

Why textbooks so expensive?

Mar 23, 2013

Mankiw's textbook

- Mankiw's textbook: horribly expensive: \$292.17 on Amazon.
- The nominal price of textbooks has **risen more than fifteenfold since 1970**, three times the rate of **inflation**.
- Why? Professors assigning textbooks do not pay for the products themselves, so they have little **incentive** to pick cheap ones.

Arbitrage

- Supap Kirtsaeng, a Thai student from the USC, made as much as \$1.2m with some basic maths
- He asked friends and family to ship him cheap textbooks from Thailand, which he sold for a handsome profit in America
- Supap Kirtsaeng is doing **arbitrage** business

Court ruling

- Wiley sued him for copyright infringement in September 2008 and won.
- Mr Kirtsaeng appealed, and the case made its way to America's highest court.
- On March 19th (2013) the Supreme Court ruled that American copyright law does not restrict goods produced abroad from being resold in America

Shocked

- Publishers have often sold the same product in poorer countries for less, knowing that it would not hurt their pricing power at home
- Now it will
- Big online retailers such as Amazon and eBay could start exploiting these pricing differences on a large scale
- **Biblio**

Price discrimination

- “Some people are predicting a world where **price discrimination** will no longer be possible,” says Arti Rae, a professor of law at Duke University

Copyright

- Should consumers have the right to lend and sell their music files and e-books, or should content-producers retain the copyright?
- ReDigi, a firm that enables people to buy and sell second-hand electronic music files, was sued last year for copyright infringement by Capitol Records, a music label

After Supreme Court ruling

- In 2013 the Supreme Court ruled that Americans have the right to buy and resell copyrighted material obtained legally
- Many university bookstores now let students rent books and return them