

Why open access is better for scholarly societies

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“The Linguistic Society of America (LSA) was founded in 1924 to *advance the scientific study of language*. LSA plays a critical role in supporting and *disseminating linguistic scholarship* both to professional linguists and to the general public.”

— Linguistic Society of America
www.linguisticsociety.org



Economics of the subscription market

- journals are *complements*, not substitutes





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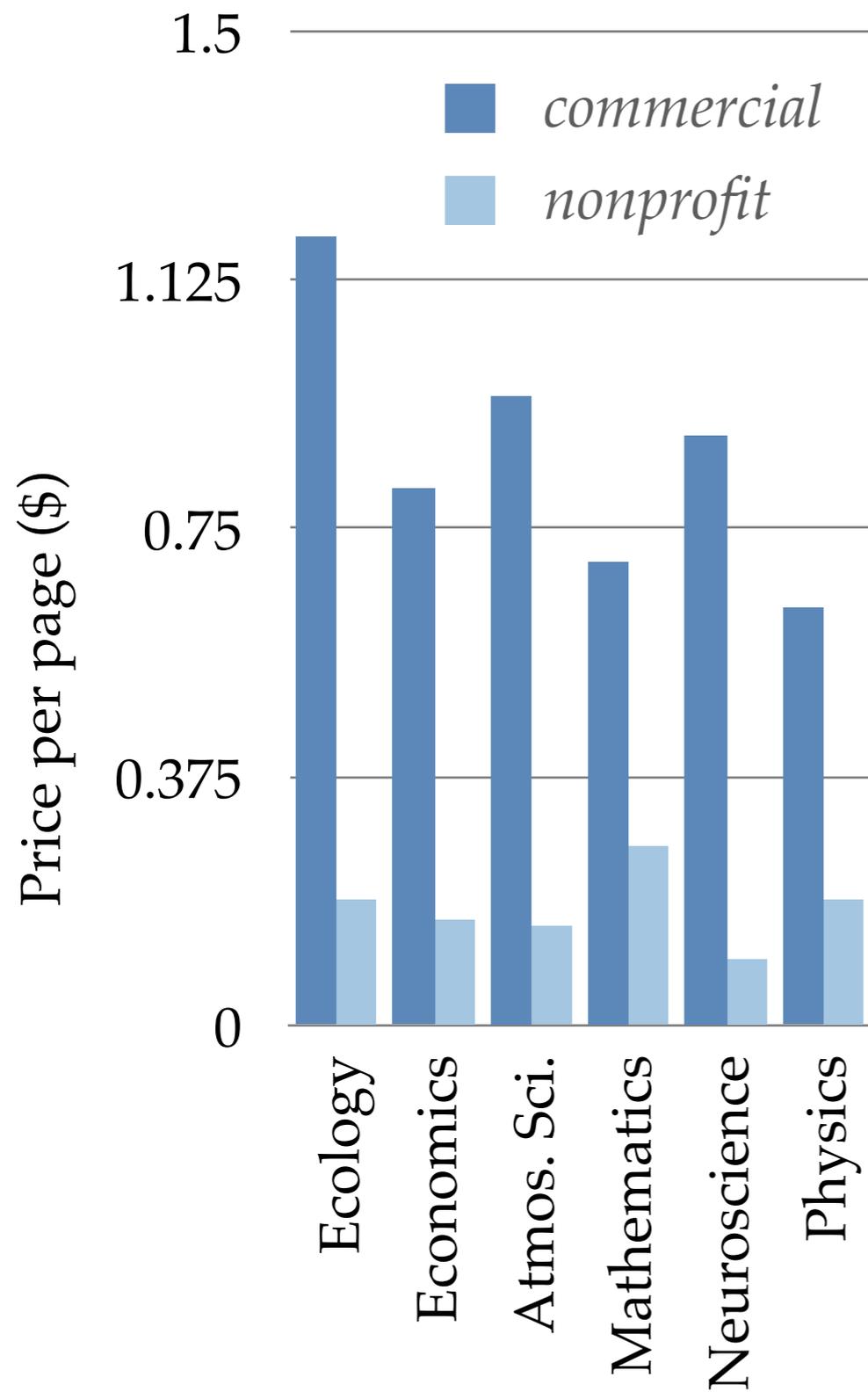
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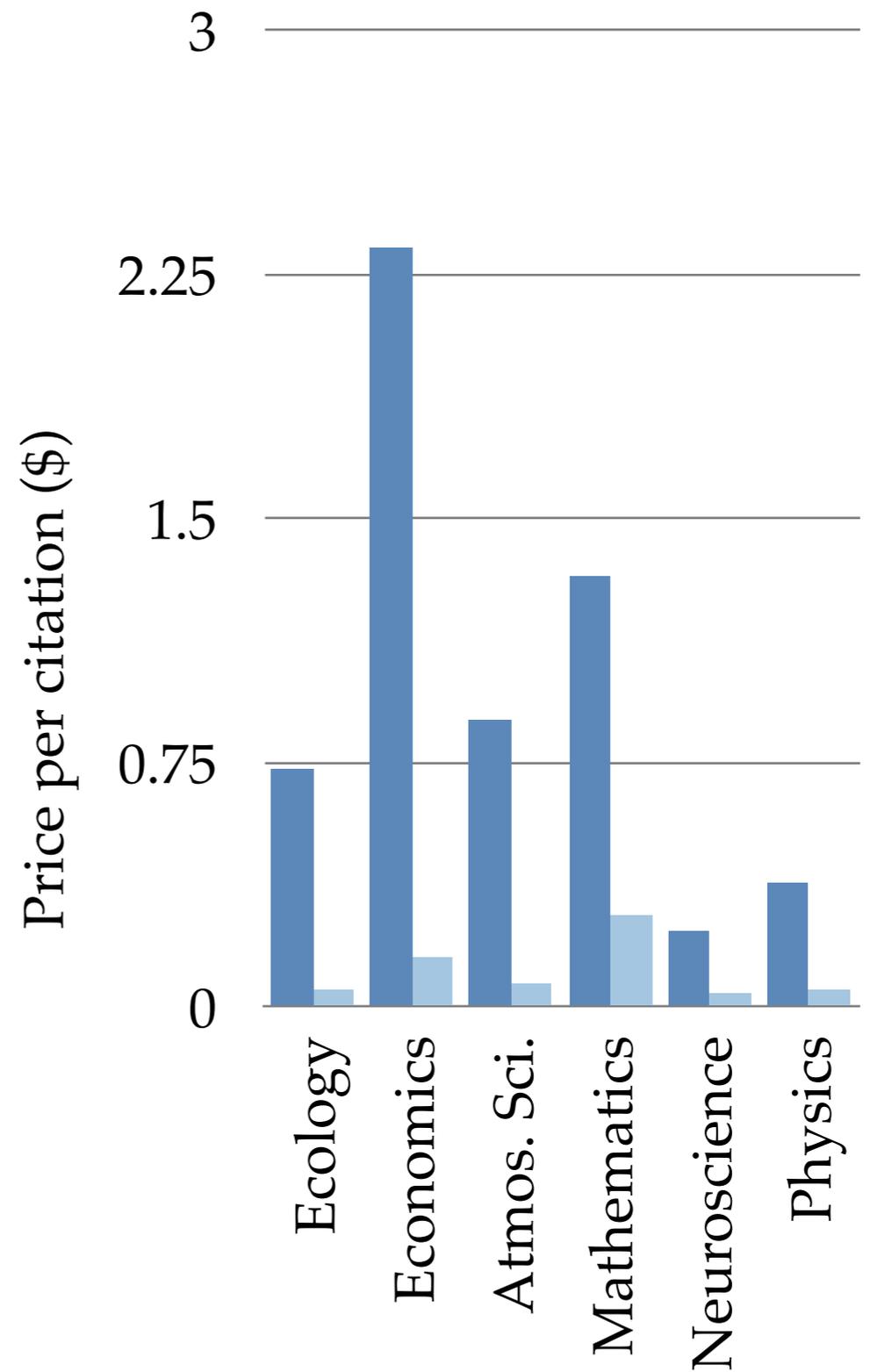
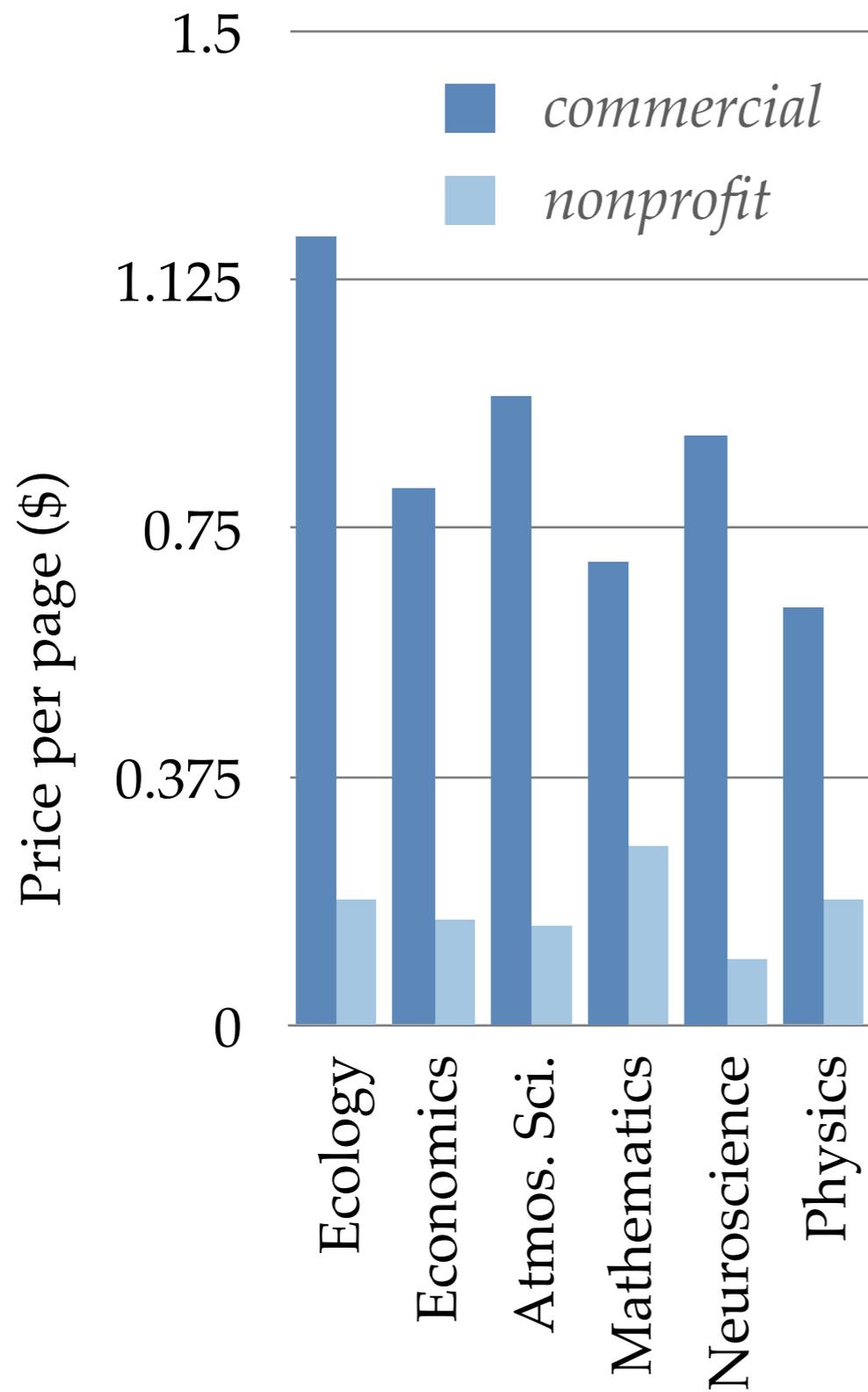


Economics of the subscription market

- journals are *complements*, not substitutes
- limited market *competition*
 - inefficiency





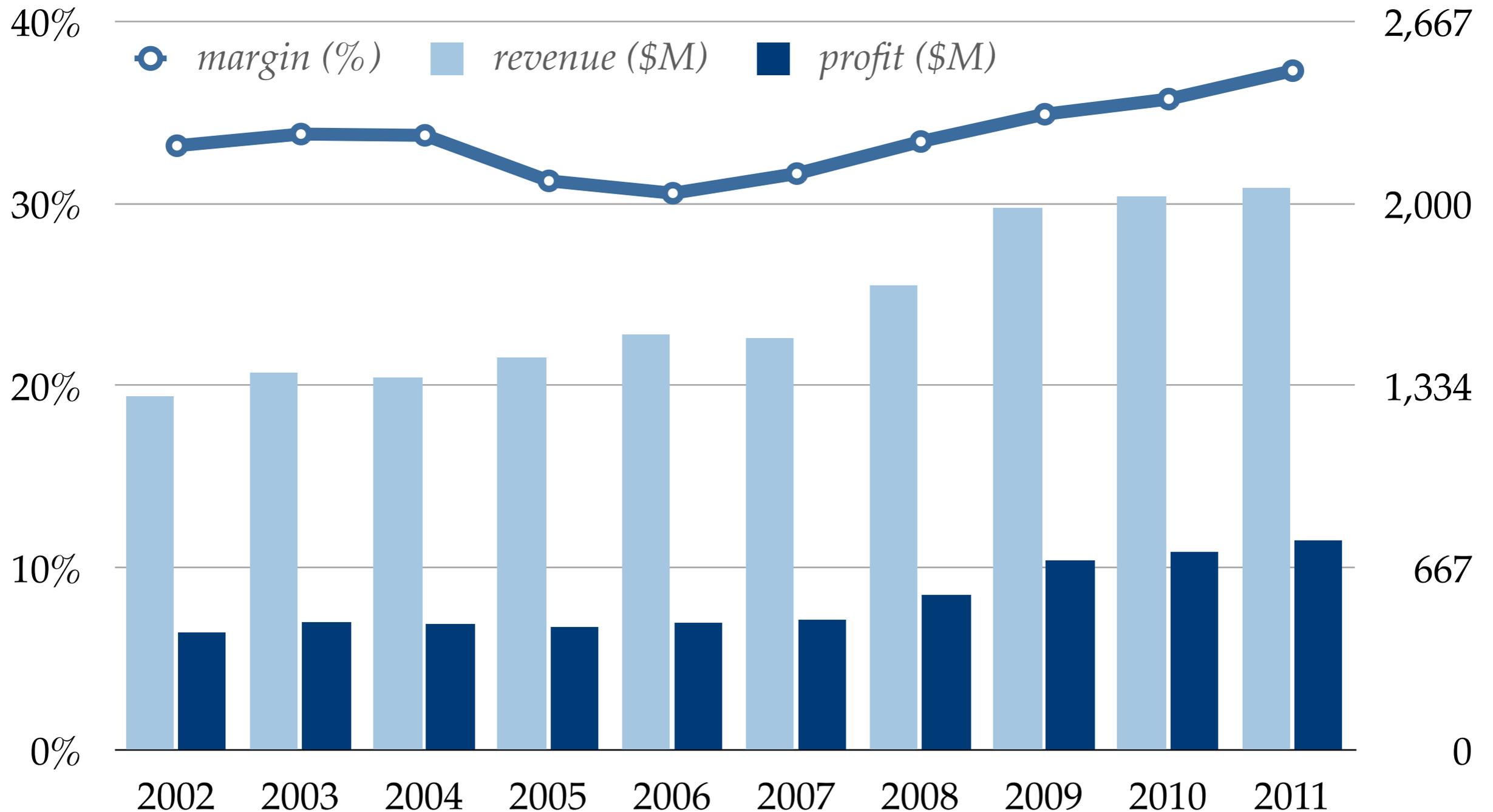


Economics of the subscription market

- journals are *complements*, not substitutes
- limited market *competition*
 - inefficiency
- access is a *monopoly*
 - monopoly rents



Elsevier historical profit margin



Economics of the subscription market

- journals are *complements*, not substitutes
- limited market *competition*
 - inefficiency
- access is a *monopoly*
 - monopoly rents
- pricing is controlled as a *bundle*
 - cancellation futility
 - hyperinflation

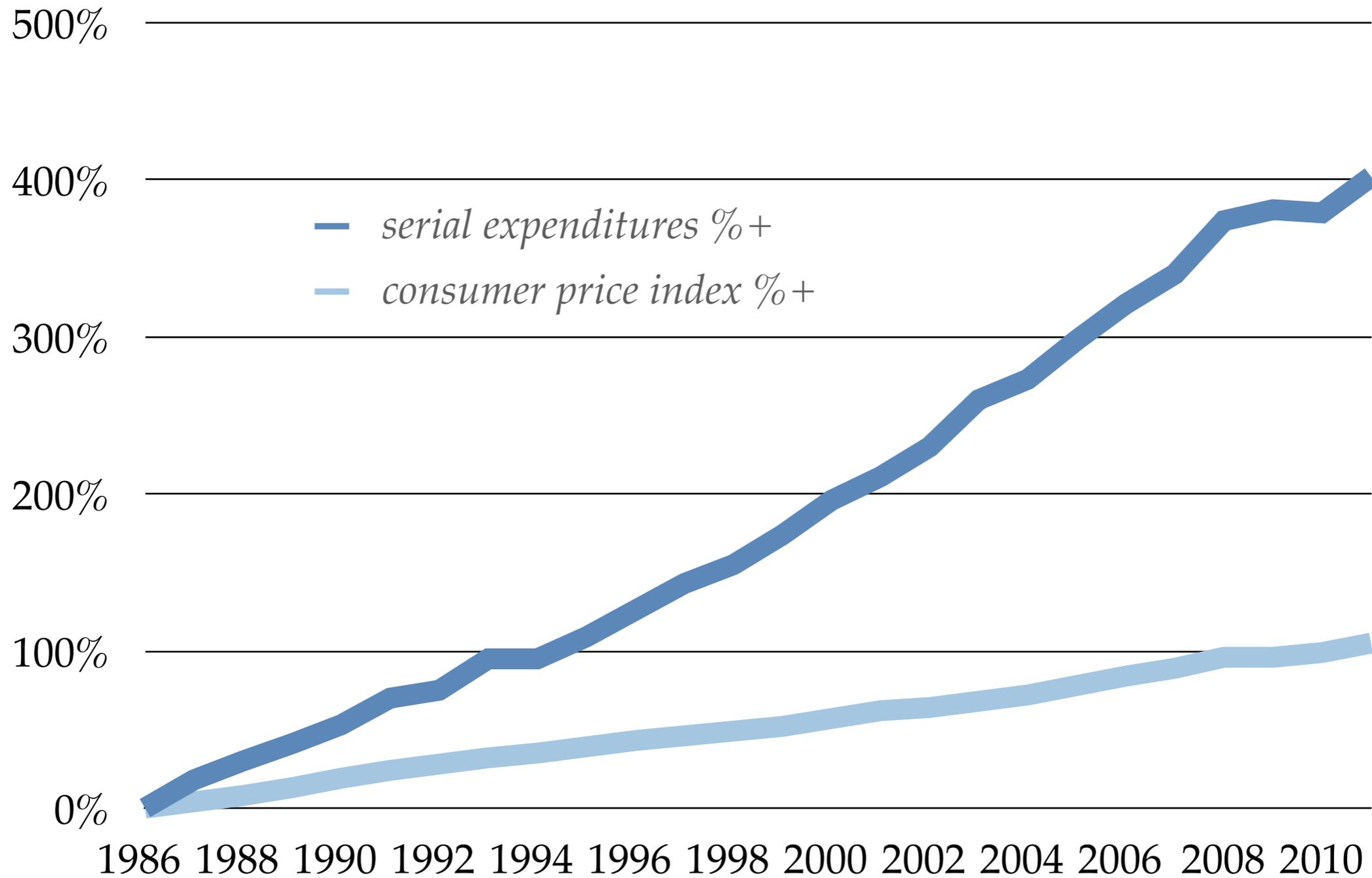


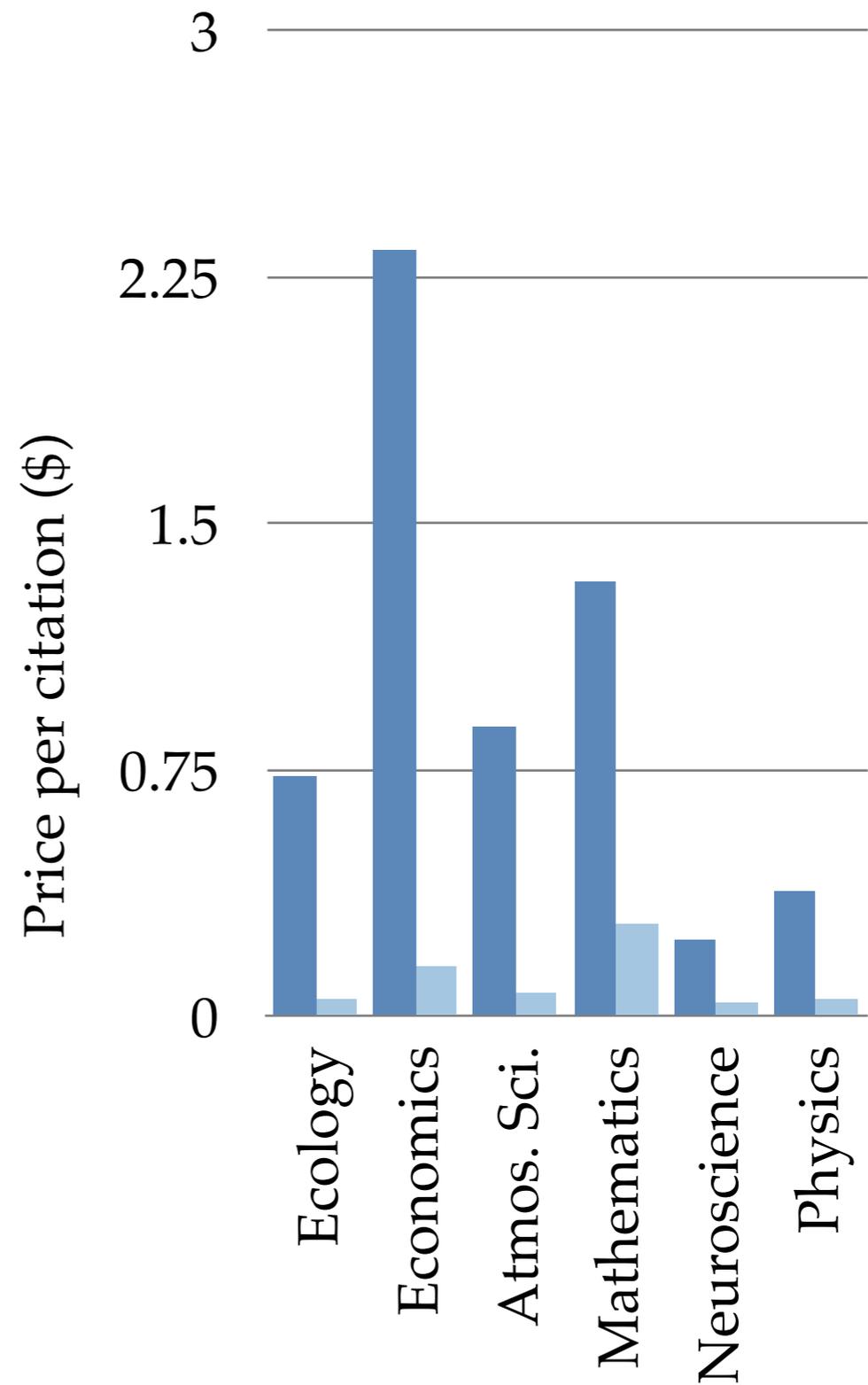
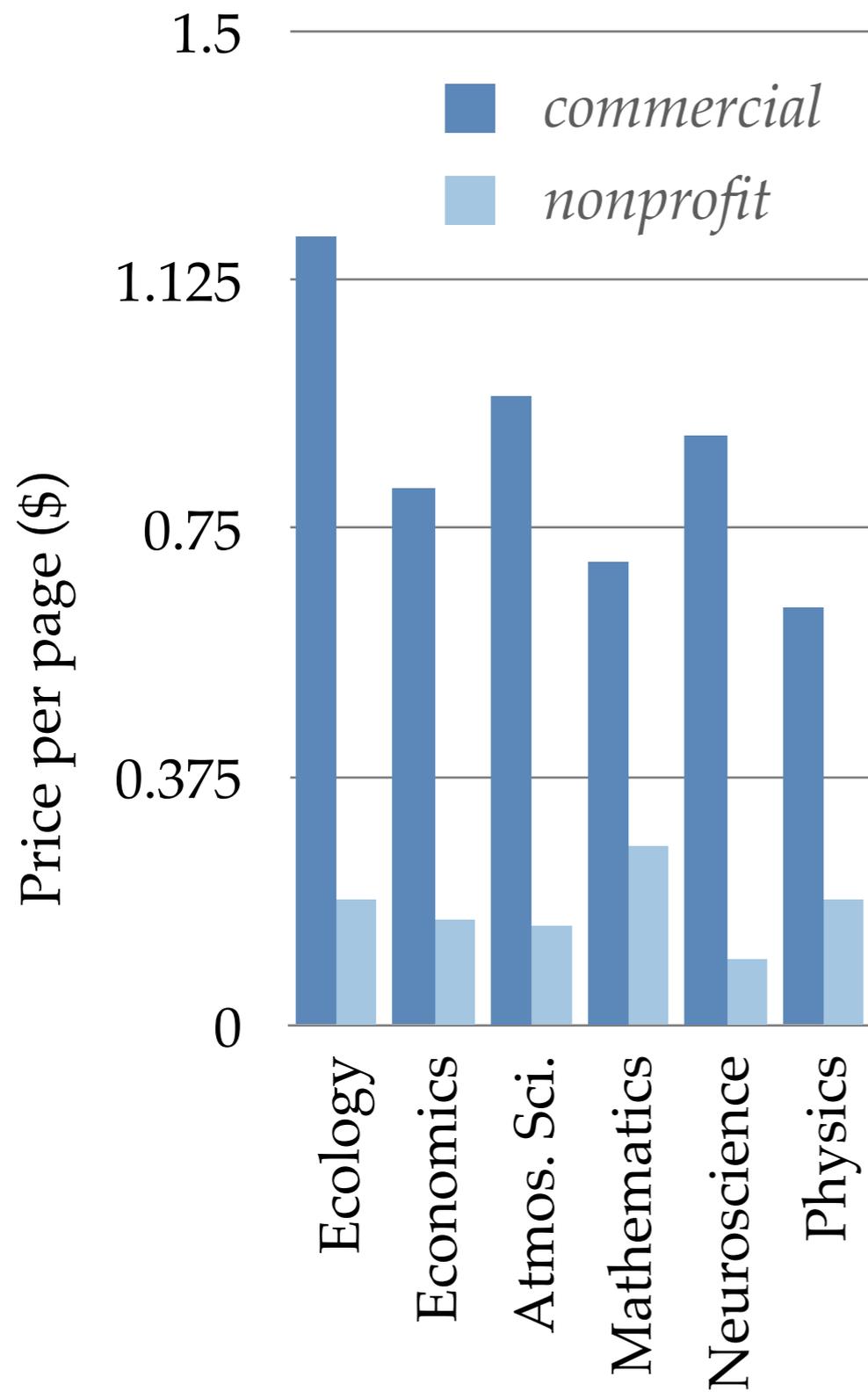
“The immediate effect of [bundled pricing] has been to move competition from individual journals to large bundles of journals. ... Creating a large bundle of journals to compete with Elsevier or Kluwer seems almost insurmountable. ... There are indications that [bundled pricing] is hindering entry. Librarians ... say that they would spend more money for journals from smaller and alternative publishers if they could achieve proportionate savings from reductions. By selling electronic bundles, publishers have erected a strategic barrier to entry at just the time that the electronic publishing possibility has made it increasingly possible for alternative publishers to overcome the existing structural barriers.”

— Edlin and Rubinfeld, “Exclusion or Efficient Pricing?
The ‘Big Deal’ Bundling of Academic Journals”



Serials expenditures percentage increase over 1986





Economics of the subscription market

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Economics of the publisher services market

- journals are *substitutes*, not complements
- enhanced market *competition*
 - efficiency
- service is a *knowledge good*
 - low barrier to entry
- pricing is controlled at the *article*
 - market pricing
 - competition



Revenue model comparison

	<i>Subscription Fee</i>	<i>Processing Fee</i>
<i>moral hazard</i>	yes	no
<i>good sold</i>	monopolistic	competitive
<i>cross elasticity</i>	complement	substitute
<i>cost per article</i>	\$5,000	\$1,200



The Principle

- Dissemination of research results is an inherent part of the research process.
- The funders of research should underwrite dissemination of the results.



“Each of the undersigned universities commits to the timely establishment of durable mechanisms for *underwriting reasonable publication charges* for articles written by its faculty and published in fee-based open-access journals and for which other institutions would not be expected to provide funds.”

— Compact for Open-Access Publishing Equity
www.oacompat.org



Signatories

- Cornell University
- Dartmouth College
- Harvard University
- Massachusetts Institute of Technology
- University of California at Berkeley

and then

- University of Ottawa
- Columbia University
- Memorial Sloan-Kettering Cancer Center
- University of Michigan
- Universitat de Barcelona
- Duke University
- University of Calgary
- Simon Fraser University
- CERN
- Karlsruhe Institute of Technology
- University of Utah
- University of Pittsburgh



What's in our best interest?

- Promote moves to open access
 - Allow self-archiving
 - Promote university OA policies
 - Accommodate university and funding agency policies
 - Support pro-OA legislation
- Acquire some OA journals for experience
- Push for OA underwriting by universities (COPE) and funding agencies



Harvard Office for Scholarly Communication

osc.hul.harvard.edu

Compact for Open-Access Publishing Equity

oacompact.org

The Occasional Pamphlet

occasionalpamphlet.com

