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Mourning Serial

Column Editor, **Phil Greene** (EBSCO)

[With this issue, we welcome Phil Greene who will be contributing a column regarding serials prices to **ATG** regularly. We hope you like the column title. We couldn't resist it. — Ed.]

This column will provide readers of **Against the Grain** with current information relative to specific issues in serials pricing. To be of value, the column must speak directly to your concerns and questions. Therefore, I would greatly appreciate receiving questions or suggested topics from you. These questions can be sent to me at EBSCO Subscription Services, 1163E Shrewsbury Avenue, Shrewsbury, NJ 07702 or via my electronic mail . . . PGREENE@EBSCO.COM

As this is being written, the concern for foreign title pricing has reached an almost cataclysmic level. The international economy has never been less stable and does not promise to calm down in the near future. Current estimates for 1993 subscriptions indicate that the US dollars' decline will result in currency devaluation costs of 10% to 18% for US libraries — in addition to the 8-10% inflation announced by non-US publishers. Between May 1992 and July 1992, the dollar slid by more than 10% as compared to 5 major European currencies (British pound, French franc, German mark, Dutch guilder and Swiss franc). Approximately 3% of this slide occurred in July. As of the middle of September, the dollar has fallen an additional 1% to 2%.

The extraordinary and unexpected chaos in the international currency market the week of September 14

offered some improvement in the value of the US dollar — but, even more importantly, demonstrated the extreme volatility of the conversion factors.

One of the goals of this column is to present specific information in a clear and straightforward manner to facilitate a more complete understanding within the serials community. Probably nothing causes more confusion than the effect of foreign currency on the subscription price of non-US titles and the methods utilized by domestic subscription agencies to pay foreign publishers.

In August, domestic subscription agencies begin to receive the following year's subscription prices from publishers. There is a great deal of interest in how exchange rates for US dollars to foreign cur-

usually the same for all subscription agencies. For example, a publisher might announce that the dollar is to be exchanged for the Dutch guilder at the rate of 1.76 for a period of three months from October 1 to December 31. That exchange rate is entered into our title price file as the currency conversion factor. All orders cleared during that time period will calculate the subscription price based on the specific exchange rate set by the individual publisher.

Exchange rates are handled differently when the publisher does not set its own exchange rate. Generally, the publisher's subscription price is listed in a title file in native currency. For these titles, EBSCO, for example, receives three quotations from banks and consults the *Wall Street Journal* each week. These three quotations are averaged with the *Wall Street Journal* listing. The average exchange rate for this week is then entered into the

computer to be used in calculating foreign subscription prices. This is often referred to as the "market rate." It is not controlled or set by the publisher or by the subscription agent. If the publisher requires that we pay them in a native currency, such as French francs, the title file reflects the subscription price in French francs. The publisher is paid in French francs —

and US libraries are invoiced in US dollars using the weekly exchange rate for French francs.

Usually, a publisher will honor an exchange rate for a period of one week. Sometimes, however, there

NOTE: Rates are as of the 1st business day of the month unless otherwise noted.

rencies are established. There are basically two ways this is handled.

In the first instance, the publisher sets its own exchange rate and states the period of time for which this exchange rate is valid. This exchange rate is

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are major financial fluctuations in a country that will cause a publisher to reject an order and request additional funds to cover this immediate change in the currency conversions. When this happens, it can result in a significant difference between the price at which an order was entered. Adjustments are issued in these situations and again the currency conversion factor is printed. Unfortunately, the international currency market versus the US dollar is in this volatile situation at this time.

A third, and fortunately less frequent, occurrence is when a

publisher actually changes its pricing schedule from US dollars to a foreign currency. For example, a Scandinavian university press had sent all subscription agencies their 1993 prices in US dollars. On September 14, 1992, the publisher advised that effective immediately, they require payment in kroner and they provided revised journal prices using the kroner as the basis. The prices for this publisher will now "float" in keeping with the weekly conversion rate for the kroner to US dollars.

American libraries are partners in an international economy which

is still misunderstood by many people. The complications of foreign currency fluctuations combined with negative library budgets have caused serious concern and some doomsday prophecies. The first and most important step that must be taken in our current environment is the identification of pricing factors and the appropriate understanding of the effect that the various changes in the serials information chain have on this pricing scheme.

Currently, more than 50% of the anticipated serials cost increases for 1993 foreign titles is totally out of the control of any of us! ☹

EXCHANGE RATE ANALYSIS

10/06/92

CURRENCY	OCT 91	NOV 91	DEC 91	JAN 92	FEB 92	MAR 92	APR 92	MAY 92	JUN 92	JUL 92	AUG 92	SEP 92	OCT 92
BRITISH POUND	0.5727	0.5663	0.5635	0.5362	0.5569	0.5705	0.5794	0.5598	0.5466	0.5247	0.5197	0.4994	0.5769
FRENCH FRANC	5.6825	5.6200	5.5120	5.2300	5.4575	5.5815	5.6025	5.5310	5.3895	5.1210	4.9805	4.7370	4.8100
GERMAN MARK	1.6675	1.6440	1.6130	1.5310	1.6015	1.6430	1.6520	1.6400	1.6040	1.5217	1.4750	1.3900	1.4235
DUTCH GUILDER	1.8800	1.8525	1.8185	1.7250	1.8013	1.8489	1.8595	1.8452	1.8067	1.7151	1.6630	1.5671	1.6031
SWISS FRANC	1.4550	1.4425	1.4270	1.3660	1.4275	1.4905	1.5100	1.5000	1.4535	1.3685	1.3170	1.2360	1.2445