

July 29th, 2019

Makan Delrahim
Assistant Attorney General
Antitrust Division
Department of Justice
950 Pennsylvania Ave NW
Ste. 3109
Washington, DC 20530



Dear Assistant Attorney General Delrahim:

We the undersigned student leaders write to encourage the Department of Justice's Antitrust Division, in its review of the proposed merger of the publishers Cengage and McGraw-Hill, to block the merger. The merger threatens to consolidate more power in the grasp of a handful of publishers, who have used their enormous market share to drive up prices for consumers over the course of the past few decades.

Five companies control 80% of the U.S. college textbook market:¹ Pearson, Cengage, McGraw-Hill, Macmillan, and Wiley. The proposed horizontal merger between Cengage and McGraw-Hill would create a new company worth more than \$5 billion dollars. The resulting company would only meaningfully compete with one other publisher - Pearson. Because there are so few publishers, and because faculty choose books on behalf of their students, the normal rules of supply and demand have broken down. As current students, we've directly felt the impacts of skyrocketing textbook prices, further exacerbated by Cengage and McGraw-Hill's efforts to remove cost-cutting options for students by undermining used book markets. To maintain profit margins, publishers have put out custom or frequent new editions to make it difficult to find a used book for our classes, and have transitioned to offering expiring materials like access codes to eliminate the used market entirely. U.S. PIRG's research shows that 65% of students have skipped buying a book at some point in their college career because of cost despite 94% of them knowing it would hurt their grade.²

Given that so many students already skip buying materials in this broken marketplace, we are skeptical that the merger will do anything but exacerbate the problem. By reducing the need to compete, and then using access codes, subscription services, and "inclusive access" to strong-arm students into buying materials, Cengage and McGraw-Hill will be able to continue their decades-long pattern of raising prices. Eventually, they will reach their goal of eliminating

¹ <https://uspirg.org/reports/usp/fixing-broken-textbook-market>

² <https://uspirg.org/reports/usp/fixing-broken-textbook-market>

the used book market entirely and set themselves up as the sole provider of class materials.³ This kind of control of the market will not be in students' best interests.

Access codes, which grant expiring access to paid platforms that students must log into to submit homework and quizzes, eliminate the used market entirely. Students cannot sell their materials at the end of the course or decide to keep their materials for future reference.⁴ This hurts students who already cannot afford books - we have many classmates that have skipped buying the access code and are doomed to fail the class. Automatic billing, otherwise known as "inclusive access", just means that students will be charged automatically for materials, without the ability to do real price comparisons to determine if it is a good deal. Based on contracts proposed at some of our schools, publishers will continue to raise prices at the same rate that has led to an affordability crisis in the first place. That same concern of rapid inflation extends to the Cengage Unlimited Model - if consolidation continues and they are able to bring even more titles into their collections, there is nothing to keep Cengage from raising prices in the future.

As student leaders, it is incumbent on us to look out for our peers and to work to make college more affordable. It is in that spirit that we urge you to block this merger. The college textbook market is already highly concentrated, and the merger will only make that worse. Furthermore, the "innovative" measures that Cengage and McGraw-Hill are pushing in their merger announcement merely serve to perpetuate the same broken marketplace, not reform it. From our perspective as the primary consumers of textbooks, this merger will allow skyrocketing prices to continue unchecked.

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Kyleigh Hillerud, State Board Chair

Eckerd College

Bailey Cross, Student Body President

3

<https://www.insidehighered.com/news/2014/04/02/cengage-learning-emerges-bankruptcy-focus-digital-growth>

⁴ <https://uspirg.org/reports/usp/access-denied-new-face-textbook-monopoly-0>

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