Why open access is better for scholarly societies

Stuart M. Shieber

Welch Professor of Computer Science
School of Engineering and Applied Sciences

Director
Office for Scholarly Communication
Harvard University

Author contact:  
Stuart M. Shieber  
Maxwell-Dworkin Laboratory — 245  
Harvard University  
33 Oxford Street  
Cambridge, MA 02138  
shieber@seas.harvard.edu

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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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International Review of General Linguistics

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Economics of the subscription market

• journals are *complements*, not substitutes
• limited market *competition*
  ➞ inefficiency
Price per page ($)
http://octavia.zoology.washington.edu/publishing/pageprice_table.html
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

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• limited market \textit{competition}
  
  ➞ inefficiency

• access is a \textit{monopoly}
  
  ➞ monopoly rents

• pricing is controlled as a \textit{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”
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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

<table>
<thead>
<tr>
<th></th>
<th>Subscription Fee</th>
<th>Processing Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>moral hazard</strong></td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td><strong>good sold</strong></td>
<td>monopolistic</td>
<td>competitive</td>
</tr>
<tr>
<td><strong>cross elasticity</strong></td>
<td>complement</td>
<td>substitute</td>
</tr>
<tr>
<td><strong>cost per article</strong></td>
<td>$5,000</td>
<td>$1,200</td>
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</table>
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.oacompact.org
Signatories

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

- 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