



The Expected Effects of the Regulatory Changes on the Hungarian Textbook Market and Competition Policy Recommendations

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Executive summary

Legislation regulating the Hungarian school textbook market changed radically between 2011 and 2014. Before 2011, the Hungarian textbook industry **used to operate as a competitive market with** content and price **regulation** as is usual in most continental European countries. The parents of students – except for the disadvantaged – used to pay for the textbooks that were chosen by the teachers. The education ministry has now **introduced a completely state-run system that provides textbooks free of charge universally, that introduces the so called ‘durable’ textbooks** to be used by several students consecutively and **that pares down severely the variety of textbooks** offered for a specific subject in a specific grade.

Based on the specific features of the textbook market and on international experiences and examples, our goal was to identify the arguments that might have motivated the recent changes, to **draw attention on potential concerns** and to **point out possible actions that could alleviate** these concerns.

We found that the **introduction of universally free textbooks will bring us closer to the European mainstream**, although, it is crucial to continuously monitor the – potentially negative – effects of the new arrangement on innovation, quality and the students’ and teachers’ use of educational materials.

Nationalisation of textbook market, however, is quite at variance with the trends of other post-socialist countries that – including Hungary – have been taking steps towards the liberalisation of textbook market in the past two decades. **Hungary – with its nationalised textbook market – will stand alone among the developed countries** except for a few South-European ones. Very strict monitoring is needed to assure that the well-known inefficiencies related to state-owned enterprises do not dominate the putative gain from skimming off the excess profits of textbook publishers and retailers. The market dominance of the new state-owned textbook monopoly might also carry over to related complementary markets (e.g. workbooks or educational software).