June 1989

ARL Project on Serials Prices

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Recommended Citation

Gardner, Jeffrey (1989) "ARL Project on Serials Prices," *Against the Grain*: Vol. 1: Iss. 2, Article 15.

DOI: <https://doi.org/10.7771/2380-176X.1028>

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Association of Research Libraries Project on Serial Prices Overview and Summary, May 1989

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Research libraries, and the scholars and researchers that rely upon them, face a major crisis. The crisis is that the ever escalating prices of serials subscriptions have eroded the purchasing power of the research library collections budget resulting in the potential loss of information to the scholar and researcher. Even the largest libraries can no longer afford to maintain comprehensive research collections because the cost of purchasing scientific, technical, and medical (STM) research results published in journals has skyrocketed. Both the loss of information and ready access to a comprehensive collection have a direct bearing on the creation of ideas, research and development, and the movement of these results into the marketplace. These in turn, influence the ability of a country to compete in a technologically-based world economy.

The rising cost of journal and serials prices, a major source of information for the academic and research communities, is a problem for libraries in a number of other ways as well. For example, the increased costs of maintaining scientific and technical serials collections has led to a serious degradation in the libraries' ability to maintain their collections in the humanities and social sciences. This also has limited the ability of research libraries to purchase materials in other formats, such as electronic services and books.

The serials prices problem is not new--it has recurred throughout the twentieth century. During the last five years however, it has spiralled out of control. It has become evident that the publication of certain key STM serials is concentrated increasingly in the hands of a small group of publishers. More of the money spent on academic library subscriptions is going to fewer publishers and the cost of these serials is rising. For example, one university found that 20% of their subscriptions account for 72% of the total serials budget. Three companies together consumed 43% of the increase in that university's serials expenditure for 1987. This pattern is not unique among Association of Research Libraries (ARL) member institutions.

ARL Actions

ARL initiated a Serials Prices Project in the spring of 1988 to determine a course of action regarding this crisis affecting research libraries' ability to serve the information needs of the scholarly community. The ARL Committee on Collection Development proposed a serials prices study; the ARL Board of Directors endorsed the concept; ARL members each agreed to commit a \$200 special assessment to fund the work; and ARL staff coordinated the year-long effort. ARL commissioned two reports on the serials prices issue to identify factors contributing to the rising costs and to suggest possible remedies. A report by Economic Consulting Services, Inc. (ECS) concentrates on four large publishers: Elsevier (Netherlands), Pergamon (U.K.), Plenum (U.S.), and Springer-Verlag (West Germany). The report reviews price data against estimated publishers' costs from 1973 through 1987. The results indicate cost increases do not justify the price increases paid by research libraries. A second report by Ann Okerson, an independent consultant, provides

"In all likelihood, world
inflation is over."

--Managing Director of the
International Monetary Fund, 1959

an overview of the issue and suggests recommended actions to the Association.

The reports were completed in April 1989 and the ARL membership reviewed them at the May 1989 membership meeting. The results of that review included the passage of resolutions for action and acceptance of three broad recommendations made by the ARL Committee on Collection Development. These recommendations were unanimously adopted by the ARL Board and stated that ARL should:

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lead efforts with external constituencies to communicate the nature of the problem and the actions needed to address the causes of it as well as to develop several library-oriented consumer advocate services.

orchestrate actions to introduce greater competition to the commercial publishers. Suggested steps include advocating the transfer of publication research results from serials produced by commercial publishers to existing non-commercial channels and encouraging the creation of innovative alternatives (e.g., non-profit, electronic formats) to traditional commercial publishers.

form a partnership with scholarly groups to find ways to manage the explosion in research and knowledge and the concomitant explosion in publishing.

Consideration of the Committee on Collection Development's recommendations by the membership led to the adoption of a resolution at this meeting expressing the member's willingness to provide additional financial support to the Association's efforts in this area.

Background

The Okerson report's analysis of ARL member library statistics describes the problem, which is, in essence, that more money is being spent to acquire fewer materials resulting in less comprehensive collections. Although the average funding support to ARL libraries rose 234% from 1973 to 1987 (compared to a 182.5% rise in the U.S. CPI during the same period), and ARL libraries' average percent of expenditures devoted to materials rose from 29.2% to 33.1% with an accompanying shift in the percentage devoted to serials from 40.4% to 56.2%; the average serials holding of ARL libraries dropped from 32% of the estimated universe to 26.4%. According to data collected by ARL, in 1988 the median price of a purchased serials was \$115.00--an increase of 32% since 1986.

While there are multiple causes contributing to the current crisis, several predominate. They include the following:

Publishers' Behavior. The major problems have been increases in prices well beyond apparent increases in selected publishers' costs; rapid increases in the size of journals; and, the initiation of new journals--at least partly in response to increased research specialization, but also in response to perceived market opportunities.

In addition, libraries have seen dual pricing schemes from some foreign publishers where prices in American dollars have virtually no rational relationship to the price in the country of origin's currency. Some publishers have been unable to establish definite pricing and publication schedules, some have issued surprise invoices for supplementary charges part way through the year, and some have combined several issue numbers into one physical issue.

Exchange Rate Fluctuations. Certainly, the reduced value of the U.S. dollar in the world market has contributed to increased prices. However, the various studies, including the one completed for ARL by ECS, indicate quite clearly that prices have risen well beyond what can be attributed to this factor.

Growth in Volume of Research. The number of scientists has grown rapidly over the last thirty years and, in a competitive environment, the

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journal article has become a major indicator of a scientist's value, both in terms of career development and fund-raising ability. The increased importance of international scientific research has also contributed to the increased volume of material published and required by North American scholars.

Competition for Promotion, Tenure, and Grants. Approximately 28% of American scientists work in academe and account for nearly 70% of U.S. authored scientific papers. The promotion and tenure review process demands that academic scientists publish regularly to ensure security and career development.

Similarly, grants in support of research are heavily influenced by the publishing record of

potential grantees. Some contend that, in certain cases, the major rationale for the scientific and technical journal is to provide outlets for authors rather than resources for readers.

Market Dominance. For some time, the journal market has been dominated by a relatively small number of publishers, many of them profit-making. Many journals have a virtual monopoly in their subject area. And, until recently, publishers counted on scholars and researchers demanding that libraries maintain subscriptions to prestigious journals regardless of price. This has contributed to the trend toward larger journals, higher prices, and new titles in narrow, specialized fields.

Economics of Journal Publishing. Journal publishing involves high fixed (i.e., front-end) costs and low marginal costs for additional printings. Because the market for many very specialized titles is quite small (typically consisting largely of libraries) the cost per subscription must

remain high if the journal is to continue to exist. Most publishers argue that different pricing for institutions and individuals does not provide economic benefit to the publisher; it provides titles to individuals at marginal costs.

Key Role of Commercial Publishers. Commercial publishers play an important role in the development, publication, and distribution of scientific and technical journals. It is a safe assumption that most, if not all of these publishers, make sufficient profits to continue their work. And while it is difficult to determine what their exact level of profits has been, there is evidence that either it is higher than can be justified or their operations are less efficient than is desirable. The ARL commissioned report from ECS indicates annual rates of price increases in excess of estimated cost increases, and comparative studies of similar journals published by not-for-profit societies indicate considerably lower prices.

Impact of the Problem

The impact has been devastating to libraries and their scholarly users. The financial commitment needed to maintain serials subscriptions has forced research libraries to defer action on other urgent needs. For example, capital improvements to facilities have been delayed; the application of technology to library operations has been slowed; and the pressing need to allocate resources to the preservation of libraries' deteriorating historic collections has not been met.

The most critical issue, in terms of the future of scholarship and research in North America, is that libraries are purchasing fewer materials. The high price of serials means less money to purchase materials in all areas, leading to a deterioration of our research capability in the humanities and social sciences as well as technology and the sciences.

"Of course, that 20% is just a projected increase."

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Options for Actions by the Research Library Community

An effective strategy for alleviating the serials crisis--one that goes beyond prices to include a broader range of issues related to scholarly communication--will require the cooperation of research libraries, scholars, university administrators, and both commercial and not-for-profit publishers. Three broad options for action are presented in Ann Okerson's report to ARL for consideration by those groups.

Options for Immediate Actions by ARL

ARL should undertake an urgent set of actions to demonstrate the serious impact on scholarship of the serials prices problem. To do so requires the development of an ARL capability to lead the Association's efforts with the university, government, scholarly, and publishing communities. Possible activities are described on page 41 of the Okerson report and include:

Providing information to libraries to assist them in making educated decisions regarding selection and deselection of serial titles;

Consideration of, and possible promotion of, alternative publishing technologies;

Development of subject-specific cost indexes for critical serial titles with consideration of measuring relative value of titles;

Ongoing program of education and publicity, directed toward librarians, faculty, university administrators, professional societies, and politicians;

Identification of problem publishers and coordination of protest actions by the library community;

Consideration of resource-sharing arrangements, including further exploration of trade restraint and copyright issues.

Actions recommended to individual libraries include:

Annual review, with faculty, of expensive serials regardless of current economic situation;

The following studies were funded through a special assessment of ARL membership and a grant from the Council on Library Resources:

1. Economic Consulting Services Inc. *A Study of Trends in Average Prices and Costs of Certain Serials over Time*. Washington, DC: Economic Consulting Services Inc., March 31, 1989.
2. Okerson, Ann. *Of Making Many Books There Is No End: Report of Serials Prices for the Association of Research Libraries*. Eastchester, NY: Ann Okerson, April 1989.

Development of better understanding of patterns of use of serials;

Development of greater use of existing serials collections.

Options for Long-term Efforts

A set of actions is proposed which would work toward transferring the publication of research results from serials published by commercial publishers to existing non-commercial channels. Among the proposed actions, beginning on page 42 of the Okerson report, are:

Distribution of the ARL-commissioned reports as widely as possible;

Convening a group of learned society publishers, university presses, and other potential credible non-commercial publishers with the intent of expanding their role in the publication of scholarly information;

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Convening a group of university and granting agency representatives to explore making publication through a non-commercial channel the preferred means for reporting research results;

Presentation of the ARL position to appropriate congressional committees for actions in furtherance of the national interest;

Consideration of means of providing support for the development of credible alternative(s) to traditional publications provided by commercial publishers.

A set of actions proposed on page 45 of the Okerson report suggests that ARL form a partnership with others in the scholarly community to examine the scholarly publishing process and to find ways to manage the explosion in research and knowledge and the concomitant explosion in publishing. The suggested actions include:

Publication and distribution of arguments regarding the need to reform the technique for judging academic promotions and grants so as to eliminate undue pressure for excessive publication;

Presentation of the problem to appropriate Congressional Committees, especially those involved in the funding of federal granting agencies.

Quotes from *Profscam*

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"The motivation to read appears to fall far short of the motivation to Publish."

"By one estimate academics in the sciences turn out articles for their 40,000 separate journals at the rate of two every minute."

(See page 30 of this issue.)

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Turn the page.

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The bimonthly journal *American Behavioral Scientist* seeks a librarian interested in co-editing a special issue which will focus on "Research resources for the Twenty-first Century: how to identify our needs, and how to finance them." The issue will seek to move beyond current dialogues (diatribes?) about the escalating pressures on library budgets and examine both causal stresses and proposed solutions. Social scientists, information scientists, and librarians will be invited to contribute papers by the issue's guest editors. If you are interested in the guest editor slot (or in participating as a contributor), please write or FAX the journal's publisher and managing editor, Sara Miller McCune at Sage Publications, Inc., 2111 West Hillcrest Drive, Newbury Park, CA 91320 (FAX # 805-499-0871).