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Op Ed — Opinions and Editorials

Ferguson's Good Idea — A Response to Back Talk, April, 1999

by Albert Henderson

Anthony W. Ferguson's suggestion (*ATG*, April 1999, *Back Talk*, p. 94) is the wish, I believe, of most of your readers. Good faith collaboration of publishers and librarians promises better solutions for library users than the plans of misers who aim only to further cut costs.

The worst flaw in his good idea is that the purse strings are still gripped by managers who remind us of the commercial HMO. They believe that their mission is best satisfied by denying the needs of their paying customers. I have seen them justify library cuts with opaque phrases such as "just can't" and "no money." Some offer the bizarre delusion that financial support of collection development only feeds publishers' profits and must therefore be carefully avoided.

The second-worst flaw springs from a moral quagmire. The managers of many learned associations, pledged to represent the interests of scientists and scholars, are cast from the same "HMO" mold. They, too, have no problem denying their members' needs in order to achieve competitive advantages and financial gains. Their influence on policy and their power of accreditation could clear up the library crisis fast. Instead, their voluntary silence prolongs the torture of researchers with decimated collections and the red tape of interlibrary borrowing. Having rewritten history to claim that associations, rather than entrepreneurs, invented science publishing, these petty demagogues are blind to the bullseyes marked on their own profits by certain provosts.

Federal science agencies control sixty percent of academic research. They support only ten percent of library spending at research universities. Why don't they pay their fair share of library overhead?

Money is clearly the highest priority of the so-called nonprofit educational institution. Knowledge may well be doomed. The handwriting on the wall is reflected in *Digest of Education Statistics*. (1997. Tables 327 and 334) My analysis indicates that colleges and universities not only raised their revenues, but they increased their profits (unspent revenues) by cutting libraries and instruction. Using constant dollars to remove the effects of inflation, we find that academic profits tripled during 1977-1995. Organized research doubled. Administra-

tive spending increased 96%, more than the 84% rise of total revenue. Instruction rose only 68%. Library spending barely moved—a pitiful 41%! The 7.5 to 1 inequity between profit and library growth dramatizes the declining status of libraries. More practically speaking, the 5 to 1 imbalance between research and library growth cripples the effectiveness of research and instruction. If you seek further signs of importance, the start of the period shows more library spending than profits. Since the mid-1980s, profits were larger. If any doubt remains about the preeminence of "nonprofit" profits, check out the IRS forms reported by *Chronicle of Higher Education*. It appears that many private research universities retained ten times what they spent on their libraries in 1996/97, according to their tax returns and ARL statistics. (Oct 23, 1998 A39-58)

It is also difficult for us to collaborate when the bureaucrats' propaganda blitz resorts to calling publishers "predatory." Publishers have turned the other cheek to this insult. Perhaps their noblesse oblige lends the accusation credibility to some. Publishers have indeed raised prices and report earnings from operations. Reasonable earnings are a virtue, not a vice, in our society. This ignores, however, who provoked the sharp rise of prices. In 1970, research universities started slashing their libraries' growth. In 1986/87, colleges and universities chopped over \$110 from library spending, a unique event according to *Digest of Education Statistics*. (1997. Table 334) These cuts created major losses of sales for publishers and forced

widespread price increases. Universities increased research spending, which generates articles.

Suddenly the "library crisis" ruptured into view. Just as the coward blames the victim for the crime, universities called publishers "profiteers." They branded researchers for "excessive publishing" and attacked the "publish or perish" tenure system. Since 1975, the proportion of dismissable full-time teachers rose by half. (*Chronicle of Higher Education* April 9, 1999 A14-16) I have no doubt many librarians were also brutally laid off during the last 30 years. *Columbia* even sacrificed its famous library school to bureaucrats' "financial need," didn't it?

Our acrimony is justified, but it should be aimed at the real villains: the misers who dominate the budgets. Even former Speaker **Newt Gingrich** criticized the process that provides huge grants and makes no claims on effectiveness. Public agencies spend \$2 trillion on higher education each year without getting or demanding their money's worth. Must we wait for another Sputnik to get treated fairly? Or is there something that librarians and publishers can do together?

Chvatal Interview from page 35

and saying, "Well, they [the bank] won't really do it on that day [in 1974] because it'll be Columbus Day; they'll do it the day after." And in fact it was the following Monday of that year [1974] when the bank called its line of credit. I didn't feel so smart then. But I did express those thoughts; many of us were really worried, and we felt powerless.

ATG: But you just told me that '73 was the largest sales year ever, thirty-three million dollars...

DC: Yes, but in 1972 our sales were

about thirty-one million. And the year before they were at similar levels—so we had stopped growing. For one of those years I even think sales declined slightly.

ATG: So we're talking about three areas of weakness so far, financial, organizational, and sales and marketing mistakes.

DC: I think that the causes—this would be my assessment—are that we had first a marketing lack of success. We introduced cost-plus, and that was a marketing mistake; it quickly turned into a financial mistake because we lost sales and sales revenue. Secondly, in terms of market segmentation, we were becoming overextended in terms of the kind of li-

continued on page 37