

# PERIODICAL PRICES: A HISTORY AND DISCUSSION

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There is nothing new under the sun. Witness the following excerpt from a library survey:

Librarians are suffering because of the increasing volume of publications and rapidly rising prices. Of special concern is the much larger number of periodicals that are available and that members of the faculty consider essential to the successful conduct of their work. Many instances were found in which science departments were obliged to use all of their allotment for library purposes to purchase their periodical literature which was regarded as necessary for the work of the department.[\[1\]](#)

This complaint is taken from a report prepared in 1927 for the Association of American Universities. One of the concerned institutions was Cornell University, where a list of 633 periodical subscriptions increased in price by 182 percent between 1910 and 1925.[\[2\]](#)

Although the price of serial publications is one of the "hot" issues of librarianship, the present generation is not aware that it has been a significant problem for decades. Many of today's working librarians remember only the bountiful budgets of the 1960s and the subsequent budget agonies during years of more-than-inflationary subscription price rises.

Paradoxically, now that the Western nations are recovering from the recent recessionary periods, the interest and controversy which surrounds the subject of serial prices is not abating. On the contrary, more segments of the library community are being drawn into the act and the cost of library materials (particularly serials), has emerged, next to automation, as one of the great library concerns of the past 15 years; it promises to continue so to the end of the century.

In this paper, I will survey the literature on chief issues of serial pricing. The discussion is influenced by a background of 15 years in serials librarianship. Research prior to 1970 is generally outside the scope of this article. The discussion stems also from the perspective of a "medium-sized" academic library, that is, one of approximately 1.5 million volumes and 13,000 active serials, of which about half are periodical subscriptions. It comes from a largely Canadian perspective. The drying up of library funds which affected the United States in the early 1970s was delayed by perhaps 5 years in Canada; the recent U.S. recovery has been slow to cross the border, if it has yet begun. The gap between the Canadian and U.S. dollar, which on June 30, 1970, was 3.5 percent has, as of December 1985, widened to almost 40 percent. In these ways, the Canadian experience is more like that of non-U.S. Western nations; the impact of spiraling prices has been debilitating to countries with an economy less robust than that of the United States. But the high cost of materials is a serious problem common to all countries and all types of libraries, and all librarians will feel an immediate recognition of the matters described below.

I have chosen to limit the discussion of serial prices to periodicals (used interchangeably with the word "journals"), defined here as items appearing (regularly or irregularly) more than once a year and characterized by prepayment for the year, followed by receipt of the numbers or issues. This definition omits the entire arena of "standing order" serials: the annuals, editions, monographic series, and sets published over a long period.

Although many librarians are of the persuasion that if a title is intended to be published indefinitely -- or for an extended time -- it is a serial, libraries differ greatly in their working practices regarding the so-called "continuations," and budgeting and payment procedures are very diverse. Non-subscription serials are far more difficult to define and describe financially than their periodical cousins.

It is fair to say that no author or index has attempted to come to grips with standing orders, either as a subset of serials or monographs, or as a category by themselves.

The rather exciting related issues of usage of periodicals, weeding, and the future of serials as a medium, all tempting, must be left to other discussions, although all have a close relationship to cost.

First, we will consider the question of what periodicals have cost over the past 15 years, and the methods of determining this. We will then look at librarians' responses to costs, followed by the contribution of subscription agents and publishers to periodical prices. Prior to conclusion, we will discuss the timely, major issue of dual pricing.

## WHAT HAVE JOURNALS COST?

This question precedes any discussion of periodical pricing. When a library manager examines the cost of journals, usually as part of the exercise of predicting the following year's budget, he or she investigates past performance, which is then used to project future cost. Of course, the historical information is tempered by other relevant factors: new orders placed within the existing year which will become part of the new base, cancellations, foreign exchange behavior, predicted inflation, the best advice of one's vendors, and so on. The exercise of compiling a renewals budget considers many pieces of information and modifies them with experience and intuition. Even with the best data, the manager can be surprised at mid-year by world economics outside expectation or local events which were not predictable.

Most libraries keep accounts for serials expenditures within their institution, by individual title, by subject breakdown, or as a grand total. It is fair to say that although many library accounting systems are now automated, very little manipulation has been done to give the manager data on which to base budget prediction. Most prediction is still done manually, intuitively, and politically.

Excellent assistance is now being provided by the major subscription agencies. The Faxon Company, for instance, is able to add library fund numbers to individual subscription orders and provide historical information regarding local increases. Later in this paper, a library describes the use of Swets & Zeitlinger services in a similar way. Unfortunately, in order to obtain comprehensive information by this method, one would have to place all one's library subscriptions with one or two vendors, which libraries are generally unwilling or unable to do. Nonetheless, vendor information is valuable; vendors deal with many more publishers and pay many more invoices than individual libraries. They should always be approached for assistance. Publishers of journals have not been helpful in the same way. So far, no publisher has offered to generate statistical or historical price information for even its large library customers.

The longest-running, most widely available, and most broadly-based subscription information has come from a handful of indexes published in library journals. There are at least three major English-language sources of information about what periodicals cost year by year. Publication of these indexes generally does not appear at precisely the best time for new fiscal predictions, but some preliminary information is available. The price indexes available to librarians are described below.

### *ALA/RTSD Library Materials Price Index Committee Index (ALA Index)*

It is published annually in the *Library Journal (LJ)* in articles entitled "Price Indexes for (year): U.S. Periodicals and Serial Services." [3] The first year of compilation was 1950, using 1947-49 periodical prices as a base. The *LJ* began regular annual publication of the indexes in the October 1, 1962, issue. By that time, a new base (1957-59) was in use. Further substantial rises in the price of periodicals led to still another base, that of 1967-69, and finally 1977-79, in use at present. The ALA Index has been consistently maintained over the years by a relatively

small number of devoted librarians and largely coordinated in recent years by Norman B. Brown of the University of Illinois, Urbana-Champaign, in conjunction with Jane Phillips and William Huff of the same library. (See *LJ* August 1985 for a fuller history of publication.)" [4] The ALA indexes have appeared in July, August, or September issues of *Library Journal*.

In 1981, the Price Index Committee also began sponsoring a preliminary survey of these same subscription costs and publishing them in *RTSD Newsletter* [5] early in the calendar year in order to provide a more timely aid to the budgeting process. The preliminary figures have tended to be higher than the final figures, and the difference between early and final indexes can be great. The final ALA price indexes are also repeated in the following spring in the *Bowker Annual*, along with price indexes for monographic materials. [6]

The ALA Index appears in two sections: Periodicals and Serial Services. Each periodical included meets certain criteria. That is, it must meet an American National Standards Institute (ANSI) definition for a periodical as one published continuously under the same title, more than twice a year, appearing indefinitely, and consecutively numbered or dated (newspapers and services are excluded). The periodical must be of U.S. origin, although it may be simultaneously published in another country, in which case the U.S. imprint should be the first one. The indexes include titles of interest to libraries, particularly most of the titles indexed by the H. W. Wilson Company in its publications.

In the Periodicals portion of the index, the prices are presented by general subject categories, giving average price and percentage increase over the previous year. An overall percentage is also calculated.

Serial Services also meet certain criteria for inclusion in the second part of the ALA Index. The ANSI definition of a serial service is "a periodical which revises, cumulates, abstracts, or indexes information in a specific field on a regular basis. [7] For inclusion, the service must be in printed form and a U.S. publication or primarily a U.S. publication. In both the Periodical and the Service indexes, titles are added or replaced as necessary, and prices are normally as charged by the publisher during the index year. In the Serials Service section, average price increases are given for eight general subject categories, along with "combined" increases and a single average price.

The findings of the ALA Indexes for periodicals and services are shown in [Chart I](#).

The ALA Indexes do not attempt to establish the reasons for price increases. Their purpose is to report figures with as much objectivity as possible. Clearly, the rise in periodical prices over the charted 16 year period is extraordinary. For example, a periodical subscription costing \$10.00 in 1970 would cost, on the average, \$56.65 by 1985, an increase of more than 5.5 times. Similarly, a serial service costing \$100.00 in 1970 would cost \$350.80 by 1984, an increase of 3.5 times. Year after year, almost without fail, the highest price increases in periodicals have been in the sciences, commonly chemistry, physics, mathematics, engineering, medicine, and zoology; that is, the sciences, with competition in the non-sciences from labor/industrial relations and law. The lowest have been children's periodicals, along with literature, philosophy and religion, and physical education.

The sciences have not only shown the highest increases; they have also been many times more expensive than other disciplines. In our general academic library collection, one third of the journals are in the sciences and use two-thirds of the renewals budget, and note-comparing with colleagues suggests this is not atypical. Clearly, scientific publishing has become big business in a way that other areas have not. We will return to this topic later.

In the early to mid-1970s, librarians began to note that the rate of periodical increase was becoming as high as, or often higher than, the rate of increase in book prices. This awareness both surprised and dismayed librarians, although it is now so much the norm that one hardly remembers why. According to a news note in *LJ*, February 1, 1973,

The result in many cases has been a long, hard look at duplicate subscriptions and titles which are no longer in steady demand. And new acquisitions of periodicals are under particularly sharp scrutiny . . . A recent article in the *Washington Library Newsletter* . . . expresses the dismay . . . In 1971-72, after a cutback in funds, the library

found itself spending three times as much for serials as for books and sees little chance of ever reducing the proportion of a better than 50-50 split.[8]

Comparison of book and periodical prices is shown in [Chart II](#). Some further library reactions to high price increases are discussed later.

With the 25th ALA Periodical Price Index in 1985, responsibility for compilation transferred to the Faxon Company with the blessing of the Library Materials Price Index Committee. Faxon calls upon its large periodicals data base which includes the latest prices charged by publishers, as well as upon software which is able to manipulate the information into data useful for libraries, thus removing much of the painstaking manual preparation which was involved earlier. For the present, the base of titles and general methodology remains the same. Prices used by Faxon exclude discounts and service charges. Faxon also makes available additional breakdowns and information on rates of change.

A questionnaire was included with the latest Index, asking how the information can be made more timely and relevant in the future. In coming years, some changes to the ALA Indexes will evolve. For a fuller discussion of the switch, see the 1985 survey article.[9]

### *B. H. Blackwell Periodical Price Index* [10]

This index is produced by the bookseller and subscription agency of the same name in Oxford, England. It was first published in the August 1966, issue of the *Library Association Record* and since 1977 has been published in the May issue. The survey is based on a market basket of titles which are purchased by "learned" libraries. Important journals are chosen without discrimination as to language, price, or country of publication. The sample size is smaller than the ALA survey, i.e., about 2,000 titles as compared to 3,700. The survey is particularly useful for several reasons: it does not limit itself geographically or by currency, it presents periodicals from a worldwide rather than a U.S. perspective and thus more closely approximates an academic subscription list, and it is published early enough in the year that it can be an aid to the budgeting process.

Prices in the index are given in sterling currency. The United Kingdom, like most Western nations, has recently had a weaker currency than the United States and is also more greatly affected by publication prices outside its own country. Thus, the Blackwell Index gives an even more dramatic presentation of the behavior of periodical prices over the years. A B.H.B. summary is given in [Chart III](#), along with U.S. rate of exchange on or around January 1 of that year, as taken from the currency conversion tables in the New York Times.

The B.H.B. Index also attempts no judgments about the reasons for price rises, although extra volumes and supplements in sciences periodicals (1970) and currency fluctuation (1972, 1973, 1975, 1982) are mentioned. If U.S. increases during this period were large, increases to the British were phenomenal. A subscription costing [[sterling]]10.00 in 1970 would cost, on average, f92.59, an increase of over nine times. Based on U.S./Sterling exchange rates over the years 1970-1985, the average periodical price on the B.H.B. Index in U.S. currency was \$27.72 in 1970 and \$116.94 in 1985. Thus, the same mix of titles increased to U.S. Libraries by 4.22 times over the same period that they increased to the U.K. market by 9.26 times.

As in the United States, science/technology and medicine generally accounted for higher price increases but not to the same extent as in the United Kingdom. Some reasons for this may be apparent later (see discussion on dual pricing of periodicals).

Obviously, English libraries, generally not as large or as well-funded as their U.S. counterparts, have had a far more difficult 15 years. On the other hand, the pound sterling dropped to its lowest value ever against the U.S. dollar in 1985, close to par. During the second half of the year, that situation changed and at the end of December 1985, the rate is approximately 1.44 dollars to the pound (compare to 1.16 in January). U.S. and Canadian libraries have been badly damaged during the 1985 autumn renewal period by the wild change in exchange rate, which has caused an immediate increase of 24 percent over Autumn 1984 renewals, even assuming no subscription price increases. With routine increases, the rise in British prices will be in the region of 30 percent.

### *Faxon Price Index*

The Faxon Price index is published by the subscription agency of the same name, located in Westwood, Massachusetts. It has been published in a less regular fashion than either the ALA or B.H.B. indexes, beginning with the October 1974 study, which covered 1972-1974.[\[11\]](#) The titles in Faxon's index are based on "easily definable authority groups." That is, some 30 major indexing and abstracting services are consulted and the titles indexed by them are the ones used in compilation of Faxon statistics. The index uses "weighted" prices, in which the popularity (i.e., number of Faxon subscribers) of each journal is factored.

The Faxon Index presents figures in a variety of permutations. The first table gives average prices by subject; that is, by indexing or abstracting service. Table II breaks customer subscriptions into price ranges of \$3.00 increments. Table III provides data on savings effected where subscription periods of greater than one year are offered by the publisher. Table IV gives average prices paid by different types of libraries. Table V tells the reader how many titles retained the same price as the previous year, and how many increased, decreased, or changed category. In Table VI, the average price by subscriber category is shown, based on number of titles invoiced. Table VII compares domestic and foreign prices. Finally, Table VIII provides price by a number of LC subject classifications. Tables I, II, and III are the most useful in a library's budget preparation; the rest are useful to specific libraries in particular situations. A summary of Faxon price increases is given in [Chart IV](#). [Chart V](#) then summarizes a comparison of ALA, B.H.B., and Faxon indexes.

### *Local Indexes*

Obviously, the differences between the above indexes in any given year can be great, and choosing a particular one can have a tremendous impact on a library's renewals budget estimates. Therefore, libraries have found it desirable to attempt in-house calculations. Some libraries have done this in very simple ways; some have compiled sophisticated statistical data.

Relatively little has been written about indexes kept within individual libraries; various methods are possible, depending on local requirements and staff resources available for the job.

In 1981, Frederick Lynden wrote a plea for detailed cost studies in libraries, particularly the costs of materials.[\[12\]](#) He listed sources available for price information and suggested areas where research has been inadequate. Taking up Lynden's challenge, the D. H. Hill Library at North Carolina State University, Raleigh, performed its own calculations of average periodical costs by using the invoices from two major suppliers, Faxon and Swets & Zeitlinger.[\[13\]](#) These suppliers added Hill's local call numbers to the customer subscription file and the library used the call number breakdown to estimate average costs in subject areas by LC classification number. The Library then compared NCSU averages with Faxon published averages. Some very close similarities were evidenced, along with pronounced differences. The authors concluded that local studies are a useful exercise, although we are not told if these were continued.

An important piece of local library research was published in 1983 by Mary Elizabeth Clack and Sally Williams of Harvard College Library.[\[14\]](#) In 1978, Sally Williams had published the results of a first study in which Widener Library prepared a periodical index based on internal payment records and compared it with the ALA and B.H.B. indexes.[\[15\]](#) The correlations were used to predict Harvard's 1977 average prices. The Clack/Williams study updates the former study from 1978-1982, continues its comparisons with the two major indexes, and draws certain conclusions.

Widener's principal objective was to obtain accurate budget forecasting, without using large amounts of staff time to maintain the in-house data. The authors clearly demonstrate that local price indexes are, indeed, different from composite published indexes. Nonetheless, Widener found that by using regression analysis, it was possible to calculate correlation coefficients between local prices and the two published indexes. In addition, the published indexes lend credibility to library arguments for better funding, particularly in years where overall increases may be higher than local increases.

The study concluded that national indexes can (because of acceptable margin of error) and should be used to predict local increases, provided that local compilations are done every few years as a cross-check on the validity of the published indexes. Widener determined that for Harvard's purposes, the major indexes can be used in combination with developed formulae for five years. In the sixth year, the library will do its own price-gathering and, if necessary, re-calculate the slope of the regression line.

Clack and Williams emphasized that this decision was taken after 12 years of internal price index maintenance. The authors recommend that the number of years of internal index-keeping to establish accurate predictors using linear regression is around nine.

Two other valuable articles assist in serials budget forecasting. While these are not specifically price indexes, they are noted here. In 1980 Guilbert Hentschke and Ellen Kehoe proposed a model for determining the costs of subscribing to periodicals for a one-year versus a three-year period.[\[16\]](#) The problem is described as a capital budgeting one whose objectives are lowest library subscription costs over a six-year period. The formulae are well-described and applicable to other libraries. The conclusion reached seems obvious, i.e., that three-year subscriptions can produce significant savings. However, the authors carefully discuss the limitations of multi-year subscriptions. While they may provide a hedge against rising prices, they are only valuable in a static subscription situation. Otherwise, the library is locked into journals which it may need or wish to cancel. The initial subscription charges are also very high and must be funded somehow. It appears that the availability of the three-year subscription for the academic or scholarly journal is declining, even in the short period since this study was published .

Finally, Dennis Smith describes the University of California system's attempt to establish a sufficient base budget for its campuses and to predict future cost increases.[\[17\]](#) Convincing, objective data were needed for the political authorities who assign funds to the library system. A library committee developed an acquisition model and used the indexes published in the *Bowker Annual* to seek appropriation increases. A second committee, The Task Group on the Cost of Library Materials, was then created "to design and recommend methods for documenting increases (or decreases) in the actual costs of library materials."[\[18\]](#) Much of the committee's work focused on nationally published price indexes. While noting the limitations of the indexes, the Committee decided to accept these, with modifications that were necessary within the California system. The University has had great success in its negotiations with the State for several years, by understanding published indexes and adapting them to University of California library collections.

For libraries that wish to develop their own periodical price indexes, the latest version of ANSI Z39.20-1983, the *American National Standard for Library and Information Sciences and Related Publishing Practices -- Library Materials -- Criteria for Price Indexes* [\[19\]](#) is the first guide. It describes the purpose of creating price indexes and sets specific rules and definitions for various types of library materials. The foreword suggests that improved data collection is required. It also notes that published indexes are not intended to substitute for local indexes.

The consensus of publications connected with periodical price indexes is that librarians have found any and all published data useful. In spite of the problems associated with the ALA, B.H.B., and Faxon indexes (having to do with size of samples, mix of titles, countries and currencies), they have been the best there is. No doubt, many librarians use them in convincing their administrations of the need for budget increases.

The most intelligent use of the major indexes combines them with local studies. There is, to echo Lynden, still a great demand for more and better information and further research. It appears that in the future the capabilities of serial and fiscal automation may begin to give libraries internally what they have been unable to achieve by manual calculation. It is hoped that the evolution of such skills within specific libraries will lead to studies on how best to use these powerful new tools.

## **LIBRARIANS RESPOND TO HIGH PRICES**

The prevalence of double-digit figures in published periodical price indexes and the effects on library budgets elicited comment from many librarians. Michael Kronenfeld and James Thompson used the ALA indexes to examine the relationship of periodical price increases to the U.S. Consumer Price Index (CPI) from 1967/69-

1979.[20] First they summarized the ALA overall indexes, along with 10 subject categories. Then they listed the CPI for each year examined. For each year they calculated the value of U.S. journals as a percentage of CPI dollar value in each category and graphed the results.

The first two graphs chart the increase in CPI along with the increase in periodical prices by subject area. These clearly show that even the subjects with the lowest rate of increase rose more quickly than the CPI, while those with the greatest rate of increase (chemistry and physics, labor and industrial relations) rose almost three times as quickly. The second pair of graphs shows the lower value of the dollar over the studied time period. The 1979 consumer dollar is worth less than half of the 1967 dollar. The library/periodicals dollar of 1979 buys about 30 percent of what the 1967 dollar bought. That is, not only has the buying power of the dollar been severely eroded, but for libraries it has eroded at a rate far more severe than inflation indexes suggest.

It would be useful to compare journal price increases with the CPI to see if consistent correlations exist between the two. A quick comparison suggests that there is no correspondence. However, the available data are "too noisy" for accurate calculations. How the rate of general inflation affects periodical price increases is a useful subject for further examination.

The *Library Resources & Technical Services* annual review articles on trends in serials librarianship noted such statements as "The University of California, Riverside, estimated that, assuming a steady-state allocation in 1973/74 dollars with 12 percent inflation on the average and a continuing proportion of renewals and new titles, by 1978/79, 95.8 percent of the total book budget would go to serials.[21] The 1976 review article noted a comparison of increase in periodical prices from 1970 to 1975 (92 percent) to the U.S. CPI for the same period (38.6 percent) to the increase in appropriations of 79 Association of Research Libraries members (36.5 percent) and noted that significant funds had to be transferred from monographic to serials budgets.[22] "Taking into account the increased inflation rates presented . . . in order to maintain the status quo in serials collections by the late 1980s, libraries will have ceased purchasing monographs entirely.[23]

The Association of College and Research Libraries reported that the cost of U.S. hardcover books purchased by academic institutions rose by 81 percent between 1971 and 1978, and the cost of U.S. periodicals increased by 122 percent during that time.[24] An updated survey of medical journals shows that a list of 111 titles which cost an average of \$11.81 per title in 1963 and \$14.00 in 1968, increased to \$59.67 in 1983.[25] This was compared to the CPI and a dollar that had only 20 percent of the buying power of the 1963 dollar. Even so, a library whose budget had increased at the CPI rate in those 20 years would be able to purchase only 65 percent of its 1963 periodicals.

Several authors touch on what is the ideal balance in a library materials budget between book and serial acquisitions, and numbers such as 50 percent[26] and two thirds[27] have been suggested as desirable. Such a proportion is not universally definable, for it depends on type of library collections, type of library, and what the local definition is of a serial publication. Varma suggests that a sensible guideline is the percentage a particular library employed in days without severe financial restraint.[28]

Librarians around the world contributed to cries of anguish over high periodical prices. A Canadian business librarian discusses the problems of rapid increase in cost of serials and finds the average price increased from 1975 to 1981 by 76.2 percent.[29] Blake and Meadows discuss cancellation strategies in British universities as a result of high prices and large price increases.[30]

An article from India poignantly stated "the hard fact of life is that everything except the purchasing power of money is increasing manifold." [31] The two authors then describe a difficult situation in Punjab University. Both this article and one by Saxena and Khan, University of Roorkee, emphasize the currency problem in developing nations, whose money drops in value every year against major currencies.[32] For instance, the rupee was worth more than three times less against the Dutch Guilder in 1978-79 as opposed to 1966-67 and almost 80 percent less than the U.S. dollar. If things have been tough all over, they have been much worse for the countries that most need educational resources.

Edelman says that "librarians are suckers for numbers." [33] He believes that the librarians' basic philosophy and guilt about inadequate collections after World War II contribute to their inclination to purchase far too many periodicals. Librarians carry out a custodial function and have allowed faculty to make too many subject-related decisions. De Gennaro, in a rousing and now very-well-known article, blames much of the problem of exaggerated prices, far above national inflation, on librarians. [34] Librarians tend to be orderly to a fault: they love perfect runs of serials and do not like to break or interrupt a set. They are gullible: they allow publishers to take advantage of their need for tidiness. They are insecure: they allow faculty to bully them into keeping titles for which there is no demand. They are trusting: they do not quarrel with publishers who charge absurdly high prices. De Gennaro states that "journals are the sacred cows of librarianship." He suggests various remedies, and generally rallies librarians to assertiveness. Although he overstates the case, many of his recommendations have since been followed. The cynic would say that librarians were forced into action by circumstances, not by initiative.

Librarians have begun to fight back, and they began doing so for a number of reasons, listed here.

1. Budgetary cuts have taxed the ability of even the most willing administrators to preserve materials budgets. Political and economic problems outside institutional control caused these problems.
2. The decrease of available funding over the last 10-15 years has forced librarians to be selective about what is bought. The need to choose has called for community-wide input and resulted in the politicization of budget issues, which has in turn put librarians on the spot and forced them to be articulate and accountable.
3. In the tough financial environment, librarians have become more businesslike. The "new" library manager is expected to have financial skills. The competition for good jobs has led to advanced degrees and MBA's.
4. Automation and the increased availability of computing resources in the library and in the home have provided powerful tools for librarians to begin understanding, if not controlling, finances.
5. The literature, although not exhaustive, has been more vocal about price increases.
6. Increased automation of the major vendors has brought them into the arena, where they have become significant contributors to price information .
7. The decrease in available funds has come at the same time as not only increased numbers of periodicals being published, but also an increase in varieties and types of information available to libraries; library budgets are pulled in more directions simultaneously.
8. Bibliographic networking and union lists have made resource sharing possible.
9. Lack of funds makes new buildings or stack additions unlikely or impossible.

The various ways in which librarians have responded to the large price increases have been:

1. Usage studies, which have shown that a far larger-than-expected proportion of library materials (including periodicals) are little used, have confirmed the suspicion that a number of subscriptions are supporting only one faculty member's research.
2. Cancellation of subscriptions, beginning with duplicates and then becoming bolder, canceling unique copies.
3. Weeding of collections.
4. Limiting new subscriptions by more critical selection, or forcing cancellation of a low-use periodical to buy a more desirable one.
5. Regular review of existing subscriptions.

6. Monitoring invoices for extraordinary price rises.
7. Relying on delivery from external sources instead of internal holdings (Interlibrary Loan, online access, document delivery services). For example, hundreds of online searches through Chemical Abstracts are possible before the cost of the subscription is reached.
8. Co-operative collection development, in its early stages.
9. High priority for serial retrospective conversion, to enhance resource-sharing across campuses and between institutions.
10. Challenging publishers over specific issues and publicizing outrageous behavior.

## **FACTORS IN PRICE INCREASES**

### *Is the Subscription Agent a Culprit in High Prices?*

It has been suggested that he is. In 1971, Frank Clasquin, Vice-president of the Faxon Company, wrote an article replying to a librarian concerned about a possible 5-10 percent agency service fee to be charged for periodicals. [35] Clasquin defends the subscription agency service charge, first stating that three to four years earlier it had been the general practice for the agent to offer library discounts.

Obviously, the agency needs to stay solvent, and the cost of operating a subscription business utilizes about 10-12 percent (at that time, and according to agents the margin holds in 1985) of publisher's price. It is widely known that publishers' discounts to subscription agencies have been diminishing over the years; formerly they were high enough for libraries to receive a net discount, but for the past 10 or more years customers have been paying subscription agents a surcharge over publishers' list price. This charge is generally an amount that compensates the agency for operating costs and provides it the profit necessary to stay in business comfortably. In some instances, the agency quotes its subscriber a straight percentage fee; in others, the service charge varies with mix of titles. A library with a high percentage of popular discounted journals may pay a zero charge; a library with a high ratio of scholarly titles may incur a service charge of 5-10 percent (or more).

Other factors affect the percentage charged. A large customer library may receive special consideration from a vendor. A library which arranges to prepay its renewal invoice particularly early in the year, i.e., June or July instead of October or November, may receive a discount or a "bonus." A library which sets up a "deposit" account with a vendor may pay a reduced fee. In these instances, the bookseller is compensating the library for the use of its money, a feature very attractive when interest rates became unusually high in the early 1980s. The library never receives interest from its administration for budget funds remaining unspent in its accounts, so there is incentive for forwarding funds to a supplier in advance. Some libraries receive additional vendor services such as checking-in and re-shipping and pay an extra charge for these.

We have never seen routine service charges in excess of six percent, although some librarians have complained of double-digit charges. Our experience also was that earlier service charges, that is, in the 1970s, were higher than those today, and that efficiencies in supplier routines and competition have made them more reasonable. Librarians must know what the library is being charged. Librarians must inquire what the fee policy is and whether the service charge is built into each individual title or added as a separate line. If the former, the percentage should be discovered; if the library prefers one or the other method, it must ask its vendor.

There does not appear to be much substance to complaints that the agent's fee is usurious. Many agencies have gone out of business or been subsumed by other companies simply because their profitability was inadequate, as in the case of Macmillan parting with Stechert Macmillan (to Faxon). Huff gives an interesting history of subscription agencies and a state-of-the-situation review as of the mid-1970s. [36] Most of the eight agencies he names as medium-sized independents are either no longer in business or no longer independent.

Two authors present interesting considerations of the usefulness and cost-effectiveness of subscription agents. Coplen attempts to compare the agent's service charge to the cost of doing the same work internally.[37] He suggests that the cost of paying a single subscription invoice may be \$7.00-\$10.00 (basic estimated charge of \$3.55 for "legitimate" invoices, and taking into account junk mail and problems). Huibert Paul recommends a critical look at subscription agents and their service fees.[38] He suggests that the reason publishers have stopped giving agency discounts is that they no longer value such services. Another way to look at this, of course, is that publishers either feel the library is a captive subscriber whatever the periodical costs, and/or publishers' automated systems can cope with a variety of direct orders as effectively as with a handful of agents' orders, so they would like to make all the profits themselves. In fairness, the discount situation is of more concern in the United States, where the middleman has never been as entrenched as in Europe. In the United States, some publishers are even offering discounts to librarians who purchase directly from them. At the same time, U.S. agents have asked for equal treatment with European agents, which has had the effect of lowering European discounts, rather than raising North American discounts.

Paul lists various problems and headaches of dealing through a subscription agency, few of which can be gainsayed: additional charges and transactions during the course of a year, failure to offer multi-year options, checking of renewal lists, peculiar non-library entries, no relationship of invoices to what is actually being published, and elaborate claiming requirements. What he does not say is that the same or comparable problems happen in dealing directly with publishers.

If a library has a periodical renewal list totaling \$500,000 and it is placed with a subscription agency charging a five percent fee, this fee will be \$25,000 or (assuming a price of \$59.70 per title as in the ALA Price Index for 1985), \$2.99 per title. The fundamental question is, is \$25,000 saved internally by ordering via a subscription agent?

Like Mr. Paul, we have not done detailed statistical analyses of the precise internal costs of placing orders directly, but like him we have solidly-based observations. They are that in five areas agencies save staff time:

1. By removing the need to keep publisher address files continually up-to-date. The agency has multiple dealings with publishers to the library's one and can normally supply an order or process a claim from its data base. The library does not have time to check addresses and update them on a continual basis.
2. By acting as a funnel for orders, claims, mail, and other correspondence, which can be bundled into pre-addressed envelopes on a regular basis. Some agencies can now be accessed on-line without the tremendous costs of forms, letters, or postage and without the time delay.
3. By reducing the number of checks written and accounts maintained.
4. By providing management/price information as specified by individual libraries.
5. By dealing with foreign publishers, in foreign languages and foreign currencies, and providing associated services. This is the area in which overseas agents can be most helpful. Even where language not a barrier, time often is, and the agent can solve such problems.

One of the characteristics of the low-budget years was that not only were materials budgets reduced, but so were staff budgets. In fact, it was normal to attempt to reduce staff size in order to preserve materials budgets. Libraries have emerged from this era with leaner staffing, and the only way to compensate has been to pay vendors (out of the materials budget) to absorb some of the work previously done within the library. (Approval plans are another example of work being done by suppliers.) Even if the subscription agent's work could be done as effectively in-house, it is doubtful that funding for such provision could be provided in most institutions in the 1980s.

A serious defense of agency size and service charge is presented by Wayne Thyden, Vice-president of EBSCO Subscription Agency.[39] He asserts that by dropping agency discounts, publishers have passed costs to the library community. He presents a convincing case for modest fees. It is incorrect to blame subscription agents for

the large price increases of periodicals, although it is necessary to know what the effect has been. In fact, as we will see later, some subscription agents have made serious efforts to help libraries pay lower prices.

### *What is the Publisher's Role in Pricing of Journals?*

It is not easy to determine how publishers set journal prices. Various cost studies exist, but to draw conclusions is difficult because of contradictory philosophies and methodologies. Several methods are employed: publishers calculate costs and desired profit based on projected number of sales, determining the subscription price necessary to achieve this goal; or, publishers charge what the market will bear (for example, this appears to be the case with many business and medical publications, as the user community is perceived to be prosperous and willing to pay a great deal); or, some publishers operate without profit motive. Publications of the latter type usually fill creative or cultural needs. Many of them are undercapitalized and more likely to be erratic in appearance or to go out of business. They are generally not culprits in high prices.

Several articles have dealt with publisher price-setting. John Jarvis (of John Wiley and Sons, Ltd.), discusses planning for a brand new journal and states that worthwhile profits are achieved no earlier than four to five years into publication, in spite of the attractive cash flow situation of regularly collecting income in advance every fiscal year.[\[40\]](#)

An IEEE conference in 1973, representing the academic librarian, the special librarian, the nonprofit scholarly publisher, and the commercial scholarly publisher, captured the issues which continue to be critical today.[\[41\]](#) The academic viewpoint, from Walter Fraser of Rutgers, was that there exists an atmosphere of "soak the librarian," or if publication costs soar, "let's raise the institutional price." He suggested that rising rates would kill certain journals and that to let the marketplace totally determine what remains in publication is not necessarily desirable.

Joe Kuney (of John Wiley, U.S.) suggested that libraries had been paying too low a differential for a long time. The representative from the American Institute of Physics suggested that if libraries did not support marginal journals, these would not continue publication. Discussion then focused on sources of publishing revenue for the learned society publisher and the proportion available from member subscribers (usually individuals), nonmembers (usually institutions, i.e., libraries), advertising, and page charges (see Scal[\[42\]](#) for history and definition of page charges, which are a way of charging the author or his sponsoring institution for a portion of cost of publication). The practice described during the conference was that of charging members the cost of producing their copies, whereas nonmembers bore basic production cost (editorial, composition, and production). The differential between nonmember and member subscription costs within the AIP was at least four to one; that is, a nonmember would pay at least \$40 for a subscription that cost a member \$10.

Price-setting also takes into account those "break points," the psychological barriers which deter one or another category of subscribers. The institutional deterrent is much higher than the individual deterrent; thus, the institution is levied a much higher price. The situation is exacerbated in commercial publishing by lack of membership fees and by need for profit. Therefore, commercial publishers usually charge a substantially higher price than nonprofit or society publishers for the same type of publication. To librarians it appears that in subscribing to the publications of professional societies they are subsidizing a number of member activities from which they do not benefit, while in subscribing to expensive commercially-published journals they are supporting what may be excessive profits.

One librarian actually defended publishers' mega-inflationary price increases by demonstrating that between 1959 and 1969 these could be explained by increased numbers of pages.[\[43\]](#) He showed that 20 physics journals increased in size as well as in cost. Taking physical growth into account, these journal prices actually increased by 55 percent over 10 years, not 202 percent as indicated by gross subscription cost. It is interesting to note that this is not an argument commonly used by publishers.

C & EN published a special report in May 1983, "Troubled Times for Scientific Journals,"[\[44\]](#) which described the state of scientific periodical publishing in the early 1980s. According to the author, there has been a severe decline in journal subscriptions. Overall circulation of American Chemical Society journals fell from 119,827 in

1969 to 86,082 in 1982. The American Institute of Physics reports that its subscriptions have been falling two to three percent per year recently. Personal members have dropped their ACS subscriptions twice as often as non-member (i.e., library) subscribers. At the same time, because non-members often pay 3 to 7.5 times more for a subscription than individuals, emptier library pocketbooks have had an enormous impact.

Publishers have been hammered by rising costs of producing journals in labor, paper, and postage, and they have attempted to economize by using cheaper or lighter paper stock, changing to in-house typesetting or asking for camera-ready copy, purchasing improved presses, cutting internal costs, and subcontracting distribution functions. It is not clear to what extent production costs have increased or how much they have contributed to price increases, but higher prices have been laid at their door. These higher prices have led to cancellations, which lead to greater price increases. (It is interesting to speculate on the world's remaining subscription to a given journal, which then costs an infinite amount of money .)

In the battle with lost subscriptions and revenue, publishers have attempted to compensate and achieve higher market share by creating new, often more and more specialized, journals, each with smaller numbers of subscribers. The waters of pricing are muddied by copyright and photocopying, as well as the dubious merits of some new publications. Page charges are still highly controversial; advertising is barely a factor in funding highly specialized publications; electronic publishing poses threats to conventional publishing. All in all, if publishers are to be believed, the current situation for journals is pessimistic, or at best, uncertain.

Note that most of the foregoing discussions of high prices and superinflationary increases concern scientific journals far more than those in the social sciences and humanities, which increase at a slower rate. Average prices by discipline are generally several times higher in sciences than non-sciences, with only a few exceptions. No study specifically deals with the reasons for this difference; however, several factors come to mind:

1. Science journals are generally more voluminous per title than those of other disciplines.
2. The science professions (also law) offer more jobs at higher salaries than the social sciences and humanities. They are associated with greater prosperity.
3. There are more emerging and advancing research areas in the sciences; many of these have commercial and industrial (profitable) applications .
4. Higher grants are awarded for scientific research.
5. Higher costs (such as refereeing, composition) are frequently associated with science publications.
6. Scientists are more number-conscious; The emphasis on citations has accelerated pressure for publication.

In general, librarians have been willing to accept publishers' explanations for high prices and might have continued to pay without argument, had the fiscal situation allowed. The traditions of public service and generous availability of materials within the library building have long been entrenched in library philosophy. There is an area, however, where librarians have become vocal about pricing, involving two-tier pricing structures. One type charges libraries a different, generally much higher, rate than individuals. The second discriminates between libraries on the basis of geographical location.

Prior to discussion, service-based pricing (as in the H.W. Wilson indexes) should be mentioned. In service-based pricing, libraries are charged according to the number of indexed periodicals to which they subscribe; this usually relates directly to size of library. There appears to be no complaint about this pricing method, and a higher cost for more indexing appears fair to librarians.

### *Dual Pricing, Libraries vs. Individuals*

The first exploration of higher institutional versus lower individual subscriptions was undertaken by Wittig in 1977.[\[45\]](#) He surveyed 180 journal prices between 1966 and 1975 and determined that while only four percent

had a two-price structure in 1966, the number had risen to 15 percent by 1975. A check on the four percent revealed that the first instances of dual pricing go back to at least the mid-1950s. In addition, the institutional rate was increasing at a higher average than the individual rate. Although publishers occasionally give a lower rate to libraries, this is extremely rare.

In many instances, the dual pricing is for publications of learned societies. The reasons for implementation of the higher library rate appear to be economic; that is, publishers attribute a loss of individual subscriptions to easy availability of library copies, combined with access to cheap, convenient photocopying facilities. Additionally, libraries have higher budgets than personal subscribers.

A brief exchange of letters in *Library Journal* took up the discussion of individual/institutional pricing differentials.[\[46,47\]](#) A member of the staff of the American Association for the Advancement of Science (AAAS) pointed out that any individual who pays dues may receive a subscription to *Science* at the lower rate. AAAS's rationale is that individual names are more valuable in advertising sales, and advertisers want to know specific readers' names and addresses. Also, institutions have more than one reader per copy.

While it is possible for libraries to obtain *Science* at a personal rate by posing as individuals, this method is impossible with many societies which have certain educational, professional, and affiliation requirements for membership. Some organizations allow academic departments, but not libraries, to take memberships. (The publications may then be housed in a departmental library or reading room, but seldom find their way to the general institutional readership. If they do, it is after a time lag.) Some publishers do not allow individual subscriptions unless the institution also subscribes at the institutional rate. One major study suggests that "a differential of perhaps 50 percent between institutional and individual subscriptions does not seem out of line."[\[48\]](#)

The reality is rather higher. Miller and Jensen surveyed dual pricing within the field of medicine.[\[49\]](#) They discovered that about 15 percent (281) of titles checked have dual pricing structures; the price differential was as high as 890 percent, with an average of 102.4 percent. Clearly, there is no consistent practice for determining what libraries ought to pay for periodicals and assigning rates appears almost arbitrary. Dyl suggests that dual pricing constitutes price discrimination and may be illegal.[\[50\]](#)

Koenig plays devil's advocate and argues that dual pricing allows individual subscriptions at an affordable rate, thus generating additional revenue for the publisher and keeping down the cost of the library's subscription.[\[51\]](#) He does not discuss inconsistencies of the practice nor the fact that many of the publishers are societies with goals beyond publication of journals. Although librarians are apparently prepared to pay a higher price than individuals, they expect some rationale for the pricing structure. In fact, the budgeting practices of publishers seem no more "scientific" than those of libraries. Like academic budgets, publishing budgets may be based on history, politics, intuition, and other objectives (as well as what the subscriber can be coerced into paying).

In any case, librarians collectively appear to have accepted the fairness of higher institutional rates based on serving a large public.

### *Dual Pricing, Geographically Based*

Another practice which has existed for some time has relatively recently come under the critical scrutiny of librarians and has not been accepted with complacency. This is the behavior of European, most specifically (at present) British, publishers of charging substantially higher prices to their overseas customers, particularly U.S. and Canadian libraries. Libraries were aware of the practice for some years, but the first real publicity came in 1981 in a letter to its customers by the German academic bookseller and subscription agent, Otto Harrassowitz. In 1980, Springer New York had offered librarians a subscription price of approximately 10 percent below Springer Germany rates, presumably as an inducement for libraries to move subscriptions directly to Springer. In 1981, Springer New York raised the U.S.. subscription rates to 15-45 percent above Springer Germany rates, for an average increase of 40 percent over 1980 fall renewals, or 30 percent higher than the European rate. Harrassowitz outlined events to its customers and pointed out to librarians the price protection afforded to customers who had continued to use the country-of-origin agent. Harrassowitz was disturbed at what appeared to

be unethical behavior in charging U.S. libraries an unnecessarily high differential and in trying to remove business from booksellers. Apparently, the U.S. office's behavior was not supported by the head office, as the New York operation later reduced its price differential to a reasonable rate, around 10 percent. (There is no suggestion by librarians that a differential which allows for higher cost of doing foreign business is unfair.)

The next publicity given to geographically-based dual pricing used British publishing as an example. Larry X. Besant, Director of Linda Hall Library in Kansas City, Missouri, and Siegfried Ruschin, Collection Development Librarian at Linda Hall, wrote a letter to the editor of *Nature* in April 1984, questioning the practice of charging American libraries far more than the basic subscription rate.<sup>[52]</sup> The exchange rates were also publicized in *LJ*.<sup>[53]</sup>

This concern was shared at a meeting of directors of Missouri University libraries, and Dr. Tom Shaughnessy, Director of the University of Missouri-Columbia Library, asked his Head of Serials, Deana Astle, to "do something about it." Astle collaborated with Charles Hamaker, Collections Development Librarian at the University of Missouri-St. Louis, to document the British dual-pricing practice. At the ALA Conference in Dallas, June 1984, Astle and Hamaker were on the agenda of the Bookdealer/Library Relations Committee of the Resources & Technical Services Division of the American Library Association. The voice of a few Missouri librarians played a major role in creating a resolution subsequently passed by the RTSD Board:

Whereas, Libraries subscribing to some British periodicals are required to pay a U.S.. subscription price which is significantly higher than the subscription rate charged to libraries in the United Kingdom as well as other overseas libraries, and

Whereas it is expected that there may be some price differential due to fluctuations in exchange rates and postage costs, some British journal publishers have established prices in excess of what can be considered a normal differential, and

Whereas the higher U.S.. price is seriously affecting library budgets and their ability to continue to subscribe to needed British journals and

Whereas such practices are operating against the free flow of exchanging and disseminating information

Be it resolved therefore, that the Board of Directors of RTSD request that the Executive Director of the American Library Association take action, in conjunction with other appropriate library organizations, including ARL, SLA, MLA, and IFLA, to convey to British periodical publishers the concern of U.S.. libraries and to ask that British periodical publishers establish more equitable subscription rates for U.S.. libraries.<sup>[54]</sup>

At that same conference, Jane Maddox of Otto Harrassowitz gave a timely presentation to RTSD/Serials Section Discussion Group on the major types of distribution employed by European publishers and how these patterns influence prices.<sup>[55]</sup> The agent's relationship to distribution types was also addressed.

Briefly, the publisher in the home country establishes a journal list price and may vary prices to different countries. The higher outside price may be connected with additional distribution expense in other countries. Basic practices are:

1. The European publisher is sole source for journal distribution and sets a price charged everywhere in the world.
2. The European publisher is sole source for distribution, but sets more than one price. Where the publisher has a higher price in certain countries, there may be an office in those countries which provides some services (apart from actual distribution, done from country of origin).
3. The European publisher may have his own distribution offices in other countries, which determine prices.

4. The European publisher may contract with a distributor in particular countries. That distributor sets the prices. Whether the publisher forces the library to purchase from the distributor or allows purchase from country of origin depends on policy.

In some cases, publishers may elect to bill a subscription according to address of invoice (in this way, the library can use a local agent and pay internal country price). In other cases, publishers are concerned with ultimate destination address and insist on charging the library the overseas rate, even where no additional expense to the publisher exists. The greatest outrage on the part of librarians is in cases where the publisher does not allow purchase in country of origin with local pricing. It appears that more publishers insist on charging according to the address of the end-user.

In the next dual-pricing series of events, the Faxon Company noted, in Fall 1984, that the price differential charged by Taylor & Francis, a U.K. scientific publisher, was extraordinarily high and called this to the attention of customers, suggesting a review of T & F journals. Meanwhile, ALA Executive Director Robert Wedgeworth began discussions with British publishers in attendance at the October 1984 Frankfurt Book Fair. British publishers also had the opportunity to present their position to a closed meeting of the January 1985 ALA Midwinter Bookdealer Library Relations Committee.

Around this time, Astle & Hamaker published an article documenting recent British journal pricing patterns.<sup>[56]</sup> They examined the price lists of 17 publishers and demonstrated that U.S. libraries paid a two-thirds premium on the 548 titles compared to U.K. subscribers and one-third more than other overseas libraries. The authors contended that completely unrealistic exchange rates (as high as \$3.20 during a period with bank exchange of \$1.30) were being charged. Many publishers quoted an overseas rate and often a still higher special U.S. rate. A few publishers also set higher prices for West Germany and Japan. During the recent period when the pound was slipping badly, a number of British publishers were benefiting from dollars, yen, and Deutsch marks paid them by countries with strong currencies.

In the spring of 1985, Siegfried Ruschin's article appeared in *Serials Librarian*.<sup>[57]</sup> He pointed out that libraries with large numbers of science and technology publications have suffered most from the British dual pricing behavior, as a high proportion of the guilty periodicals are scientific. Ruschin notes that the practice appears to be spreading to other countries as well, partly because of changing distribution practices. He does not ask "for a price reduction, but merely to be allowed to pay the price established for the rest of the world."

On Friday, March 22, 1985, a seminar was held in London, England, sponsored by the Association of Learned and Professional Society Publishers and the Publishers Association, to discuss differential pricing of journals.<sup>[58]</sup> This was an opportunity for all interested parties, U.K. publishers, U.S. and U.K. Librarians, and subscription agencies, to have their say. It appears, from reading the proceedings, that fundamental misunderstandings exist between American libraries and U.K. publishers. The latter believe that American librarians require a U.S. dollar price on their British journals. The fact that U.S. libraries state they find no problem with sterling payment seemed to be a surprise. It appears also that the basis for at least some of the discrepancy between sterling and U.S. rates came several years ago during the period of a falling dollar. At that time, there was reasonable correspondence between prices given in dollars and pounds. As the dollar gained in strength, the differential remained unchanged; both prices were increased by the same percentages even as the equivalency changed dramatically.

Part of the seminar considered the issue of "buying round," the English term for the practice of a subscription agent in the U.K. buying journals at local prices and reshipping/reselling them to overseas customers at lower than the publisher's price to the library in the subscribing country. The term appears to be used when the library's or agent's objective is to avoid paying the higher overseas rate. At least two British and one Dutch agent provide this service, with increasing protests and impedance from publishers. Other agencies will reship but comply with the specific publisher's pricing wishes. For this, the complying agencies have been criticized by some libraries and have lost some business. Some agents have attempted to keep the final destination address from the publisher, often without success. These discussions continue now and various parties are attempting to determine not only the ethics but also the legality of publishers' demand to know the end-user. It may be that the recent high

rise in value of the pound sterling will render some re-shipping to now be more expensive than paying the overseas rate.

One of the publishers' arguments is that prices have to be set far in advance of the year of publication. Even so, it is difficult to understand how financial "futures" can have such an impact as many British-set U.S. prices suggest. It is easy to understand why North American librarians feel cheated.

After the U. K. seminar, it appeared that some progress had been made. Taylor & Francis agreed to hold U.S. prices at 1985 levels for two years. The British Medical Association said it would move from a three-tier to two-tier price, charging U.K. libraries 15 percent less than the rest of the world. Both the Royal Chemical Society and Butterworth's were making adjustments in pricing. On the other hand, publishers in other countries are just beginning to show signs of charging a much higher price to American customers.

The issue is divisive and has caused considerable bad blood between certain agencies and publishers, librarians and publishers, and among subscription agents. To be charitable to publishers, it may be that they have not "cleaned up" as a result of high prices to the U.S. but have made up for leaner years. The additional income may have allowed them to keep rest-of-the-world prices lower than they might have otherwise been. One suspects that the above investigations and the increased communication between librarians and publishers will make publishers more accountable but that the result will finally be higher prices to the world at large rather than a lower price in the United States. Astle and Hamaker have been charged by ALA with a watching brief on dual pricing worldwide. Their followup article on British pricing is due to appear early in 1986 and will show that some progress has been made in fairer treatment for American libraries. Both their earlier study and the new one take place during periods of similar dollar/sterling exchange rates.

## OTHER USEFUL STUDIES

Two excellent studies about scholarly communication deal in large part with journal publication and should be read by every concerned librarian. Although neither study has been updated into the 1980s, the journal publishing and library situations remain similar to what was described.

The first study was conducted by Bernard Fry and Herbert White under the auspices of the National Science Foundation at the Indiana University Graduate Library School.[\[59\]](#) It examined the relationship between libraries and academic journal publishers during 1969-1973. It surveyed and analyzed library budgets, library responses to budget cuts, costs and revenue, and library cooperation. Fry and White identified the beginnings of decreases in overall subscriptions resulting from lower library budget increases. In spite of cancellations, insufficient funding led to shifts from monographic to serials budgets. The study measured net annual growth of new journals to be only two percent, rather than the wild proliferation that had been suggested by critics. It calculated that commercial publishers' gross profit during 1969-1973 rose to about 14 percent, or six percent net, which is far from exorbitant; it stated that the situation for non-commercial scholarly publishing had entered a state of instability because of reduced subscriptions. The authors believed that some subsidy, probably governmental, was required to keep the system alive and well. A detailed bibliography is included with the study. Follow-up work in 1978 and 1979 reported a general continuation of earlier trends.[\[60\]](#)

The second study, the *Report of the National Enquiry on Scholarly Communication*, was created to investigate dissemination of scholarly knowledge, especially in the humanities and humanistic social sciences during a time of financial crisis.[\[61\]](#) The crisis was the same one examined by Fry and White, namely, fewer funds available to support scholarly book and journal publishing, and the impact of this on spread of knowledge in printed form. Various recommendations were made regarding cooperation, economics, marketing, and technology. A major section on scholarly journals discusses issues of pricing, as well as grave concern for quality.

## CONCLUSION

In the course of this discussion, the following have been established:

1. Periodical prices have grown rapidly, in the United States by over 5 1/2 times in the last 15 years.

2. These prices are far in excess of the inflation rates (C.P.I.).
3. No one has determined the relationship between subscription price increases and inflation rates, if there is a correlation.
4. Major subscription price indexes exist but agree only approximately with one another; the differences between them are great.
5. Published price indexes assist, but only roughly, in local price forecasting .
6. The tools and studies for serials budget forecasting are primitive.
7. Subscription prices and price increases are heavily determined by type of library collection, i.e., general, scientific, etc.
8. Prices are heavily affected by foreign exchange rates, which have been erratic and unpredictable.
9. The country of publication and country in which a library is located thus are significant in determining size of price increases. The United States has been in a favored position, whereas emerging countries have not been readily able to afford resources.
10. Librarians can, to some extent, take action and affect the prices libraries pay for serials.
11. Choice of subscription agent may affect price paid by the library, but it is not the most significant factor.
12. Librarians' best results come from communicating with publishers and requiring them to be more open and accountable.
13. Libraries have learned to adapt to cancellation of periodicals.

Further areas for research are:

1. How to use increasingly available automated accounting systems in predicting and fine-tuning serials budgets.
2. How to adapt available indexes to local situations, or how to create local indexes which are useful.
3. How to correlate C.P.I. and journal inflation figures.
4. How to control non-periodical serial budgets.
5. How to determine when a subscription can be cancelled.

How much a library collects in a given fiscal year usually reflects the local budget situation, which in turn is a microcosm of the regional, and perhaps national and world, economic situation. As we move through the mid-1980s, Western economies appear to have reached a period of greater strength and stability. In 1985, the U.S. inflation rate decreased markedly and libraries saw the first signs of reduction in rate of subscription price increases. Librarians will be waiting to see if this is a continuing behavior and if increases will more closely approximate level of inflation. If, as is likely, subscriptions increase at a higher-than-standard inflation rate, librarians will continue to be faced with justifying increases larger than budget appropriators are prepared to fund; an improved economy may not solve the basic concern of how to afford the libraries our patrons historically have had.

If serials prices accelerate at a faster rate than both inflation and monographic price increases, can libraries contemplate a future in which most of the acquisitions budget is spent on serials? Probably not, and, therefore, will they accept further major reductions in serial holdings? Although we have been living with reduced library budgets for over a decade, many librarians are reacting to budgets rather than planning purchase strategies in

advance. Fifteen years after the plentiful days of the 1960s, the time has come to accept financial restraint as the new operating environment.

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