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Economics: The Not-So-Hidden Costs

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Economics: The Not-So-Hidden Costs

*Lee Van Orsdel
Atlanta University
May 21, 2012*

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

Petite (5 or fewer)	54%
Small (6-10)	11%
Medium (11-25)	16%
Large (26-50)	8%
X-Large (51-100)	4%
XX-Large (100+)	7%

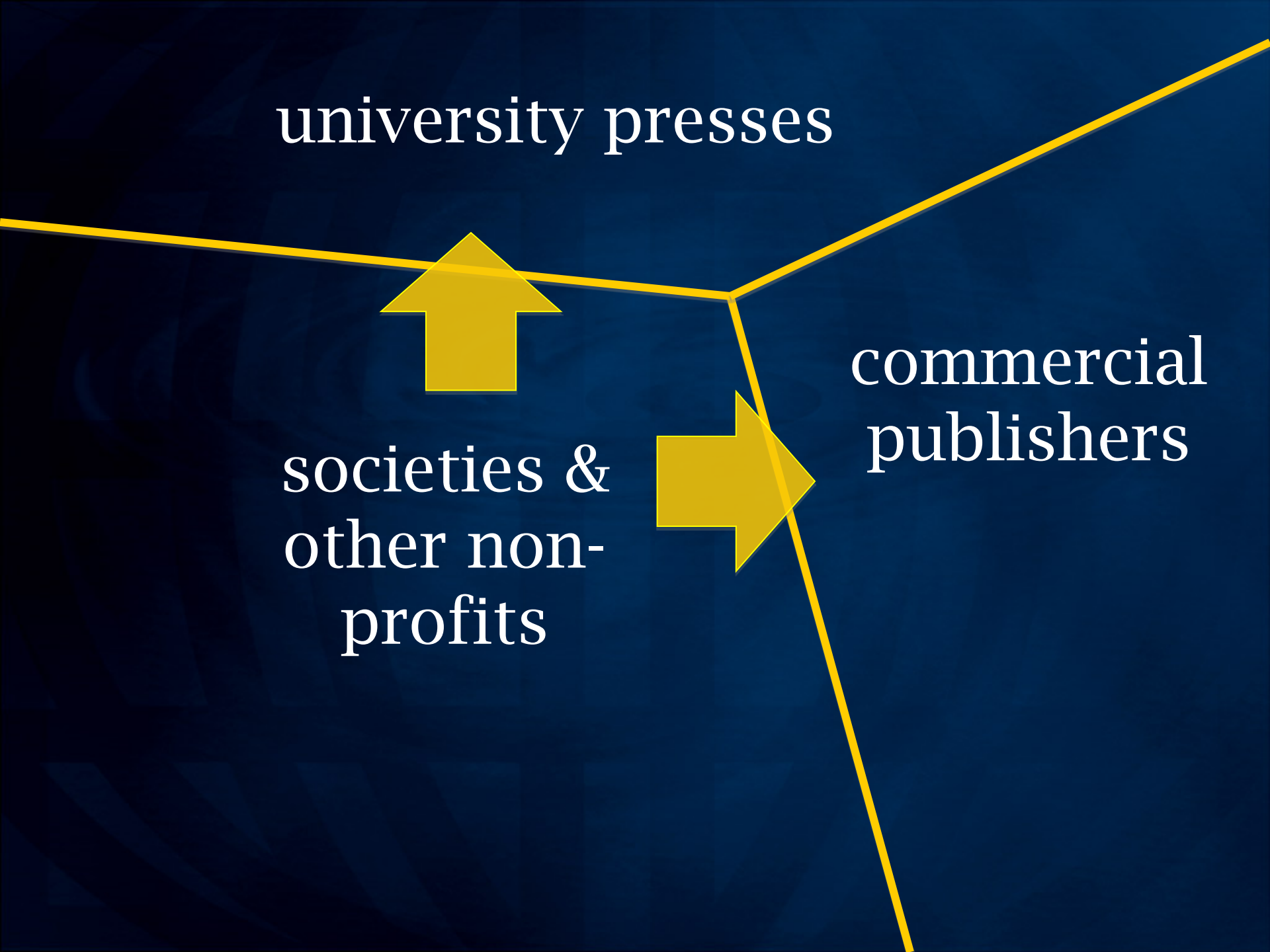
university presses



societies &
other non-
profits



commercial
publishers



Scholarly Publishing Market

Data from Simba Information 2010 publishing industry reports

STM sector

\$ 20.3 B

revenue in 2009

SSH sector

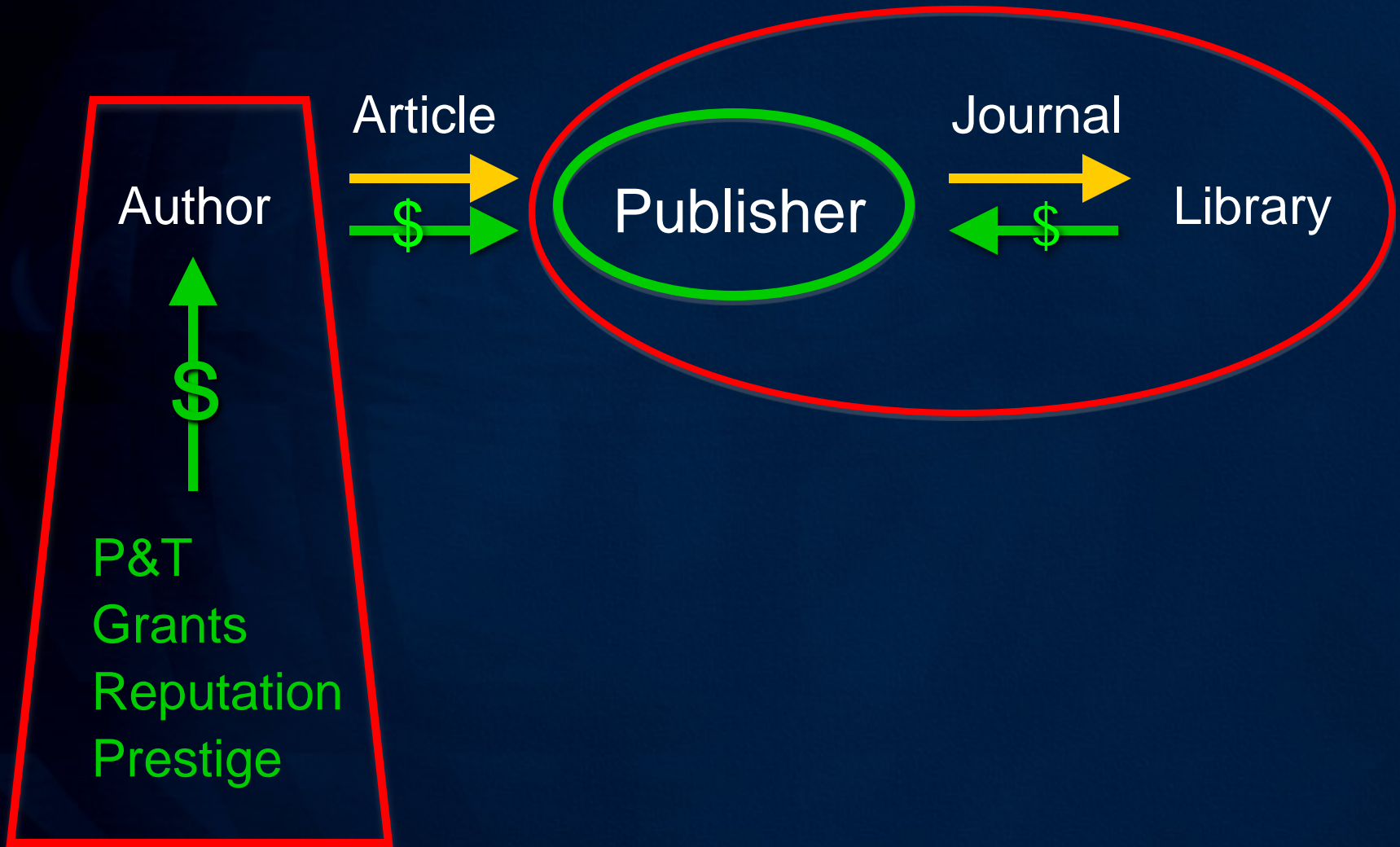
\$ 2.4 B



Typical economy



Gift economy



wholesale transfer of rights



creates scarcity



drives prices up



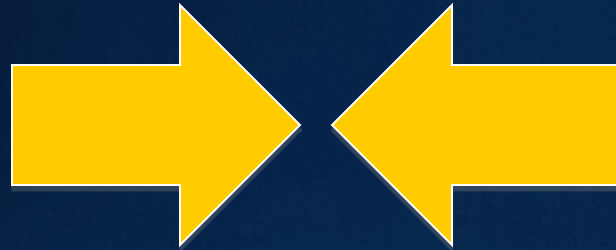
High price limits access

&

*Tight IP control limits reuse,
sharing, text and data mining*



?



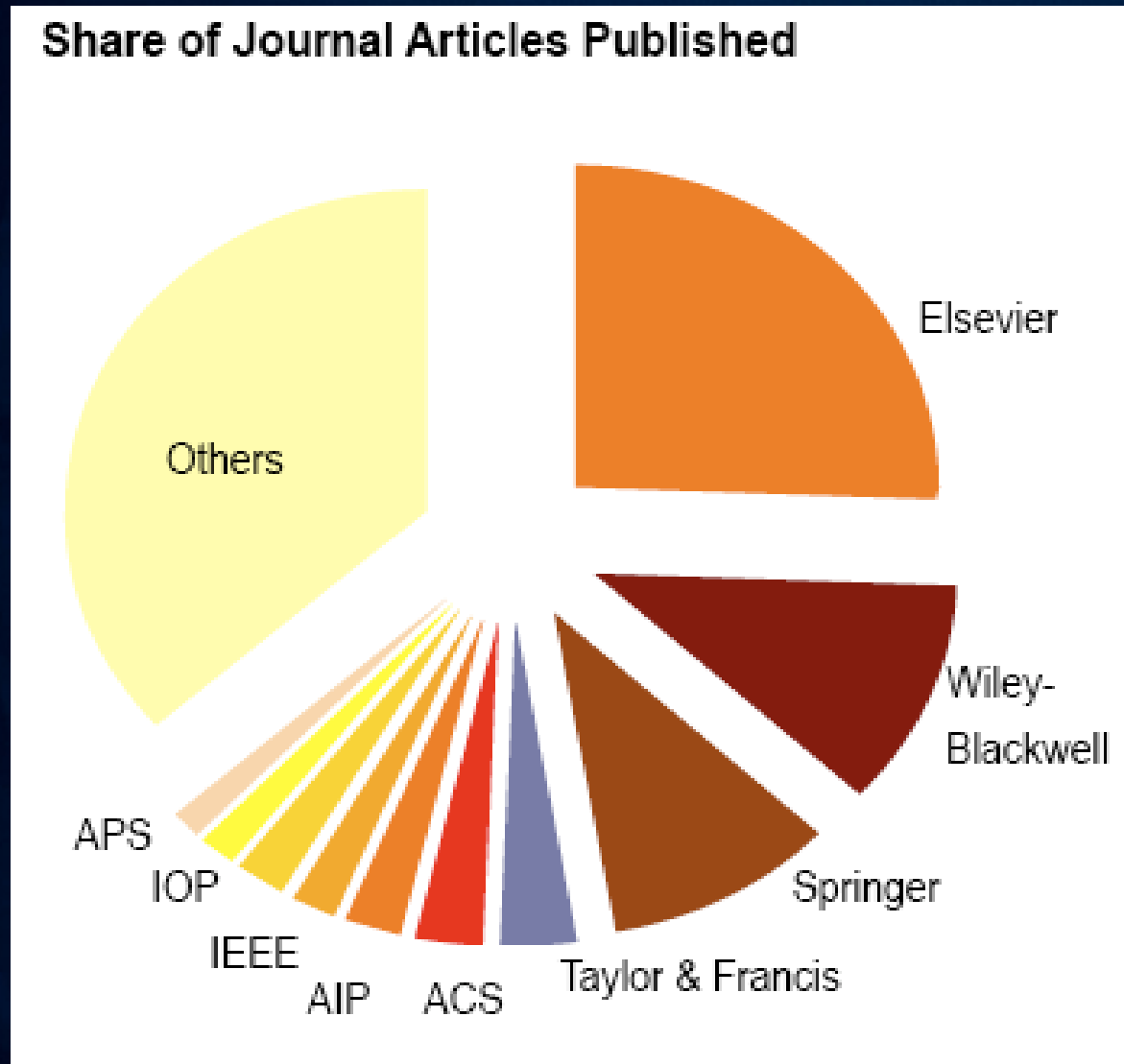
Libraries challenge pricing power

- 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



From a presentation for the Publishers Association, STM, and ALPSP: http://stm-assoc.org2010_04_16_STM_Journal_Publishing_in_2010.pdf

Cost to produce one journal article

Average journal
article

\$ 3,400

PhD

XYZ Commercial
Publisher

Amsterdam, London, New York

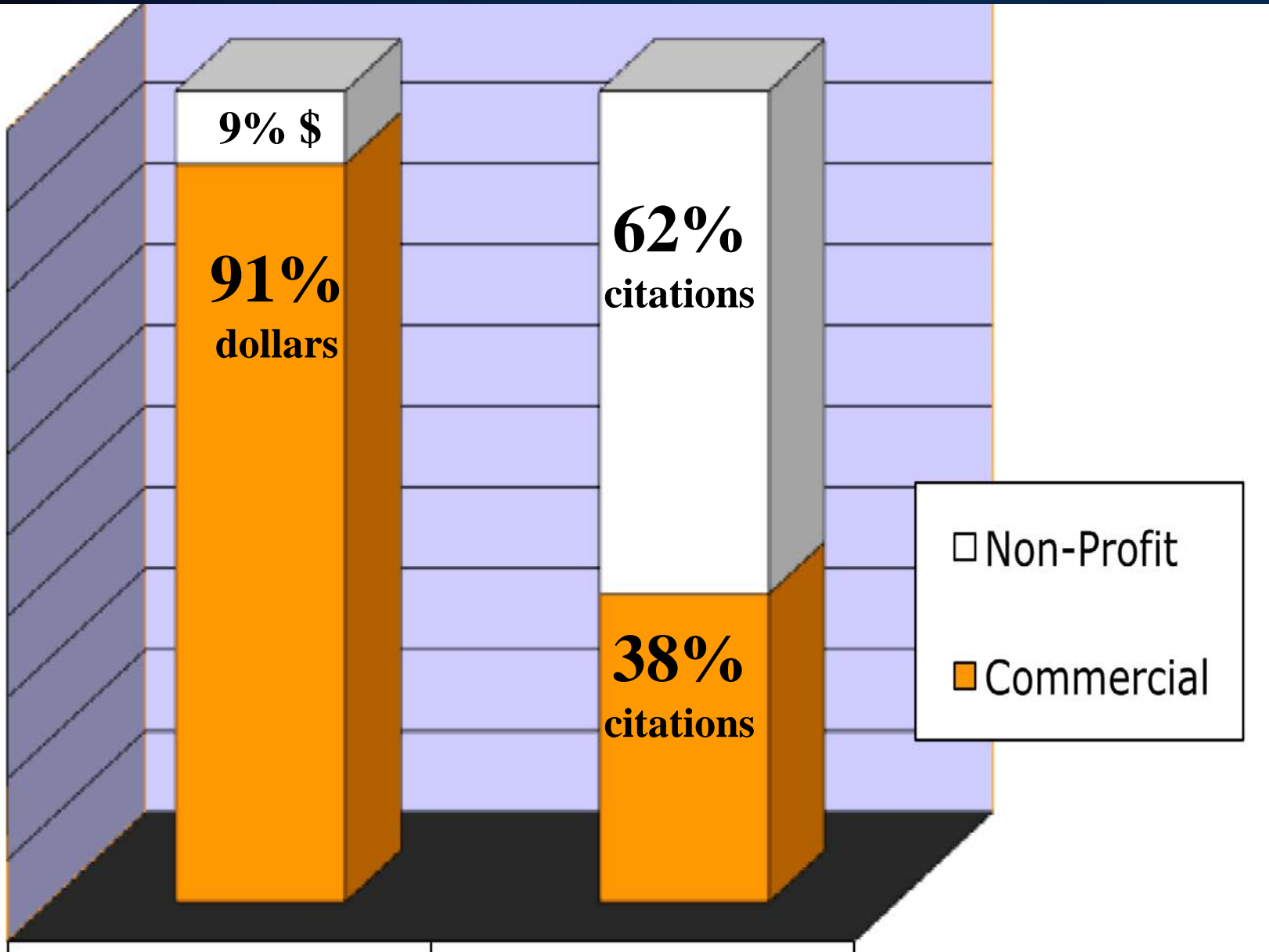
Average journal
article

\$ 730

ty, PhD

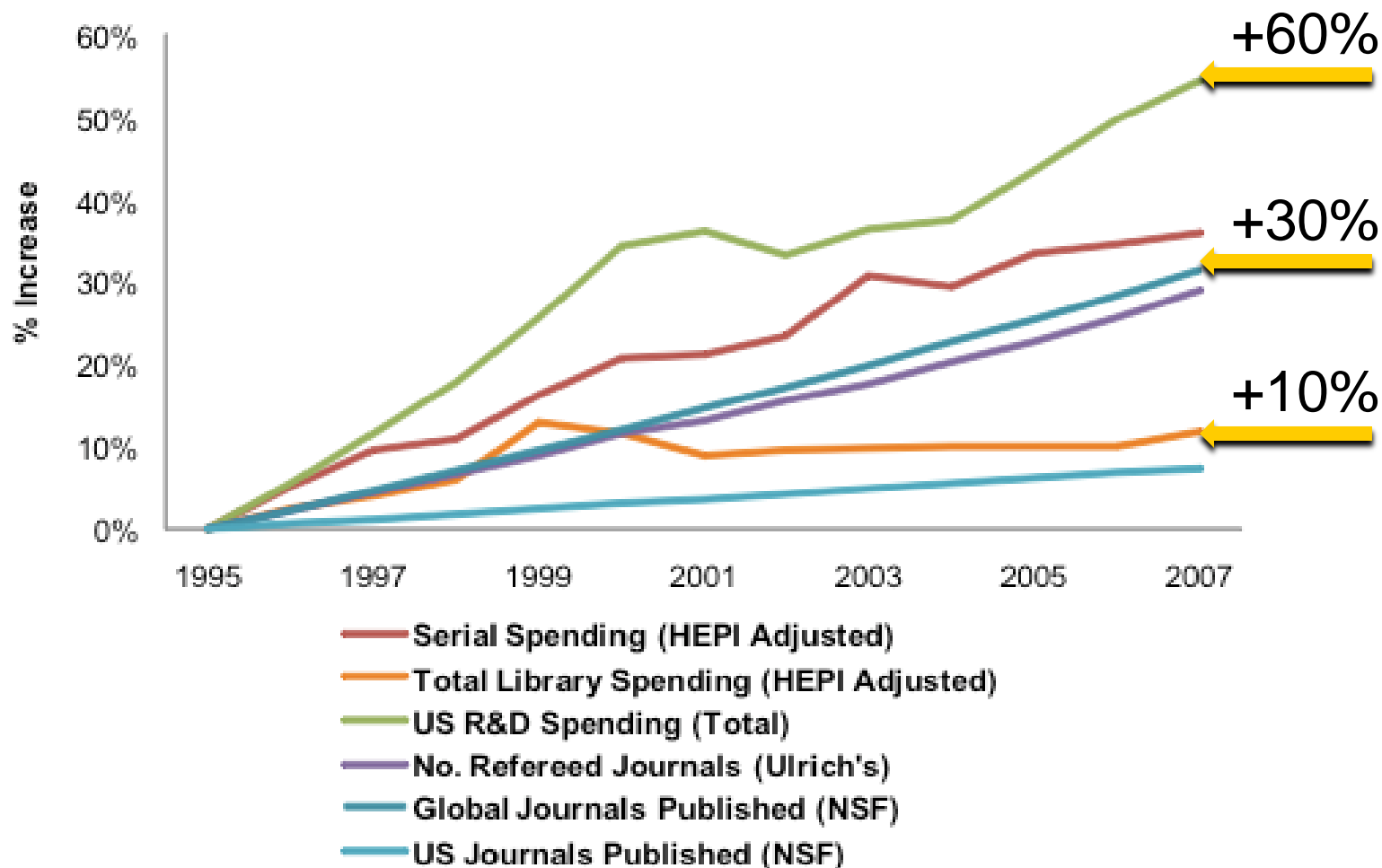
ABC Not-for-
Profit Publisher

Economics of quality?



external economic pressures on journals market

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



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](#).

Add your name to the list.

First and Last Name

Affiliation

Email

only used once to verify your identity; never displayed, never shared

Subject

Comments
(optional)

Link
(optional)

such as a link to a blog post of yours explaining your position

I plan to refrain from:

publishing refereeing editorial work

4.5k 1,210 814

Please [email me](#) if you have any questions about this page.

[about us](#)

11491 people from 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.**”

Thompson, J. (2005),
Books in the Digital Age, Polity, Cambridge.

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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