Economics: The Not-So-Hidden Costs

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ACRL Scholarly Communications Roadshow: From Understanding to Engagement
Learning Objectives

• Understand some of the basic economic principles that characterize the traditional scholarly publishing system

• Recognize the connection between poor copyright management on the part of authors and the monopolistic pricing practices of the largest scholarly journal publishers

• Consider and reflect on alternative funding sources for scholarly publishing
24,000 peer-reviewed journals
1,300,000 peer-reviewed articles per year
1,200 scholarly publishers (est.)
### Journal publisher size guide

<table>
<thead>
<tr>
<th>Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petite (5 or fewer)</td>
<td>54%</td>
</tr>
<tr>
<td>Small (6-10)</td>
<td>11%</td>
</tr>
<tr>
<td>Medium (11-25)</td>
<td>16%</td>
</tr>
<tr>
<td>Large (26-50)</td>
<td>8%</td>
</tr>
<tr>
<td>X-Large (51-100)</td>
<td>4%</td>
</tr>
<tr>
<td>XX-Large (100+)</td>
<td>7%</td>
</tr>
</tbody>
</table>

*Scholarly publishing practice: academic journal publishers’ policies and practices in online publishing, 3rd survey, ALPSP, 2008*
university presses

societies & other non-profits

commercial publishers
STM sector
$ 20.3 B
revenue in 2009

SSH sector
$ 2.4 B

Data from Simba Information 2010 publishing industry reports
Typical economy

Steelmakers → Steel → Auto manufacturers → Cars → Consumers

Steel $ → Autos $ → Consumers $
Gift economy

Author

P&T
Grants
Reputation
Prestige

Publisher

Article

Journal

Library

$
wholesale transfer of rights
creates scarcity
drives prices up

High price limits access
&
Tight IP control limits reuse, sharing, text and data mining
Libraries challenge pricing power

- Subsidizing journal start-ups
- Canceling journals
- Educating faculty authors
- Forming consortia
- Sharing license contract terms
- Supporting open access

Publishers try to sustain revenue flow

- Tying print to online
- Bundling journals
- Requiring multi-yr contracts
- Buying other publishers
- Raising prices
- Supporting anti-OA legislation
Effect of market consolidation

Cost to produce one journal article

<table>
<thead>
<tr>
<th>Publisher</th>
<th>Average journal article</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>XYZ Commercial Publisher</td>
<td>My Faculty, PhD</td>
<td>$3,400</td>
</tr>
<tr>
<td>Amsterdam, London, New York</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABC Not-for-Profit Publisher</td>
<td>My Faculty, PhD</td>
<td>$730</td>
</tr>
</tbody>
</table>

Roger Clarke, The cost profiles of alternative approaches to journal publishing, *First Monday*, 3 December 2007
Economics of quality?

- 9% $91% dollars
- 62% citations
- 38% citations

- Non-Profit
- Commercial
external economic pressures on journals market

U.S. Library Spending, R&D Spending, and Journals 1995-2007

- Serial Spending (HEPI Adjusted): +60%
- Total Library Spending (HEPI Adjusted): +30%
- US R&D Spending (Total): +10%
- No. Refereed Journals (Ulrich’s):
- Global Journals Published (NSF):
- US Journals Published (NSF):
new pressures on supply chain

The Cost of Knowledge

11491 Researchers Taking a Stand. See the list

Academics have protested against Elsevier’s business practices for years with little effect. These are some of their objections:

1. They charge exorbitantly high prices for subscriptions to individual journals.

2. In the light of these high prices, the only realistic option for many libraries is to agree to buy very large “bundles”, which will include many journals that those libraries do not actually want. Elsevier thus makes huge profits by exploiting the fact that some of their journals are essential.

3. They support measures such as SOPA, PIPA and the Research Works Act, that aim to restrict the free exchange of information.

The key to all these issues is the right of authors to achieve easily-accessible distribution of their work. If you would like to declare publicly that you will not support any Elsevier journal unless they radically change how they operate, then you can do so by filling in your details on this page.

More information:
- Statement of Purpose
- Polymath Journal publishing reform page

Read our blog, and follow the boycott on Twitter here.

11491 people from All Subjects have signed.
What about monographs?

“in the 1970s academic publishers would print between 2000 and 3000 hardback [copies] of a scholarly monograph . . . [In 2005] many academic publishers say that sales of hardback-only monographs are often as low as 400-500 copies worldwide.”

Scholarly communications reform includes efforts to establish balanced, sustainable economic models.
 Universities have a **mission-related obligation** to demand cost-effective, timely dissemination models for the published research they sponsor. If established publishers cannot offer such models, **universities should look for sustainable alternatives**.
Long-term solutions may include shifting the academic library’s role from *collecting* to *producing, subsidizing and/or disseminating* scholarly content.
Questions?
Comments?
This work was created by Lee Van Orsdel for the ACRL National Conference, Scholarly Communications 101 Workshop, updated by Molly Kleinman on April 24, 2011 and last updated by Lee Van Orsdel on May 12, 2012.

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