A classic children's story, “Chicken Little,” tells the tale of an alarmist chicken whose claim to fame is to pronounce “the sky is falling” on a rather annoying basis. At first, the community demonstrates proper concern and response, but then becomes immune to his cries of crisis when it appears that the sky is not, in fact, falling. Eventually, a true crisis does occur, but the community is slow to respond because of the past false alarms. In some versions of the story, the chicken deliberately misleads his friends, thinking the pranks are funny, and in other versions, the chicken falsely assumes the sky is falling.

Let me reassure you that I am not Chicken Little but a practical optimist. I began working in public libraries in 1996 and, from my perspective, public libraries have been operating under the threat of “the sky is falling” as long as I’ve been involved. My background was in health care administration, and coming from another industry, I was surprised by the prevalence of the many doomsday articles about the demise of the public library repeatedly appearing—like the chicken—in library professional journals.

Alarmists fretted that the Internet would eliminate the need for traditional reference services and public libraries. In 1996, the largest branch in our public library system had just one public computer with Netscape on it. Seldom used either by staff or customers, it was a novelty. Books, homework help and traditional reference services were our bread and butter, with structured, age-appropriate story times our core programming. Library branches had shelves of print reference materials and customers borrowed LP records, cassette tapes, filmsstrips, VHS tapes and cassette audio books. E-mail (green screen and text-based) and faxing were the fast tools we used to communicate and still held promise for efficient and speedy exchange. Adequate funding continued to be a concern, and low salaries were the norm. Books were our brand even before we knew what branding meant. Customers kept up with the latest library happenings with a newsletter that was printed six times a year.

THE DIGITAL LIBRARY

Fast forward to 2012 and those past fears appear to have been unfounded as libraries have adapted to our Digital Age. The Internet has become an essential resource for providing information services. Reference print collections have disappeared or have been digitized, reappearing in a database format. The solitary Netscape computer has been replaced by rows and rows of public computers with access to the Internet, databases, e-mail, games, digital collections and more. In many libraries, the computers are fully booked from the moment the doors open in the morning to closing. Wi-Fi is available in all library branches and convenient, comfortable “bring your own device” stations are available for use. The library website is the access point to the catalog and online resources, and customers can keep in touch with the latest library happenings through Twitter and Facebook, Flickr and more.

E-books, e-audiobooks and other digital content are available through public libraries, and customers can access these collections from the comfort of their homes. Books, homework, audiobooks and story times are still available in the library and we still use e-mail. (Though to our dismay, e-mail has not entirely solved our communication problems, and the local take-out still faxes us its advertisement for its daily lunch special, for example.)

Funding continues to be a major concern and salaries are still low. Predictions that the sky is falling continue to circulate, with the chicken multiplying. And now the media, politicians and library non-users have joined the chorus.

Libraries are responding to the needs of their communities in 2012 with early literacy programs that have blossomed with curriculum-based training, structured story times and early learning centers sprouting up across the country in public libraries. Our youngest customers are developing their pre-literacy skills by attending Diaper Gang, story times for a child from birth to 12 months, as well as their caregivers.

Science and math activities are popular at the library, and many
public libraries have developed STEM (science, technology, engineering and mathematics) programs and kits and activities for the elementary through middle school years. Many libraries are re-purposing space and creating early literacy interactive centers, technology commons and community collaboration pods. Books continue to be our brand, and we have all learned how to advocate and spur our communities to support library funding. The role of libraries has expanded beyond just printed books, however, to include reading and content provided in a variety of formats, such as books, audiobooks, e-books, digital, etc.

Over the past 15 years, libraries have learned to creatively adapt to their new and expanded roles in our communities. We have implemented innovations, established new services, developed new partnerships and community connections, honed our essential advocacy skills, demonstrated creative uses for ever-decreasing funding – the list goes on. Understandably, we can and should be justifiably pleased with how we have re-imagined public libraries and the customer-focused direction we have taken. However, the chicken is squawking louder and louder and we need to listen very carefully because the stakes are higher than ever for public libraries and society.

THE E-BOOK PROBLEM

Despite our best efforts, we are disheartened by the message we are hearing from our traditional library users: that they love the library but are now spending $200 a month to download e-books from an online vendor – a level of spending they cannot sustain.

We were so excited to begin offering e-books to our customers and saw it as a win/win/win situation for publishers, libraries and our members. We were proactive in allocating a portion of our materials budget to purchasing e-books and we also understood that building a substantial collection in this new format would take time. However, purchasing e-books to meet the ever-growing customer demand remains challenging. The cost to public libraries of purchasing e-books is significant. After reviewing four e-book titles available through the e-book consortium, I was shocked to learn that there is a 200% difference between the retail cost of a $25.95 hardback copy vs. the e-book price we pay through OverDrive, the major distributor of e-books to the library market. It is even more alarming when you factor in the discount we receive from vendors on print titles.

We understood that developing the technology to enable customers to easily and successfully download an e-book through the
public library also would take time. After all, public libraries have years of experience in providing new formats and technology to their patrons, and we thought that e-books would be the next logical product to offer to our customers. Indeed, according to a recent report by the American Library Association (ALA) titled “The State of American Libraries 2012,” the proportion of U.S. libraries that made e-books available almost doubled over the past five years, climbing from 38.3% in 2007 to 67.2% in 2011. The increase paralleled skyrocketing sales of popular new e-reading devices.

Over time, I was dismayed to learn that other entities do not share our dedication to serving society and that public libraries are not even seated at the “adult table,” but have been assigned to the “kids table” or, in reality, banished to the attic. In its report, ALA pointed out: “Libraries only have limited access to e-books because of restrictions placed on their use by the nation’s largest publishers. Macmillan, Hachette Book Group and Simon & Schuster have refused to sell e-books to libraries. HarperCollins imposed an arbitrary 26 loans per e-book license and Penguin refused to let libraries lend its new titles at all.” Random House, meanwhile, drastically increased its prices for e-books. Molly Raphael, ALA’s president, said in a statement, “In a time of extreme financial constraint, a major price increase effectively curtails access for many libraries, and especially our communities that are hardest hit economically.”

**Publishers Curtail and deny e-book access**

In February, Penguin Group became the fifth of the Big Six book publishers to deny or restrict its e-books to public libraries, though Penguin said it is willing to negotiate over titles that libraries have already purchased. In meetings with the ALA, publishers said they are concerned that borrowing an e-book from the library on a Kindle is far too easy, or “frictionless,” and jeopardizes paid e-book sales.

The Digital Shift, a blog of Library Journal and School Library Journal, reported that during a meeting earlier this year with the ALA, “Macmillan executives expressed to ALA their concerns about e-lending and ‘its ramifications on the future of our business,’ according to Alison Lazarus, the president of sales for Macmillan. ‘We want to insure that customers who have typically been book buyers do not migrate their purchasing into borrowing as accessibility to our books becomes frictionless,’ Lazarus said. ‘This would imperil our retailers, wholesalers, authors and ourselves and would ultimately be detrimental to libraries,’ she said.”

During the meetings, members of the ALA became aware that publishers harbor...
several misconceptions about how libraries lend e-books and make them accessible, said ALA Executive Director Keith Michael Fiels. Publishers’ “fears are exaggerated,” Fiels said. Rather than detract from Book sales, “libraries contribute to the success of publishers,” he said.

In my experience, publishers’ fears that “frictionless” e-lending will hurt e-book sales are groundless. Statistics show that the most avid library patrons are also very active book buyers. Library customers buy books, DVDs and other items that they first are introduced to at the public library. They also tend to purchase books as gifts. And library patrons often spread the word about lesser-known authors. Libraries also allow publishers to maintain their back-listed titles in front of an audience. And since they must buy their e-books from publishers, libraries provide publishers with a steady source of income.

Furthermore, there is little credence to the argument that e-lending promotes digital piracy. I have never heard of a single reported incident of an e-book borrowed from a public library ever being pirated.

DOJ vs. PUBLISHERS AND APPLE

An even more contentious issue than “friction” might be that publishers are afraid that they have lost control over the distribution of e-books to libraries and feel that as e-book sales increase, they must regain control with a different distribution partner or a new distribution model altogether. Penguin and other publishers have been displeased that OverDrive has partnered with their arch-nemesis, Amazon, since last September to lend e-books to more than 11,000 libraries over Amazon’s Kindle Library Lending Program, an arrangement that had significantly boosted e-book rentals.

Publisher animosity resulting from years of having to swallow Amazon’s $9.99 “wholesale” prices for e-books runs deep. So deep that they conjured up an alternate e-book pricing scheme with Apple, called “agency pricing,” where publishers set their own prices and Apple got a cut. But Apple and the publishers came under fire from the federal government and on April 11, the Justice Department announced that it had filed a lawsuit against Apple, as well as five of the Big Six publishers, alleging that they had colluded to keep the price of e-books artificially high. The federal lawsuit cites a quote from Walter Isaacson’s biography of the late Steve Jobs, where Apple’s CEO said: “So we told the publishers, ‘We’ll go to the agency model, where you set the price, and we get our 30%, and yes, the customer pays a little more, but that’s what you want anyway.’” Apple also received “most favored nation status,” which said that if any other retailer sold e-books cheaper, Apple could, too. Isaacson quotes Jobs as saying, “So they went to Amazon and said, ‘You’re going to sign an agency contract or we’re not going to give you the books’.”

The publishers are also under threat of litigation from several states, which are seeking to reimburse citizens for paying agency prices for e-books.

Big 6 Publishers Restrict E-Books in U.S. Libraries

Macmillan, Hachette Book Group and Simon & Schuster have refused to sell e-books to libraries and Penguin refused to let libraries lend its new titles.

HarperCollins: Starting in March 2011, HarperCollins stopped selling ebooks to libraries for unlimited use, which it had been doing since 2001, and began licensing use of each ebook copy for a maximum of 26 loans. The move affects only the most popular titles and has no practical effect on others. After the limit is reached, the library can repurchase access rights at a lower cost than the original price.

Random House: Random House, which had first announced the price hike (without specifying the prices) on Feb. 2 when it reaffirmed its commitment to the library e-book market, provided the following breakdown for what it is now charging library e-book distributors:

- Titles available in print as new hardcovers: $65-$85.
- Titles available for several months, or generally timed to paperback release: $25-$50.
- New children’s titles available in print as hardcovers: $35-$85.
- Older children’s titles and children’s paperbacks: $25-$45.

Three of the publishers, Hachette Book Group, Simon & Schuster and HarperCollins, have already agreed to a settlement, while Macmillan and Penguin Group USA have so far decided not to settle. Random House, which adopted the agency pricing model after the publishers met with Apple, was not included in the government’s lawsuit.

The vital issue is, who will control book prices, the publishers or a retailer like Amazon? While publishers’ displeasure with Amazon’s price constraints is understandable, there’s no denying that Amazon virtually invented the e-book market and has developed the most popular e-book reader and the most efficient system for easily downloading e-books. To paraphrase McMillan’s Lazarus, Amazon has the most “friction-free” e-book delivery system yet devised. But inventing friction in terms of forcing patrons to physically visit the library to download an e-book would miss the point entirely and might create resentment among users. “Requiring people to come into the library to check out e-books is not the way to go,” Fiels said.

The publishers who settled have a two-year grace period to continue the agency model, while those that didn’t settle will continue their practice as the lawsuit with the Department of Justice is being adjudicated. In the meantime, libraries are at least for the time being part of the collateral damage in this power struggle and are trapped in e-book limbo.

CAUSE FOR OPTIMISM

Like the guilty party in a breakup — “It’s not you, it’s me.” — Penguin’s announcement that it was cutting off new e-books was careful to praise American libraries: “In these ever changing times, it is vital that we forge relationships with libraries and build a future together. We care about preserving the value of our authors’ work as well as rather than regard library copies of e-books as a threat to sales and treat patrons as potential pirates, why shouldn’t publishers seize an opportunity to market to and interact with some of their most loyal fans?

In my experience, customer piracy of e-books has never been an issue, but theft could be averted using digital watermarks and other digital rights management techniques now in commercial use.

Assuming that tight budgets will prevail and public libraries will only be able to purchase a limited number of titles, both digitally and in print, publishers could create additional revenue and perhaps lower the prices of library editions of e-books by employing digital marketing techniques.

For instance, publishers might insert a “buy it now” button inside library copies so readers could purchase the book as an instant gift or buy other books by the same author or on the same topic with just a click or two on their e-reader. Or publishers could up-sell readers to rich-media, interactive or even audio versions of the basic books. Publishers could even display advertising in the library copies to readers already familiar with online ads and willing to tolerate the minor inconvenience.

Last but not least, publishers can try to restore some of their tarnished reputation by making an overture to libraries. As a result of the federal lawsuit, publishers are perceived as greedy fat cats meeting in secret and conspiring to squeeze every nickel out of their customers. That perception is only made worse by wrangling with libraries and slamming them with higher prices. Showing some magnanimity toward libraries could mitigate some of that consumer ill will. “This would be a good opportunity for publishers for good PR,” said ALA Executive Director Keith Michael Fiels.

E-books Can Be An Opportunity

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helping libraries continue to serve their communities. Our ongoing partnership with the (American Library Association) is more important than ever.”

For its part, the ALA is eager to work with the publishers, even if it means accepting terms that are less than ideal, like the limits that HarperCollins has set on the number of times an e-book can be loaned and the drastic increase in e-book prices from Random House. As long as libraries and publishers maintain a dialog, there’s hope that new e-books will once again be available at libraries.

E-BOOKS ARE THE FUTURE
There has been some discussion in the industry that perhaps public libraries should stop purchasing e-books. Although this might make sense until the issues are resolved between the publishers and distributors, I am reluctant to support this recommendation because it appears that resolving the problems and addressing publishers’ concerns will be a lengthy process. As technology rapidly changes the way we do things, we risk losing precious time waiting for publishers to develop a solution they can live with.

Any prohibition from libraries lending e-books, even a temporary one, inhibits libraries from fulfilling their social mission. While it’s true that many library customers remain perfectly satisfied with reading books in print and have no desire to read an e-book, and it is reassuring that publishers continue to be quite willing to sell printed books and their back-listed titles to libraries, my instincts tell me that if e-book use continues to explode, publishers will decrease the number of books they publish in printed format.

HAVES VS. HAVE-NOTS
The larger and looming issue, then, is the restriction of content. Public libraries provide access to content regardless of who you are, where you come from or how much money you make. We could not care less about your financial background or where you attended school. The public library is an equalizer that directly contributes to the economic well-being of the community, and it is essential that libraries continue to provide everyone with free, unfettered access to content in new and emerging formats. Failing to do so damages us as a society and takes us back to the Dark Ages.

By refusing to provide e-book access to communities through our public libraries, publishers have effectively removed libraries from the equation to the detriment of our communities. The gap between the haves and have-nots will continue to grow in terms of reading and accessing information. The haves will be able to afford e-books and will have access to information at a reasonable price through online vendors while those with fewer resources will be challenged to keep up. Moreover, schools are starting to provide e-readers for student use, and the child who is able to purchase and experience e-books on a regular basis will have a significant advantage over those who can neither purchase e-books online nor borrow them through the local public library. We have a social responsibility to continue to provide access to e-books and information at our public libraries to those who are most vulnerable and at risk in our society.

We are fortunate to live in a country where access to information and content is highly valued, and maintaining free public access to e-books is critical to our national health. As a practical optimist I believe that now is the perfect time for libraries to collaborate with publishers and vendors on a win/win solution that will allow libraries to continue to have access to their e-books while allowing publishers to maintain their profits and protect their digital publishing rights.

WRITE TO THE PUBLISHERS
In a recent press release, Big Six Publishers Stop Offering eBooks to Libraries, I encouraged our library customers to contact several publishers who do not provide e-books (and one audiobook vendor) to public libraries expressing their disappointment and frustration with not being able to borrow e-books through their tax-funded public library. blogs.hcplonline.info/pressreleases. Perhaps hearing directly from their customers might encourage action to be taken and will result in e-book access for all.

Other Things You Should Know About E-books and Libraries

- Ebook sales are expected to generate $9.7 billion worldwide in 2016, according to one forecaster.
- While library e-book circulation is still very low compared to print book collections, many libraries have experienced significant increases in e-book circulation.
- Mobile devices, including e-book readers and netbooks, are available at 278% of libraries.
- In many cases e-book circulation is hindered by e-reader compatibility issues and the complexity of e-book downloads, digital rights management issues and availability of popular titles.