Major US publisher not buying new books

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16 December 2008

While the past months have seen the US retail sector taking sharp hits, recent news developments have been no less startling in the publishing world. According to a November 24 report in the industry paper, *Publishers Weekly*, "Josef Blumenfeld, vice president of communications for HMH [Houghton Mifflin Harcourt], confirmed that the publisher has ‘temporarily stopped acquiring manuscripts' across its trade and reference divisions."

In an effort to be reassuring, apparently, Blumenfeld added that this is "not a permanent change," although the article did not indicate when new manuscripts would again be considered. It is not clear as to whether manuscripts already approved and set for release would make it to bookshelves.

Blumenfeld also noted that any future manuscripts would be rigorously assessed for "market interest."

A number of literary agents consulted by *Publishers Weekly* said they had never heard of a major publisher instructing its editors to stop buying manuscripts. "I've been in the business a long time and at a couple of houses I worked at, when things were bad, we were asked to cut back," said agent Jonathon Lazear. "But I've never heard of anything so public." Another agent termed the action "very scary."

The trade publication continued: "Thus far one agent has confirmed that at least one of his manuscripts has been declined at HMH per the policy. But perhaps an editor at the house put it best; in an e-mail, the editor mentioned the policy and added, ‘Who knows what's next.' " The *Boston Globe* noted the freeze for an indefinite period was "a virtually unheard-of act by a major publisher."

Houghton Mifflin officials deny that the company is for sale, but speculation is rife. Education Media and Publishing Group, which owns the publisher, carries some $7 billion in debt.

In early December, Houghton's publisher of the company's adult trade division resigned, reportedly in protest against the freeze on acquiring new books. Days later, the company announced that it was "streamlining" its educational business and eliminating jobs in both its education and general divisions.

HarperCollins and Pearson, parent company of Penguin, have reported a freeze on wages and the possibility of layoffs. The chairman of the Penguin Group, John Makinson, circulated a memo, according to the Associated Press, in which he commented: "This is the most challenging economic environment that any of us has ever experienced."

The various announcements come on the heels of a leaked internal memo in which Random House, which is owned by the international media conglomerate Bertelsmann, proclaimed that it would freeze all pensions at their current level and would not offer pensions to people hired after January 1, 2009.

There have since been reports of a major restructuring of the publishing houses under Random's umbrella, with the number being reduced from five to three. This, despite the claims of the Bertelsmann website on November 11 that, "After nine months of the 2008 financial year, Bertelsmann reported a solid business development. The international media company achieved revenues almost at the level of the previous year in its continuing operations."

Since these revelations, the news from the industry has grown increasingly bleak: San Francisco-based Chronicle Books announced that it will be cutting back almost 5 percent of its staff due to the outlook for 2009. Macmillan has announced a pay freeze for staff earning $50,000 and over, and the establishment of a pool to provide for modest increases for those earning less. Simon & Schuster announced the elimination of 35 jobs, and Thomas Nelson slashed 54 positions.

Over the last two decades, many publishing houses

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have been absorbed by non-publishing entities, and the emphasis has been on making fast (and large) profits for the shareholders, rather than on building a solid literary or cultural institution. In the last few years, even the largest of houses have been taken over, merged with or outright bought by enormous entities whose bottom line is not cultural enrichment. These new organizations show a lack of willingness to take chances on new literature, and a quick abandonment of any projects that do not garner immediate attention. As we see in the case of HMH, in tough economic times even the supposed *raison d'être* of a publisher—to find and publish new material—is sacrificed to cut costs.

Concurrently, the retail aspects of the book business underwent several major changes—from the rise of the "big box" bookstores and the resulting explosion of retail shelf space at a time when readership had been declining to the advent of the Internet as a shopping venue. Both had an adverse effect on the more traditional independent bookstores, with many going under, partly due to the publishers' refusal of deep discounts that the larger chains were offered. A series of lawsuits by the American Booksellers' Association in the 1990s obtained cease-and-desist orders against such unequal business practices.

The current economic situation is also felt by the large chains. Borders has been teetering on the brink of bankruptcy for months, and its third-quarter reports show overall sales down 10 percent . Should the company fail, the return of product would be more than most publishers could fiscally bear, and approximately 30,000 workers would be rendered unemployed. The ripple effect would also very likely take down distributing companies, who would be forced to reduce staff as well.

While certain independent stores are able to scrape by on the strength of the demand for used books, the resource is not infinite; it does take the publishing of new books to eventually supply that market. Were the publishers to fail, even the stores that exclusively sell used books would see their stock dwindle. In recent years, the number of failed independent bookstores has increased, succumbing to the economic pressures of meeting increased rents and decreased sales.

The book business has not until recently been viewed as a means to get rich. Very often, writers and sellers of the books have scraped by, their love for words and ideas taking precedence over profit. The same can be said of many publishers and presses, some of which have maintained that integrity and a number of which are still producing vibrant, unusual and original works. Rather than banking on the Next Big Thing, or, as is more common now, The Next Blockbuster Sequel, they have built their reputations on presenting well-written, enduring works with an eye to artistic merit.

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