



IPA in Conversation with ...
Maria Pallante
CEO and President, Association of American Publishers
Publishing in the USA during the COVID-19 Pandemic
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Transcript

Hugo Setzer: Hello everyone and joining us in our IPA in conversation with interview series where we are looking at the impact of the COVID-19 pandemic on publishers around the world. I invite you to go out website to look at the other interviews and to find out who we will talk to next. Today it is an honor to be joined by, from Washington D.C., the President and CEO of the Association of American Publishers, Maria Pallante. As president and CEO of AAP, you oversee an important publisher membership. Before we talk specifically about the crisis, could you tell me more about your work? What is the predominant focus of the AAP team?

Maria Pallante: Before I do that, thank you to you for your incredible leadership at the helm of IPA. You could not have predicted the situation that was handed to you. But I am a big believer that leadership finds people – so thank you for everything you have done to keep us connected around the world, it is much appreciated. So at APP, we have a really vibrant publishing market and it a privilege to represent the industry on matters of law and policy. At our core, we believe that a robust, innovative and financially secure publishing industry is vital to the public interest and to democracy. In our day to day work, that translates into a lot of strategies. Again, on a high level, to achieve outcomes in regulatory policies, legislation, and in the courts that incentivise publication. A wide variety of creative expression and professional and scholarly content and learning solutions. One wonderful thing about our global publishing industry is that it has been innovative and has a deep legacy that goes back, and in our nations down to our constitution, and is so forward thinking and always adapting...It's nice to realize that one thing people have had in common for centuries is the love of languages and books and expression and education.

Hugo Setzer: I fully agree with you about the innovative spirit of publishers, that they are constantly trying to innovate. I think it is a wonderful job you are doing at AAP and in the US, but also with all the international cooperation. AAP is such an active member of IPA.

Maria Pallante: Thank you Hugo. We have a shared mission. I do believe that we in the association world, in achieving our objectives, are also sharing the shared objective globally. What you affects us, and what we do affects you. Under the umbrella of the IPA that you are leading, we all get to see each other now and again, if only virtually.

Hugo Setzer: Indeed, we are really globalized and it won't change. And what happens in one country will affect us all. As we are seeing with the pandemic. It is really affecting us all

around the world. It seems to be shifting now from Europe to the Americas. The World Health Organization reports this morning close to 2 million cases in the US. Can you tell us more about the situation in the US? Are you still in lockdown and are and were book stores closed?

Maria Pallante: My best wishes to you, family and your company, Mexico as well. In the US, in mid-March, things went from speculative to crisis fairly fast. For the publishing industry, that translated into a week or so of enhanced telework, liberal leave policies for people who might be ill or caring for people who were ill to almost suddenly forced, mandatory telework to protect employees from having to take subways or undue commutes. On the plus side, I would say that that transition – while not seamless – was fairly effective. We are in an industry which is able to telework and still acquire, edit and sell books. But, there is also a physical component to it. One thing that AAP worked tirelessly on from March and April was, both federal and state legislation. On federal level, there were immediate stimulus packages in the US, as in other nations. And one of the questions was: What could AAP do to help its partners, for example in the educational space? We were very active to lead coalitions to make sure that education was prioritized, since the education system is very important for publishers. As you know, so much class room learning immediately shifted to online. As it was online in parts before, it became online immediately. And then, the question became: What degree of training is necessary? Where are the funds needed? When the content is available, what else do you really need to make that content really work for the students. That was both in the pre-k-12 space and the higher-ed space. Although our higher-ed publishers have long been out front in the online market space and I think were ready to go and step in and help lead. So there was the stimulus activity at the federal level. At the states, we had 50 different state legislative orders or pending orders to work through. Those were important because they were all about the degree of lockdown, state by state. And the degree of which there was accepted activity. So we worked hard to communicate the essential parts to the publishing industry and to the governors and members of congress in those districts, they were all enormously helpful policy makers and really did believe that publishing is essential. During a crisis, you really don't want to shut down access to information or books. And even with online commerce, a huge portion of online commerce is still print books. So we had warehouses that were open and we had to balance that with our publishers making sure that our employees are safe, those that really had to be on the ground supplying trucks with books, feeding book shops and consumers. There was quite a lot of activity, I am really proud of the work my staff did. I have a small but very talented staff and a particular issue, our VP of public policy, did an outsized amount of work.

Hugo Setzer: That is interesting to know. Especially about the stimulus packages – I know some countries had such stimulus, but not all countries. IPA has tried to work with our national associations to get those packages, also here in Mexico. Unfortunately, we haven't had any help whatsoever from the government and we had to face the situation by ourselves.

Maria Pallante: I just wanted to add that at AAP, we have a vast range of members. We have some of the largest publishers in the world, but some of the smallest as well. Regional, specialized publishers. For some our smallest publishers, just being able to pay their employees and keep on going was a priority. We had something at the federal level called

the pay-check protection program, so we could help facilitate the qualified access to that program, because we want them to be able to bounce back after this is over.

Hugo Setzer: Exactly. By the way, I also wanted to express my hope that you and your family are also fine. I think you already kind of mentioned things that are coming into further questions. You already mentioned that our business still has an important physical component. What do you think was the rough split of physical sales of physical sales versus digital sales before lockdown and if that has changed? Do you see the change continuing or growing in the future?

Maria Pallante: That is such an interesting question. Generally, print is still king in the US market. Some 74, 75 % of book sales last year were print copies. Now, some of those are bought in book stores, some by libraries and some are bought on e-commerce platforms and shipped so there is a physical part of the online chain. But the question becomes: how can we get statistics that show what is happening. From January through April, print was still fairly strong. Rather than 74 %, 72 % of our sales in the consumer market were print. The downside of that is that the biggest bump and decline was in April. In April, we took a nearly 11 % decline and hit in print sales. That is not surprising to me for a couple of reasons. April was the most disruptive month of all, right – people were still transitioning, book stores and libraries were not sure if they could stay open or not and under what circumstances, educational institutions were not there anymore, etc. And people began to look at digital models while they were home. This is the exciting part of this. I still think that given the long, strong history of print, that that will be fine. It has staying power. At the same time, the question is whether people have experimented with the digital format for the first time while they were in place, and that also seems to be true. There was an increase in e-books, which is interesting, since e-books were declining for a while. Audio books have been increasing every year since 2012, month by month. They took a nice bump up as well. To me, this all shows the importance of storytelling that publishers, it is really our mission. It shows the importance of storytelling in a crisis in particular: people were turning to all types of books on all sorts of topics. They were listening to books together with whomever they were sheltering in place with, which is a natural human instinct – to be together and to experience a story together. For years to come, we will all be looking back at this period and remembering what we read, heard and who we were with and what we were thinking.

Hugo Setzer: I fully agree with you on the importance of storytelling as part of what we do. I think it's interesting that print is still king. It's also interesting that although people have become more comfortable with reading digital books, that people continued buying online physical books. I was talking to book sellers and what they had to do to deliver the books – they had to go on their bicycles, skateboards and whatever to deliver the books to their costumers. It's wonderful.

Maria Pallante: That's terrific. That's the consumer market I was describing. I do want to say again that for our educational publishers, they've been part of the online world for a while. I am really proud of them as well. They were not only ready to go with the digital business model, from subscriptions to exclusive access to the open access models, a spectrum of exciting models for all types of students of all ages. But they were just really wonderful, generous citizens. They provided free access, they took calls from students who maybe needed to become comfortable. The educational publishers, I think, are poised to help lead

this next era. In our professional and scholarly world, and I know this is true globally, our publishers provided almost immediate free access to journal content that might pertain to a vaccine. To make it available for free, to scientists, doctors and general public. I love that about our industry, just the honour of the industry.

Hugo Setzer: Absolutely. You just answered my next question. I think I've heard of some really amazing things publishers have done in the US and in other countries to support their communities in these times. It makes me personally feel proud to be a publisher. On another topic, a separate part of your work, is copyright – of special interest for publishers and IPA. This crisis has also been used by some groups to advance their own agendas to weaken copyright. You recently fled an important lawsuit in one of these cases. Can you tell us more about this?

Maria Pallante: I would be happy to. On June 1, four of our member companies filed suit in district court in NY against the Internet Archive. Primarily for two business models which we believe, as outlined in the complaint, function as a pirate site. One is the Open Library and one is the National Emergency Library. They have now announced that they will shut them down, but that does not change the business model, the modeling of pirate behavior or the damage done. Effectively, the Internet Archive invites and solicits and collect truckloads of print books and they convert them to digital formats with bootleg scans. And they distribute them, make them available for the public for download in their entirety without any license of any kind. In doing that, they affect both the print market and the ability of the author and the publisher to control the manner and the time on how to communicate their works to the public – when will something be offered in a digital business model, in a print model, on what terms. These are all very well-established markets, business channels and business decisions built on the copyright framework. And of course, by making it available for free in its entirety to the public, as complaint outlines, the question becomes: what provision in the copyright law authorizes a downstream actor to step in and do that without any authorization. That's not something that e-commerce platforms can do, book stores can do, or libraries operating lawfully in the legitimate copyright marketplace would do. So, it's quite astonishing. Within the last year, there has been a white paper published which seems to take this to systemic levels. And almost invite others to adopt these models. These are servers providing access to books that are highly valuable, that authors have researched and written and licensed to publishers and publishers have invested in those. So the lawsuit makes clear that in the opinion of the plaintiffs and AAP, Internet Archive has both usurped the intellectual property of the authors and the financial investments of the publishers and operates fully outside the copyright act, we believe. It's a big step, but it was necessary.

Hugo Setzer: I agree. It sounds very clearly illegal, what's going on. I have seen some comments by people behind Internet Archive saying that publishers are against libraries, which is of course nonsense. Publishers are not against libraries, just against illegal sharing of information.

Maria Pallante: Libraries have always been part of the lawful copyright marketplace since the beginning. They play a really special role in society, every publisher or author would agree with that. Authors have challenges during this pandemic, publishers have them as well, book stores are struggling to survive. We at AAP teamed up with Booksellers Association and the Author's guild on World Book Day to promote independent book stores

because the concern there is that they won't be able to open again after such a serious shut down. And, as you described, they are doing their best to deliver books to people through all sorts of local channels – be it through couriers, cars or bicycles. Back to libraries – libraries are business partners, they have every right to negotiate with authors and publishers. I am not aware of any library that has ever decided to throw the copyright completely out the window, because they might not like it, and this is what the Internet Archive feels, not follow it. Two things are at play: one thing is an invented theory that if you have a print copy, you can make a digital copy and distribute it. That is not anywhere in the law. And then there was the national emergency part of it where a private actor basically declared that it had the authority to give itself emergency powers. Congresses have always enacted emergency powers and they do it as a legislative power with public feedback. We as associations need to believe that the rule of law is important. Our business is built on the contours of the law, the rights and the exceptions. For us, this belongs in court.

Hugo Setzer: Thank you for explaining in such a clear way what seems to be a complex problem. You are closely connected to IPA's vice-president, Bodour al Qasimi. Her initiative, do you think the pandemic has had any effect on issues of diversity and inclusion in the US publishing industry?

Maria Pallante: Absolutely. Bodour al Qasimi is a true global leader. She was instrumental in taking a conversation over lunch that the two of us had and turning it into a real global platform where women can meet each other around the world. We've had such exciting events, dinner and programs already. That's exciting and I think it is here to stay. If anything, we have so many women that want to participate and not enough hours in the day. And I believe it will lead to business decisions as well, business collaborations across the world. More broadly though and beyond gender diversity, we in the US are going through a very intense time because of racial abuse in the United States that stems from racial policies that has had a horrific impact on our African American community in particular. And that has definitely also affected publishing houses. This week on Monday, there employees of US publishing houses who took the day off to protest in solidarity and to demand change even in their own workforces. We saw CEOs across the US publishing market make statements that they are listening and that they agree that they have not met the objectives that they have publicly stated they support and are going to be working very carefully to put platforms in place which actually lead to real change. There is a component of that that also affects authors. The question is: what are we publishing and for what audiences? And are we really reaching all audiences and giving all authors a voice, how do we do better for communities that may be not so well represented? Yesterday we met with congressional Hispanic caucus about some of these issues. These discussions are happening at every level, in houses, between authors, publishers, associations, legislators and media – that is all good. We as an industry need to take a look at ourselves and I know IPA has been really looking at these diversity issues for years now.

Hugo Setzer: Yes. Very important. I am sorry to hear all the news coming from the US. IPA stands with you in solidarity against racism. I hope and trust that even if it becomes such a crisis, it will have a positive outcome. People are reacting and seeing that there is a problem with that and addressing it.

Maria Pallante: Thank you Hugo. I think so, you need to have the conversations and the protests. There needs to be a response and then there needs to be a constructive dialogue to change what didn't work in the past. People are also reading about racism and anti-racism, about justice and inequality, about history. And that's good and it comes back to what we do and our mission. Our mission is to disseminate knowledge and to inspire and empower people.

Hugo Setzer: Exactly. And that takes us nearly to the end of our interview. I also wanted to mention that you very recently had an online general assembly and anniversary celebration. What can you tell us about the importance of the work of publishers and what you see for the next years?

Maria Pallante: Well, I'd like to think that it shows that an industry as important as the publishing industry needs associations to represent it. The advocacy is important, it's important to be at the table, everyone else from the value chain is at the table for policy decisions. For AAP, it has always been involved in the copyright framework. On the one hand, it is very clear, provides exclusive rights and exceptions and we are part of international treaties. Not only the book industry, but the music industry and the many creative people out there that get up every day and create as a very expert craft continue to do that, which helps us move forward as a society. The copyright framework is very closely aligned with human progress. But, for AAP, that will change again. It is impossible to know what our world will look like in 50 years. It's exciting and people enjoyed that we had a tribute video, that you were a part of it, thank you Hugo. We had policy makers from US congress, the DG from WIPO, industry leaders – people coming around their association is as important as going to work. We are all part of an interconnected community.

Hugo Setzer: I thought it was a great video and thank you for those words. It's encouraging to see that such important work we do as publishers is being addressed through all the interview. Thank you, Maria. It has been a pleasure to have this conversation with you.

Maria Pallante: It's my pleasure. On behalf of AAP, huge hello to all our colleagues and publishers associations around the world.