

Market Power

in the

**Academic Publishing
Industry**

What is an Academic Journal?

- A serial publication containing recent academic papers in a certain field.
- The main method for communicating the results of recent research in the academic community.

Why is Market Power important to think about?

- Commercial academic journal publishers use market power to artificially inflate subscription prices.
- This practice drains the resources of libraries, to the detriment of the public.

How Does Academic Publishing Work?

- Author writes paper and submits to journal.
- Paper is evaluated by peer reviewers (other researchers in the field).
- If accepted, the paper is published.
- Libraries pay for subscriptions to the journal.

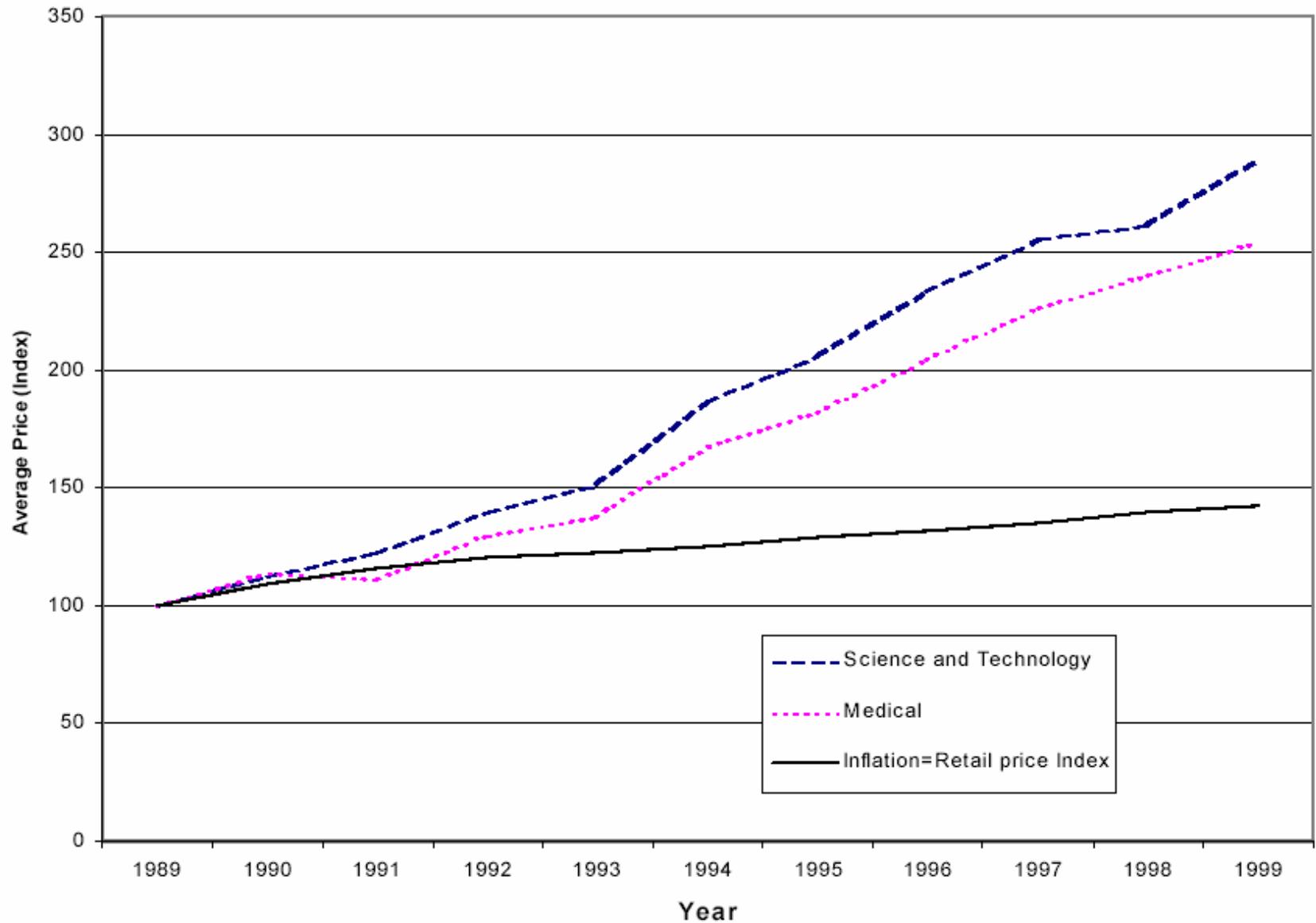
The market does not serve the interests of the public

- Universities are forced to “double-pay”.
 1. The university funds research
 2. The results of the research are given away for free to journal publishers
 3. The university library must pay to get the research back in the form of journals

Subscription Prices are Outrageous

- The highest-priced journals are those in the fields of science, technology, and medicine (or STM fields).
- Since 1985, the average price of a journal has risen more than 215 percent—four times the average rate of inflation.
- This rise in prices, combined with the CA budget crisis, has caused UC Berkeley's library to cancel many subscriptions, threatening the library's reputation.

Fig.1 Journal Price Changes and Inflation



Source: The CC Report, based on Blackwell's Periodicals Division

A Comparison

Journal Title	Library price	Pages / yr	Price/page
Journal of Economic Studies	\$6,999	520	\$13.46
Journal of Economic Literature	\$47	2632	\$0.02

Why are prices so high?

Commercial publishers use market power to charge inflated prices.

Why do commercial publishers have market power?

- They control the most prestigious, high-quality journals in many fields.
- Demand is highly inelastic for high-quality journals.
- Barriers to entry
- Many mergers in the industry

How do publishers use market power to increase profits?

- Bundling and “The Big Deal”
- Marginalization of non-profit journals
- Manipulation of online database search engines

Solutions

- Author awareness & boycotts
- Library market power
- Open access publishing online

The Public Library of Science

- www.plos.org
- An online collection of academic journals.
- Free access to all papers for anyone with an Internet connection.
- The catch: a publication fee is charged to the author if his or her paper is selected for inclusion in the journal.

Benefits of the PLoS

- Open access to information for all of the public
- Authors benefit from wide dissemination and availability of their work
- Less costs for libraries and taxpayers
- Immediate publishing is possible

Problems with PLoS

- Quality
- Archiving
- Citing