht Treaty. The latter debate was triggered by an unforeseen act on the part of Libro, an Austrian book chain store. Libro went to Brussels, to the commissioner of Free Trade, to complain about the limitations defined by a transnational agreement between Germany and Austria to impose fixed prices on books in both countries.

The nature of this conflict between culture and commerce is no longer predominantly ideological in the way it used to be in the seventies, when leftist supporters of culture and alternative lifestyles created a political opposition against the Establishment while the Right defended the requirements of the economy. Or when the elitist or established culture defended itself against the attacks of

the more popular currents. Neither is it, in more contemporary terms, a battle between Americanization/Hollywood and the diversity of regional identities, or of a pure and sophisticated Europe versus McWorld. The ongoing debate is about the consequences of modernization, of technological changes which carve deep into the publishing industry, and of changes in cultural habits of the public. Major principles are at stake.

Publishing, or the combined system of book culture and book distribution, is a good sector for debating cultural infrastructures and their specific importance for the diversity in culture and identities in Europe. Publishers usually assemble any sort of intellectual property to make it public, no matter what are its future media, also irrespective of whether a text or product is successful or not, provided it is of local or global value. To sustain a highly

diversified landscape of cultural services as is customary in most European countries, it is, I would argue, an absolutely fundamental necessity that commercial parameters are balanced by political instruments to guarantee the survival of non-commercial cultural ventures. This is even explicitly underlined by various statements of the European Union, notably by art. 128 of the Maastricht Treaty.

The logical consequences of this setting are in fact opposed to basic assumptions concerning the process of European unification. It is understood that the process of European integration runs on one level - economic. But on another level - that of culture and identity - Europe is characterized by a variety of different identities and cultures which have to be protected against the consequences of economic integration. This argument is rarely brought out into the open. Yet it reflects some of the core problems that culture and integration face in Europe today.

I will take the example of publishing, both in countries of the European Union and in Central Europe, to examine some of the problems connected with these notions.

The disappearance of local diversity

Diversity as it traditionally existed, with a wide variety of enthusiastic local publishers operating in any major provincial town, has almost disappeared or is threatened with disappearance. The case of Austria is a clear example. In 1995, Austria was featured prominently and successfully as the focal theme at the Frankfurt Book Fair. A lot of money was spent, mostly from public funds. There was a major press coverage with more than 6,000 single articles internationally, from the *Westfälische Zeitung* to the *New York Times*. Austrian publishers as well as those German publishers with Austrian writers in their stock were satisfied about both the reverberations and

the sales when asked by reporters right after the event. However, if I had to produce hard evidence for lasting effects on the Austrian publishing industry in general, I would be hard put. And in this case it is even more perturbing for me since I was the managing director for Austria in Frankfurt 1995. It is scarcely possible to make a serious evaluation even though there were positive effects.

Any positive impact, however, was counteracted by powerful trends that produced major disruptions in the basic structure of the local market. Many small publishers are on the brink of failure despite heavy government funding. Even with those subsidies they did not manage to trigger a take-off for the national Austrian industry to improve its position on the far greater German market. Technical innovation, training, or perhaps a general lack of competitiveness are still widely prevalent defects in the Austrian book trade.

When recently the largest Austrian wholesaler went out of business it was no coincidence that the failure was triggered by a major investment that the company was not prepared to place properly. The implementation of a new system of logistics went out of control. After only a few months the bank intervened. When the failure had to be made public some of the most important clients - mostly major German publishing companies - changed their methods of distribution within a few days. By then the game was largely over for the Austrian company, with little possibility of counteraction.

Technological innovations

The dramatic acceleration in the business is based on the technological revolution we are experiencing. Fifteen years ago the first signs of this change were barely noticeable to consumers of books. They took place in the back office of the bookstore where - as an

innovation - titles could be looked up, ordered and billed via electronic networks and where new infrastructures were introduced into the sale of books. Most books could be ordered within two or three days anywhere anytime with no extra cost. Today I can go one huge step further when I do the same from my home PC and a modem on the Internet. I can order the book without leaving my home office, and get it by mail. I can operate as a private person and replace parts of the book chain with the click of a mouse. By the same token bookstores also changed the book chain by themselves. Superstores were established and small outlets came more and more under pressure.

The complaints about these structural changes do not contradict other analyses that produce evidence of the profitability of - major - sectors within the publishing industry, even in small markets. In its annual ranking of German publishing companies the German journal *Buchreport* in 1997 produced an optimistic analysis of the market. Despite a generally rather poor economic situation the report mirrors what is called 'noticeable examples of growth' with some companies reaching up to 40 percent. Also, the average growth of 4.7 percent looks respectable. This growth was produced in various sectors, some of them quite unpredicted. Hardcover grew more than paperbacks, for instance. After several bad years books for young readers now continued their boom which started in 1995. Altogether the survey does not offer results that suggest a crisis.

In the German-speaking bookmarket, however, there is a fairly broad and continuous consensus that the sector is undergoing a process of transformation at the end of which little will be as it was one-and-a-half or two decades ago. A structural change is on its way. It may be difficult to label it 'good' or 'bad'. It seems hardly possible to resist it. But it may be

rather hard for anyone to envisage the future with more than a limited guarantee of success.

A fixed book price

The German-speaking book markets long ago produced a system of linking the sale of books as a commercial enterprise, to a cultural vocation intended to support and enrich the spread of the written word. Without retracing a history that goes back to the early 19th century and the Romantic struggle against censorship, one can point out that the agreement among retailers to guarantee fixed prices for books goes back for more than a century. The result is that one need only go to the Frankfurt Book Fair to witness what this specific commerce is for these markets. The fact that the Frankfurt Book Fair became the world-wide accepted beacon for book people is in some way linked to the combined facts that Germany is globally the second largest book market and that it pays particular attention to the culture of the book.

Representatives of tiny book stores with an astoundingly large stock meet there annually with an (also surprising) considerable crowd of various small-scale publishers and their customers. All three parties together combine to make what is called the German book culture. The majority of these tiny enterprises could not operate and still break even by the end of the fiscal year unless they were directly or symbolically supported by the general consensus of their importance for the freedom of expression (meaning that even unorthodox views can still be published and brought into the public arena). It is a complementary factor that even the representatives of the big publishing houses such as Fischer or Rowohlt (both owned by the German giant Holtzbrink) or even Bertelsmann would agree on the importance of such a cultural diversity with all of its non-commercial implications in the middle of a more and more thriving and

commercialized media market in general.

The fixed book price agreement in the German speaking countries is based on two assumptions. One is economic and says that most publishers in fact publish both books that are commercially reasonable and books that emphasize the general quality of their programme, with the former internally subsidizing the latter. The second, more implicit point, is hardly ever mentioned but seems to hold the whole system together, at least as far as symbolic - or political - values are at stake. It says that one cannot reasonably make a distinction between the culturally 'valuable' books and the 'commercially' reasonable products. Any distinction would counteract two fundamentals of the civil society which are, for good reasons, upheld in Germany and in Austria, given the totalitarian past, with more sensitivity than in many places: freedom of expression and copyright. Both are impartial. And so is, as a third pillar of intellectual liberty, the economic foundation of the traditional trade with the products that are based on intellectual property. One can easily show that under different historical circumstances - for instance in Scandinavia or in the USA - different systems also produced a rich diversity of cultural expression. But all those systems are, no matter what assumptions and patterns they form, based on strong local traditions. Any abrupt change threatens the whole system. The current debate on the ambivalent yet powerful effects of a culturally aggressive homogenizing process of globalization, is still highlighting the controversy connected with the book.

Arguments for and against

This is not a debate in an Ivory Tower about the loss of cultural values. It involves governments and the European Commission. The supporters of a fixed price for books argue that books

should not be dealt with in the same way as washing powder or tin tacks. Books, the argument goes, are part of our cultural heritage and should therefore be protected by measures like price agreements. The opposition comes back with: is our culture so weak that it has to be protected like an endangered species? The fundamental question is: are fixed and thus stable prices a precondition for a thriving book culture?

The case is particularly strong in Germany and Austria where normative prices for books have been the pillars of the publishing industry for over a century. Both countries have a highly developed and broad network of retailers. Small and medium sized bookshops exist even in small towns. They would certainly go under were fixed book prices no longer to exist. The specific problem with Austria and Germany, who share the same language, is that the price agreement has to function transnationally for two different member countries of the European Union. In the understanding of the European Commission, a transnational agreement on prices is nothing less than a limitation to competition and the free exchange of goods, thus an obstacle to the basic reasons for which the European integration has been invented. That culture may need special treatment despite such idealistic goals, just to keep traditional systems working is, understandably enough, a point which is difficult to accept for a Commissioner of Competition in Trade.

One may ask why German-speaking publishers, writers and booksellers want to establish a world that is basically different to the equally transnational and transcultural one of the Flemish and the Dutch, or the English and the Irish region of languages and cultures that also spread across national borders? Culture is a conservative structure. Even in times of political revolutions, cultural

ruptures (or, to put it in more cultural terms: changes in formal settings) are rare; continuity is often the basic pattern and indeed the strength of the cultural side. (As, in reverse, cultural splits often introduce political changes; it is a complex game.)

If in the German-speaking countries the fondness for literature is based on the assumption that a general consensus exists that society as a whole is responsible for cultural richness and diversity, this is not only an economic assumption but also a fundamental statement. It defines a German understanding of what culture and its values are made of. However it does not claim universal validity. So if the same goal of cultural diversity elsewhere is reached with different means, this merely serves to underline once more the many roads that cultural diversity in Europe (or elsewhere) can take.

Changing a paradigm

The debate on regulated book prices is intimately connected with the political discussion about the financing of the arts. And in this respect one can register the change of a paradigm. Since the sixties a widespread agreement has existed that culture is a public affair and a general concern. Culture matters for everyone so it was a logical consequence that all had to contribute to its continuance.

'What is culture if not consensus' said the anthropologist Clifford Geertz. But since the late eighties this consensus is hardly to be found anywhere. Neither is a consensus about the role of culture or the Arts and their financing. The state or society as a whole are certainly no longer considered to be collectively responsible for culture. The call for deregulation in all its forms is not new, but recently it has won broad support. Private sponsoring was considered briefly as an alternative to state involvement. And even if it

became clear by the late 1980s that private funding could hardly replace public spending on the arts, the consequence of this understanding was further undermining of the validity of state support for culture. Publishing as a platform for cultural ambitions without any reference to the commercial aspects of the enterprise is today not only considered unrealistic, it is even seen as counterproductive.

In a recent contribution to the prestigious *Journal of the World Book Community 'LOGOS'*, the American publisher Richard Abel (1995), talking about the specific case of Canada, attacks the basic assumption of the defendants of culture, that at least small countries which form small markets need special protection for their culture and identity.

The same has been said for countries like Austria. The only strategy Abel is ready to accept is 'an aggressive pursuit of growth to an economic size while actively developing an international marketing program as the only means by which the Canadian literary establishment - writers and publishers alike - could survive and prosper.' To return to my opening point, this would mean: if publishers complain as they do in Austria about the hardships of publishing, this should be seen as a voicing of their ineffectiveness, no more no less.

However, I don't think it wise to blame just the publishers for what is the reflex of a much wider and deeper change of culture and the business connected with culture. What we face is a shift of paradigms that goes far beyond publishing. Yet publishing as an activity and as a culture is in the middle of this change.

The case of Central and Eastern Europe
Particularly in smaller countries of Central and Eastern Europe it is easily possible - better than anywhere in the EU - to observe certain

trends which directly threaten what can be described as crucial cultural infrastructures supporting cultural diversity. Even in smaller agglomerations throughout the region, the existence of a complete and quite professionally managed set of cultural institutions is simply taken for granted. It is expected that one can find theatres and bookshops in every town, local and regional public research and training institutions, music schools and public libraries, even local film and TV production companies.

Together these institutions supposedly help to define a society's inner identity. And for more than two decades Identity - both in eastern and western Europe - was considered to be something the state could be held responsible to feed and shape and therefore to finance. But this relationship has been questioned rapidly and radically since 1989.

Today, one can ask with Clifford Geertz: 'What is it when it is not a consensus any more?' This naturally applies also for publishing. One might argue extensively about the more theoretical foundations of these statements. Many different aspects have to be combined, patterns of cultural consumption as well as of the institutions and infrastructures that define a cultural life.

The first observation that springs to mind is that the societies in the former socialist countries used to have the reputation of producing a culturally devoted public, with the demand for books always in excess of the supply, with theatres and concert halls almost always fully booked. The cultural life often represented an escape from the dull monotony of everyday life. Immediately after the Velvet Revolutions of 1989 one could print certain novels in a print run of several hundred thousands in small countries like Czechoslovakia or Hungary. For a year or so it was possible to make a fortune by selling books. Only a few years later, most of

these gold-rush companies - or should I call them 'book-rush companies' - went out of business or stabilized on a much lower level of turnover and of much more limited expectations. In the meantime most of the formerly state-owned companies have been privatized in countries like Poland, the Czech Republic and Hungary. Developments have become increasingly specific to the local traditions of each country.

In Poland with a market of 38 million inhabitants foreign capital nourished international joint ventures while a profound domestic Polish influence remained. In Hungary publishing has become a serious business since the fall of the Iron Curtain publishing. Foreign competitors outmatched many of the local players. Several global players like the Dutch giant Wolters Kluwer and Bertelsmann from Germany set up shop in the barracks of former Gulyas communism. Or, more properly, they bought up virtually everything. In economically profitable sectors like textbook or science publishing, major foreign investments were made and produced virtually new monopolies - private monopolies to replace the former monocultures of the state.

In the meantime in other crucial sectors such as Literature or Social Sciences some publishers convincingly argue that if nothing is done soon, the complete infrastructure and the diverse cultural publishing might soon break down. The complaint was credible and loud enough to convince not only the Hungarian government who recently voted some legislation to fund certain sectors of the publishing industry. Even the Soros foundation, usually a sceptical observer of any state involvement, advised and supported the Hungarian government in the design of the funding scheme. The political concern is how a small country should try to find its individual

path between the positive aspects of the internationalization of the book business on the one hand and the menace of foreign dominance on the other. In the Czech Republic some most surprising and innovative approaches to the problem can be observed with publishers like Ivo Zelezny. He tries to use the profit he makes from trash literature - from pulp fiction - to finance his enthusiasm for contemporary Czech novelists and poets.

Mediatization and reader habits

From a Western point of view these various approaches in Central and Eastern Europe could still be considered a return to normality. The interesting problem about the turbulence is something else. Reconstructing new and economically sound cultural institutions in the environment of a market economy in small countries with small markets at a moment when money is extremely scarce is an extremely difficult undertaking in itself. Yet in our case of Central and Eastern Europe it is furthermore confronted with two additional complexities that reach beyond pure economics:

- a change in the habits of the consumers (the readers of books) and
- the general transition to the upcoming information and media society that integrates Central and Eastern Europe into one global pattern with the West.

I know that any Central European publisher is ready at any moment to prove how impossible it is to currently make money with books. Everyone can produce a spreadsheet with budget and cost figures that show just one dilemma: Production costs rose almost to world market levels whereas those well-educated people who traditionally form the book loving classes are hit extremely hard by the economic transition to a market economy. Therefore, so the conclusion goes, fewer and fewer people can afford to buy the books they would like to

purchase. This is of course true, but it is only one part of the wider issue that confronts us.

An extensive study on the cultural impact of media policies in the European region (Study/Mediacult 1993) taking the example of the Czech Republic reached clear conclusions with respect to the cultural change I mentioned above. A few years after 1989, the authors of the analyses said, 'interest in culture soon waned and in some cases even collapsed (the abolition of cultural establishments, radical reduction in theatre attendance, a drop in the purchase and lending of books etc.)'. As part of the same movement new patterns are emerging as the value attributed to work rises. Above all we see a 'greater tendency to restrict culture to the home at the expense of visiting cultural events'. What this means is that fewer people are going to the theatre or visiting museums or castles whereas there is no decline in the consumption of mediatized culture.

The Czech survey presents the identical message as data collected recently by the Hungarian writer György Dalos for his country. Dalos (1996) drew attention not to the public but to the institutional side. He came up with figures that show a dramatic decline in the number of public libraries, cinemas, cultural centres, and visitors to the mentioned institutions. Czech figures indicate additionally that culture tends to merge with activities that we tend to call entertainment. Any traveller to the reform countries will notice how much the general lifestyle has changed during the last couple of years. Time spent at the dacha (the small country cottages many people own) diminished, whereas the attention paid to the professional career grew.

New role models came up but were probably produced less by writers and more by TV shows and movies. Even though orientations became more international - and more in accordance

with the global cultural standards - this is not really in contradiction with a simultaneous re-nationalization of certain other aspects of the popular culture. Think of all the occasions where typical profiles and stereotypes are presented, particularly by national popular media products. One can assume that what seems to be a contradiction at first glance is in fact an indicator that contemporary identities are more fragmented and multifaceted than ever. And most of all, the result of this fragmentation is that there is no one coherent area of culture any more. The type of Culture with a capital C that could be addressed with one consistent overall cultural policy has disappeared with the past.

Publishing trends

When it comes to the publisher and his industry this means that he finds himself on a complex journey. Certain trends can be forecast:

- publishing as a big business will merge with the media industry within the coming years and this is happening in Central Europe in the same way as in the West;
- small publishing companies will have to define their niches with great accuracy and when they fail to do so there will be little outside help available;
- new possibilities for small competitors may come up which are rooted in the same new technologies that define the general trend. Publishing on demand allows the production of very limited print runs in a satisfactory professional quality at low prices;
- the Internet and the WorldWideWeb introduce new tools for marketing and advertising but also for the distribution of products in a very attractive way and they are also within the reach of smaller publishers;
- the distance between the publisher and the reader will certainly become less. The

advantages for the customer as described above will include shorter delays for orders and greater convenience;

- but competitiveness in the cultural industry as a whole is on the increase. The overall budget of the consumer in time, money and attention is unlikely to expand. It is a zero sum game. One can hardly watch 500 TV channels simultaneously, go to a discotheque and read five books a week besides a demanding job that one is well advised to keep. Because if one doesn't it will be difficult to pay the books ordered by e-mail, the entrance fee at the discotheque and the monthly instalments for the TV.

Looking at the future

So what should be done. Regretfully, I think there are severe restrictions upon what can be done to change the general picture. Basic trends are so intimately integrated in a global pattern of combined technological, economic and cultural change that one can hardly do anything but accept the fact that our cultural landscapes are subject to considerable change. Losses are thereby included as are new features. Small companies in particular run a high risk of becoming derailed unless they make successful decisions concerning their specific mission or forge strong partnerships or, best of all, a combination of both.

But I also see real possibilities ahead as publishing becomes an integrated part in an industry that organizes its various activities in various media which are all based on what is best defined as intellectual properties. Maybe this is the focal point, both for publishing as for other cultural activities in an environment of small and medium-sized local enterprises. Survival will depend more and more on the capacity to integrate various disposables in a secure niche - and, yes, on sheer good luck.

On the other hand I am convinced that we

Rüdiger Wischenbart

was in 1998 the Chief Press Officer of the Frankfurt Book Fair. He was the founder and head of the Department of Cultural Studies at the Donau-Universität in Krems, Austria.

really need a new and much more forceful system of cultural politics. A set of core values for cultural politics needs to be developed. General declarations such as article 128 of the Maastricht Treaty need to be filled with content offering concrete guidelines. The focus of cultural politics - and thus of such guidelines - can no longer be one of national frames, that is, national identities or national needs. The complex fragmentation in the orientations and identities of each individual opposes such traditional features.

Social and cultural life now takes place within all sorts of different communities. The respective politics need to find a point that can provide very wide and open frames for intervention. Cultural politics today needs to frame structural principles - and not ideologically defined goals as they used to do in the past. And they have to take into account the diversity of local traditions because as bureaucratic homogenization is certainly not the golden bridge to cultural pluralism within an integrated European Union.

At this point the struggle on fixed book prices has reached a crucial episode. It hits an appropriate point since not an ideological, but a structural rule is at stake. Yet the implicit question is still: can diversity be respected within existing traditional parameters. Or, are the forces of European integration considered to be so weak that as a matter of principle cultural benefits of diversity have to be demonstratively slashed. For the new candidates among the reform countries who line up to join Europe it will be an engrossing experience to watch.

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