



David M. Mandy
Professor and Chair

Statement on Custom Textbook Usage in the Economics Department

David M. Mandy, Chair
Department of Economics
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This statement is in response to the article “Used texts hard to uncover: Campus benefits from ‘custom’ books” published on page 12A of the Saturday, August 30 edition of *The Columbia Daily Tribune*. The text of the article is available from the *Tribune*’s archives at this link:

<http://archive.columbiatribune.com/2008/aug/20080830news002.asp>

The article discusses textbooks used by the economics department and is inaccurate in several respects.

The *Tribune* correctly reported that I refused to answer questions except by email. I did so in order to have a record of inaccuracies, such as the following:

1. Here are two quotes from my email response to questions from the *Tribune*:

“The department has never received any royalties from the purchase of a textbook unless departmental faculty were involved in writing or editing the book. If you look at a text on the shelf in the bookstore and no departmental faculty member is listed as an author or editor on the book then no royalties come to the department from sales of that book, irrespective of whether it is a custom textbook or not. In some cases, even when departmental faculty author materials for classes the faculty choose to not collect royalties. For example, I have provided a very extensive text for economics 8451 for over 10 years that I authored but have never asked for any royalties to be collected on it.”

“The department does not any receive royalties on custom versions of textbooks that exist in non-customized versions. The department also does not receive any royalties on materials prepared by faculty, even when the preparation is well beyond what would normally be expected for a class, in instances, such as the econ 8451 class I teach, in which the faculty member chooses to forego the normal practice of receiving royalties for authoring or editing.”

In contrast, here is what the *Tribune* reported regarding the packet of materials for economics 8451:

“David Mandy, economics department chairman of the University of Missouri, said his department has received a total of \$42,000 in proceeds in the past five years for one book published by Mizzou Media, an in-house publisher. The \$20.85 ‘Econ 8451 Package’ supplements two other texts required for a microeconomics class that cost more than \$200 new.”

It should be noted, in particular, that Mizzou Media (the in-house publisher at the MU bookstore) does not pay royalties.

2. Regarding how royalties received by the department are used, the *Tribune* reported:

“Mandy stressed: ‘NO faculty have received pay from these funds.’ However, because the royalty funds replace some departmental funds, more departmental funds are available for faculty salaries.”

The second sentence here is not reported by the *Tribune* as a quote from me. Indeed, the source for this sentence is not reported by the *Tribune* at all. The sentence is, in general, incorrect. With minor exceptions, faculty salaries in the department are paid from five sources: Funds allocated for salaries by the university central administration, funds allocated for other instructional costs by the university central administration, endowment funds that are limited in their use by the terms of the endowment, grants, and “cost savings” that are generated when a faculty member is on leave or has time paid for by a grant. There is no instance in which the pay of a faculty member in the economics department has been influenced by the availability of royalty funds.

3. The *Tribune* reported:

“A visit to University Bookstore at MU two weeks before the start of classes revealed several higher-priced custom packages and new books for which no used textbook was available. Here is a list of classes with the price of their assigned text:

- ▶ Econ 1014, Lecture 1 (custom): \$86.35.
- ▶ Econ 1014, Lectures 2, 3, 6 (bundled/custom): \$117.95.
- ▶ Econ 1015 (bundled): \$68.
- ▶ Econ 1051 (bundled): \$188.15.
- ▶ Econ 1024 (custom): \$81.40.
- ▶ Econ 4353/7353 (bundled): \$157.20.”

The *Tribune* also reported:

“... MU’s economics department, where no used custom books were available when a *Tribune* reporter inquired with staff.”

In contrast, the MU bookstore reported to me that 171 bundles of used texts for Econ 1014 (lectures 2, 3, 6) have been sold to date for the fall 2008 semester and 394 used

bundles were sold for the same course for the spring 2008 semester. I personally checked the shelves in the MU bookstore late in the day on September 3 and found used bundles still on the shelf, with the price for the used bundles clearly indicated on the shelf at \$88.50

It is important to note that, although the new and used prices for the Econ 1014 (lectures 2, 3, and 6) bundle may seem high, the bundle includes much more than a textbook and the extra materials are not useless fluff. The bundle includes software that is used by the instructor to assign extra credit exercises and a book of supplemental readings prepared by MU faculty that are recommended reading at various points in the semester. To put the price in perspective, we searched at other large public universities in the region for similar bundles with prices posted online. We found three reasonably close matches. The price for the non-custom version of the text, without any of the extra materials included in the MU bundle, is \$140.50 at the University of Nebraska. See:

http://www.bkstr.com/webapp/wcs/stores/servlet/CourseMaterialsResultsView?catalogId=10001&categoryId=9604&storeId=10287&langId=-1&programId=769&termId=100008957&courseId_1=16722637&divisionDisplayName=%20&departmentDisplayName=ECON&courseDisplayName=212§ionDisplayName=001&demoKey=d&purpose=browse;

The price for a bundle that includes the non-custom version of the text and the software, but not the book of supplemental readings that is in the MU bundle, is \$184.00 at Arkansas State University. See:

http://www.bkstr.com/webapp/wcs/stores/servlet/CourseMaterialsResultsView?catalogId=10001&categoryId=null&storeId=10319&langId=-1&programId=653&termId=100008692&courseId_1=16942880&divisionDisplayName=%20&departmentDisplayName=ECON&courseDisplayName=2323§ionDisplayName=001&demoKey=d&purpose=browse

The price for this same bundle at the University of Iowa is \$184.00 new and \$138.00 used. See (select Fall 2008, Economics 001, instructor Battacharya):

http://www.book.uiowa.edu/ePOS?this_category=1&store=335&form=shared3%2fgm%2fmain%2html&design=335

By comparison, the MU bundle at \$117.95 new and \$88.50 used is a bargain. The reason is the MU economics department has been proactive in working with the publisher to design a custom book that omits materials not covered in our class and in working with the MU bookstore to price the bundle as low as possible; and also because the MU bookstore has been proactive in assembling used bundles of these custom materials.

Turning now to Econ 1015, similar to Econ 1014 (lectures 2, 3, and 6), the MU bookstore reported to me that 188 used bundles have been sold for Econ 1015 to date for the fall 2008 semester and 95 used bundles were sold for the same course for the spring 2008 semester. Once again I easily spotted used bundles still on the shelf during my check at

the MU bookstore on September 3, with the used price clearly marked at \$121.50 on the shelf (the *Tribune*'s reported price of \$68 for a new bundle is incorrect – the new price is also clearly marked on the MU bookstore shelf at \$162.49). The MU bundle includes a subscription to the *Wall Street Journal* and a study guide, both of which the instructor has specified as required for the course, and which are less expensive when purchased as part of a bundle along with the textbook. We found two somewhat similar matches online at nearby large public universities. At the University of Illinois, the price for a bundle that includes the non-custom version of the text used in Econ 1015 at MU and the software (which is not used in Econ 1015 at MU), but excludes the study guide and *Wall Street Journal* subscription, is \$168.00 new and \$126.00 used. See:

http://uofibookstore.uiuc.edu/buy_book_detail.asp?mscssid=4023GQR6KUM88NUET9JNT5BUSDSQBRP9&pf_id=12990559

Kansas State University uses a custom version of the text and the software, which costs \$149.50 and is not available online used. See (select Fall 2008, Economics 110, instructor Fout):

http://store765.collegestoreonline.com/ePOS?this_category=1&store=765&form=shared3%2ftextbooks%2fmain%2html&design=765&_session_info_rhs25wis0pvygBlh87Z0ii59m6u4GiZlllSNb2aqXUvCHtcPh3AmpCBIKZJklvx%2bm8dv6q0nsx%2byMLtSuFFxnQ0a6AKKIUEW

The vast majority of students taking introductory economics at MU during the current semester are in Econ 1014 lectures 2, 3, and 6; and Econ 1015; courses for which the *Tribune*'s reported claim that "... requiring a student to purchase a custom textbook is unfair because students can rarely purchase that book used" is incorrect; and for which pricing at MU is either comparable to nearby universities or, in the case of Econ 1014, significantly lower than nearby universities.

However, the *Tribune*'s report that no used bundles are currently available for the other four courses listed above is correct. What the *Tribune* did not report, and indeed didn't even ask me about, are the reasons used texts are not available for these courses. Here are some facts about the other introductory courses:

► Econ 1014, Lecture 1: The instructor has not taught this course before so the materials chosen by that instructor are all new to MU. Note that the \$86.35 price reported by the *Tribune* is below any of the new or used prices reported above for Econ 1014 and similar courses at nearby large public universities.

► Econ 1051: This is an innovative new course designed especially for journalism students, offered for the first time during the current semester, so once again the bundle is new to MU. Although the \$188.15 price is steep, the bundle includes software and the study guide, both of which are required by the instructor. Moreover, the course is a 5-credit offering of both micro- and macro-economics in one semester, hence the materials are effectively for two "normal" semesters. The text for this course is normally used in two separate "breakouts," one for a one-semester course in microeconomics and one for a

one-semester course in macroeconomics. Hence we could not find an online match at a nearby public university. The closest online match at a large public university we found is at Virginia Commonwealth University, where the price for a custom version of the text plus required software is \$226.45 new and \$169.85 used (this does not include the study guide, unlike the MU bundle). See (click on “View Textbook List”):

<http://vcu.bncollege.com/webapp/wcs/stores/servlet/TBWizardView?campusId=&termId=&deptId=&courseId=§ionId=&storeId=55552&langId=-1&catalogId=10001&deleteSectionId=&newSection=34934803&homePage=true&campus1=34927778&s2=34939792&s3=34940021&s4=34942051&s5=34934803N>

► Econ 1024: This is a smaller introductory economics course for mathematically-oriented students. The instructor has carefully selected materials from three different standard texts and has combined these materials with materials he prepared (from which the economics department receives no royalties) to produce one custom book, thereby obtaining the desired materials while avoiding the need to purchase multiple books. I don’t know why no used copies are available, but the \$81.40 new price is competitive considering the array of materials included.

4. Finally, the *Tribune* reported:

“Gov. Matt Blunt signed into law in June a textbook transparency law requiring textbook publishers to disclose the cost of books, require unbundled packages for individual item sales and explicitly state the changes in a new edition so that an instructor can decide whether the changes merit the newer version.

The law apparently hasn’t changed much in the Econ section of University Bookstore, where four of the courses surveyed by the *Tribune* required bundled texts and three of the books were custom.”

Several observations are in order here. First, as reported by the *Tribune*, the law imposes this duty on publishers, not on the economics department or the MU bookstore. Second, four economics courses with bundled materials is hardly a comprehensive survey; what about the other 29 courses the department is teaching this semester that require textbooks? Third, there is nothing unique about how information on materials for economics courses is displayed in the MU bookstore. Whatever the *Tribune* observed on this subject applies to most, if not all, of the materials in the MU bookstore. Yet the *Tribune* continued its attack on the economics department by singling out the department. Fourth, items in bundles used in economics courses have often (but perhaps not always) been available for purchase *a la carte*. For two semesters, well before the new law was even passed by the Missouri Legislature, the economics department put forth extra effort to bring this information to students by listing on the department website multiple new and used vendors where both bundles and the individual items could be purchased. The department discontinued this practice after being informed that posting commercial links on the department’s website violates the acceptable use policy for computing resources at the University of Missouri.