The Behemoths and the Book Publishers

WILLIAM R. ESHELMAN

THE WORLD OF BOOKS is basic to librarianship, and librarians are consequently very much concerned with the development and growth of publishing. A fundamental tenet of librarianship holds that the book collection, as far as is possible, should reflect all shades of opinion. Clearly, book selection for libraries can be done only from the titles which are published, and in this sense the publishers are the primary book selectors for libraries.

Traditionally, book publishing in the United States has had its share of independent, strong-minded men, whose selections for publication sometimes reflected their enthusiasms. The balance of opinion sought by librarians for their book collections was obtained by an operation of the market—books of one extreme were offset by books of another. Librarians have tended to believe that the mergers of one publisher with another were a cause for worry, seeing this development as one which would reduce competition and thus limit the opportunities for a full spectrum of views.

This belief, of course, is but one manifestation of an enduring motif in the American mythology which holds that the nation's economy is pluralistic, teeming with individually-controlled units of production and distribution, all in free competition with one another. Wide choice from among the many options will marginally support extremists, while giving solid backing to the broad majority. Given many alternatives, the individual's exercise of choice is educational in itself, and freedom inheres in keeping as many opportunities available as possible. The true believers begin to worry when economic power becomes concentrated, either in big government or in big business.

Since 1955 there has been an unprecedented merger movement in the United States. From 1960 to 1965, the number of mergers each year ranged from 1,300 to almost 1,900; in 1967 it rose to 2,384, and

William R. Eshelman is Editor, *Wilson Library Bulletin,* and Associate Editor of General Publications, The H. W. Wilson Company.

then jumped the next year to 4,003—an increase in one year of 68 percent. In its suit against Ling-Temco-Vought (L-T-V), the justice department said that in 1967 the two hundred largest industrial firms held almost 59 percent of all manufacturing assets (compared to 48 percent in 1948). And a 1969 report from the President's Cabinet Committee on Price Stability states that of the total assets of all U.S. manufacturing corporations, 47.6 percent are owned by the one hundred largest companies.

Even more disquieting, some analysts think, is the advanced state of interlocking directorates. Not only does this solidify the monolithic tendency, but it eases the difficulties of takeovers by conglomerates. On the afternoon of the day Wilson & Company, meatpackers, first learned that it was being taken over, it had lost corporate control to L-T-V.

By 1967 the General Motors directorate was interlocked with sixty-five other directorates, U.S. Steel's directorate with eighty-nine. Still more alarming is the concentration of power in banks: Morgan Guaranty held an influential amount of stock (5 percent or more) in 270 companies, and its directors sat also on the boards of 233. With their $607 billion in assets, held as trustees of pension funds, foundations, private trusts, and other actual owners, these banks exert influence by stock purchase as well as by their normal function as a source of credit.

As the *New York Times* editorialized recently, "the emergence in the last few years of the one-bank holding company has threatened to lead to giant financial-industrial conglomerates, similar to the old *zaibatsu* combines in Japan."[1] The word means "money clique" in Japanese, and until now there has been no exact parallel in other countries. In 1937, four *zaibatsu* concerts directly controlled one-third of all bank deposits, one-third of all foreign trade, half of Japan's shipbuilding and shipping, and most of the mining, metallurgy, heavy engineering, chemical, paper, brewing, sugar, canning, and other industries. The breakup of the monoliths was a major aim of the Allied occupation after 1945.

In the summer of 1969, the House Banking Committee reported a bill to maintain the separation between commerce and banking. What is needed, however, instead of this bandaid operation, is a comprehensive examination of the total subject of financial regulation and structure. As New York superintendent of banks, Frank Wille said, "We have had enough legislative patchwork on banking matters at the federal level."[2]

Of the conglomerate corporations, a number have acquired one or more publishing companies in recent years. Examples include Radio Corporation of America (Random House, Pantheon); Raytheon (Heath); Litton Industries (American Book, Van Nostrand Reinhold); Xerox (Bowker, Ginn); Crowell, Collier and Macmillan (Stechert-Hafner); Leasco (Pergamon); Columbia Broadcasting System (Holt, Rinehart & Winston); Bell & Howell (Merrill); and Amtel, Inc. (Barnes & Noble). Somewhat akin is the Time, Inc./General Electric joint venture called General Learning Corporation.

The acquiring of one publishing house by another—a horizontal merger—has been a familiar happening in the industry for many years, and there is an attitude of resigned acceptance toward it. But when, in the mid-sixties, the International Telephone & Telegraph Corporation (ITT) acquired Howard W. Sams, it signalled a change in kind, not just in degree. Sams, of course, had earlier acquired several other companies, including the Bobbs-Merrill Company. ITT, a good example of a conglomerate, owns two hundred companies in sixty-seven countries and has 241,000 employees. In addition to its original communications interests, it now owns Avis Rent-A-Car, Paramount, Hostess Cupcakes, and the Sheraton hotel chain.

Besides the horizontal merger—illustrated by the acquisition of one published by another (Knopf by Random House)—the other categories are the vertical merger—a publisher acquired by a manufacturer (H. S. Stuttman by American Book-Stratford Press), and the conglomerate merger. This last type, which is often the unwilling takeover of a small company by a huge one, is also characterized by the unrelatedness, or diversification, of the various enterprises held by the conglomerate.

The term "conglomerate" was an invention of the New Deal's Temporary National Economic Committee, which in the 1940s saw the threat of concentrating economic power by means of diversification. In 1968, Chairman Philip A. Hart of the Senate anti-trust subcommittee, stated, "I am convinced that real dangers for our economy—and our way of life—lurk in the headlong rush toward the formation of conglomerate corporations."[3]

Not all conglomerates begin outside publishing and take over; some publishers have tried their hands at the game. In 1959, the Times Mirror's (TM) operation was heavily dependent on the profits of the

Los Angeles Times. It owned the Times Mirror Press, much real estate, and a paper mill in Oregon City. Everyone living between Denver and Honolulu had his telephone book printed at the Press, and the paper mill's operation has been strengthened by $75 million and 150,000 acres of fine timberland.

Over the past eight and one-half years, the TM conglomerate has acquired some twenty companies, seven of which are related to publishing, including New American Library and World Publishing. In 1968, TM's output was almost 800 titles, one of which (*In Cold Blood*) sold over two million copies in eighteen months.

The growth of no single conglomerate, however, has furrowed the brows of librarians more than the activity of the Xerox Corporation: University Microfilms, Professional Library Service, Bowker, and Ginn —all have been swallowed up. The example of Bowker—one of the librarian's two major private publishers—which saw its president, treasurer, and the editor of *Library Journal* disappear from its corridors, illustrates these fears. Can the conglomerate evaluate the performance of its subsidiaries any other way than by the profit-and-loss statement? As Herman Kogan, *Chicago Sun-Times* literary critic, said: "Will it continue to be possible for a publisher in a subsidiary to put out a book because he thinks it is a good book, although he may lose money on it? If he puts out a few of these a year, will the parent corporation clamp down? Who will make the decision about what should be published?"[4] In time, some answers to these questions may emerge.

Among the advantages which proponents of conglomerates mention are:

1) more innovation, a spur to editorial development,
2) organizational improvements resulting from the combining of talents and resources,
3) more effective dealing with government,
4) more efficient use of the advertising budget,
5) top-flight management team for coordination of all units, and
6) adequate capital funds for expansion and development.

And in the international market, Willard F. Rockwell, Jr., of North American Rockwell, maintains that bigness is essential: "A company has to be big to do today's big jobs, tackle social problems, compete in world markets. Look at what has happened in England: The British Government permitted the country's two biggest electrical manufacturing companies to combine and become five times the size of the next competitor down the line. . . . They are going the same route in France and Germany."[5]

In the spring of 1969 the conglomerates (whose leaders prefer almost any other term—such as "congeneric" or "free-form" corporations) suffered attack on three fronts. Securities and Exchange Commission Chairman Hamer Budge said before a House securities subcommittee that the wildfire growth of conglomerates reminded him of the pre-Depression speculative spree in which operators like Samuel Insull built their holding companies. The president of the New York Stock Exchange suggested that they might "delist" two conglomerates, thus preventing trading in their stocks. And third, assistant attorney general Richard W. McLaren said that he believed conglomerate mergers were injurious to the economy in that they tended to reduce competition and increase prices.

This new direction taken by the Justice Department resulted in suits to make L-T-V rid itself of its controlling interest in the Jones & Laughlin Steel Corporation, and to force ITT to give up Canteen Corporation. Former anti-trust chief Donald F. Turner had held that section 7 of the Clayton Act could not be applied to conglomerate mergers; thus, under the Johnson administration little if anything was done. Turner's successor, Richard W. McLaren, joins Senator Hart and Congressman Wilbur Mills in believing that something can be done. As analyzed by Louis W. Stern, this is "a rather unusual twist to traditional Republican antitrust philosophy."[6] The appearance of a mammoth corporation may not foster free enterprise, but may well restrict the opportunity for smaller corporations to grow and develop. "Furthermore," Stern says, "mammoth corporations—like mammoth governments—once put in motion, are very hard to control. Perhaps the Nixon Administration has learned some lessons from the growth of the military-industrial complex and has found that, once under way, trends generated by the interactions of mammoth conglomerations, of any type, are extremely difficult to reverse."[6]

Assuming the worst—that numerous independent private publishers have indeed disappeared, that their freedom to publish has in fact been restricted by their conglomerate owners, and further that the anti-trust division of the Justice Department finds that it cannot successfully prosecute conglomerates—what trends are there to counteract such a restriction of freedom to publish and be published?

First, and most likely to be overlooked, is the still significant number of independent publishers who seem to have no intention of merging or being taken over, or at least who have held out so far. While any one of the following might lose its independence by the time this article appears, the list is illustrative of the point: Atheneum; Cambridge; Coward-McCann; Dodd, Mead; Dutton; Farrar, Straus & Giroux; Harper; Harcourt, Brace; Houghton, Mifflin; Lippincott; Norton; Oxford; Regnery; St. Martin's; Scribner's; and Viking. These firms accounted for about 15 percent of the titles published in 1968.

Second, and perhaps equally important, is the increased publishing by the American university presses. In the two decades since the Kerr Report in 1948, the number of titles published has grown from 727 to 2,800 and the gross sales from $4 million to $32 million. The number of members in the American Association of University Presses (A.A.U.P.) has increased from thirty-five to sixty-nine, even though membership qualifications have become more stringent. Also, new university presses are striving to raise their standards in order to qualify for membership in the A.A.U.P.

If the figure for the annual total 1968 book production (30,000) is adjusted to eliminate reprints and new editions, university presses accounted for about one out of every ten new titles published, but they accounted for only a tiny part of the total dollar sales volume. Because of the trade publishers' huge textbook sales and best sellers, the university press share of total sales amounts to about 1.5 percent.

Increased vigor in the university presses is becoming more apparent. Chester Kerr, in taking a second look at the field in 1968, mentions the following, among other developments:

> American university press publishing has matured. To eagerness has been added substance. To energy, balance. To inclination, experience.
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> With maturity has come identification . . . the purposes and being of the university itself. . . .
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> The insights and attitudes which account for that maturity and identification have been supplied by a body of trained men and women who know what they're doing and where they're going.
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> . . . .
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> The university, which has become where the action is, has turned into a bastion, a park, a rampart. But it's still the place where the hammer of truth may still be swung. It's still an agency for survival.[7]

Furthermore, university presses are becoming less parochial. A telling statistic, given by Kerr, is that a typical university press now obtains 60 percent of its manuscripts outside its own ivy walls, up from 40 percent in 1948.[8] Most manuscripts still come from scholars in academe, however, and thus university press publication is not usually available to writers at large.

Third, sixteen new publishing firms were established in the first ten months of 1969. While a number of well-known names were absorbed into larger firms—John Day, Basic Books, Academic Press, Abelard-Schuman—the peak seems to have been passed, at least in publishing. While the direction of these new firms is not at all clear, perhaps in twenty years some of the following names will be known: Hopkinson & Blake; David Lewis; Peter H. Wyden; Outerbridge & Dienstfrey; Pendulum Press; and Aurora Publishing. Whether in time any of them will prove as vigorous and imaginative as Atheneum has been in its first decade remains to be seen. But the trend is a good one.

Fourth, even if the Justice Department is unsuccessful, its suits against the conglomerates will at least deflect the giants, or slow their girth rate. And there is a growing belief that the major conglomerates have found that the profits in publishing are not as great as anticipated; furthermore, publishing is a complex business to manage well.

Lastly, the cloud in John Kenneth Galbraith's crystal ball may have been only a reflection of his own nimbus. While he presents them only as parallels, the similarities between the sixties and the twenties are very striking. As he points out, there were conglomerates even then—the Foshay enterprises of Minneapolis, owners of hotels, flour mills, banks, and manufacturing and retail establishments at random sites in the U.S. and Canada. Then, as now, "financial genius is a short memory and a rising market."[9] The question is not whether the crash will come, he maintains, but only when.

Authors with unorthodox opinions are cutting their teeth in the underground press, in the little magazines, and sharpening up for publication with Grove Press or Lyle Stuart. The fears of many thoughtful persons were expressed by Harriet Pilpel when she wrote, "Increasing attention must be given to the arguments for a 'right of access' of some kind and to the further argument that, without such a right, freedom of the press exists in large part for the benefit of the dwindling number of people who can afford to own the mass media."[10] On balance, however, the free market seems still to be operating in its usual fitful way, and while conglomerates may be worrisome for the nation's economy, their influence on publishing appears likely to be counteracted by other forces.

There is an argument that holds that conglomerates, far from being worrisome, are an emerging form of competition on another level. Betty Bock says:

> In today's world, maximization of national and of individual choice at lowest cost will not necessarily be served by a deconglomeratization policy based on a theory of super-structuralism. Indeed, we may be driven to accept the fact that . . . priorities among goals and choices of efficient systems for meeting these goals may be appropriate modes of competitive analysis. Competing systems for meeting wants, not the gross size of a company or the range of markets it serves, might then be the focus of competitive policy.[11]

On the other hand, it may well be that H. L. Nieburg's eloquent warning should be heeded: "What must come is a system of values and institutions to replace economic initiative and private property as guarantors of political independence and pluralism. As economic pluralism disappears, only political pluralism, safeguarded by new institutions of representation, can make the exercise of power both responsive and limited."[12]

Addendum: The perils of trying to deal with so volatile a topic are illustrated in the events subsequent to the writing of this paper. Atheneum, which I took to be inviolate, has been added to the subsidiaries of Raytheon, Inc., thus giving that conglomerate a trade house to complement its textbook firm, D. C. Heath. A third president of R. R. Bowker has just been appointed, Ling is no longer in charge of Ling-Temco-Vought, and Simon & Schuster has been purchased by Norton Simon, Inc. (Hunt Foods & Industries, Canada Dry Corp., and the McCall Corp.). —W.R.E.

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