

CREATE OA Workshop –Speaking Note

I'm not a competition expert, but I do know a bit about innovation, which is relevant to the discussion here. The competition content is largely drawn from more expert colleagues – and a bit of experience

Text is taken from Economist Apr 14th 2012

“PUBLISHING obscure academic journals is that rare thing in the media industry: a licence to print money. An annual subscription to *Tetrahedron*, a chemistry journal, will cost your university library \$20,269; a year of the *Journal of Mathematical Sciences* will set you back \$20,100.

In 2011 Elsevier, the biggest academic-journal publisher, made a profit of £768m (\$1.2 billion) on revenues of £2.1 billion. Such margins (37%, up from 36% in 2010) are possible because the journals' content is largely provided free by researchers, and the academics who peer-review their papers are usually unpaid volunteers. The journals are then sold to the very universities that provide the free content and labour.

For publicly funded research, the result is that the academics and taxpayers who were responsible for its creation have to pay to read it. This is not merely absurd and unjust; it also hampers education and research”

Competition aspects of the academic publication business raise a range of questions, including:

- Whether journals – or publishers - are competitors or complements; it is hard to argue that they compete directly in the market place for knowledge – as knowledge building is a cumulative process. But if there were competition you might expect to see technology change which reduces costs of copying and distribution to zero have a dramatic impact on prices in an industry whose cost of raw material and of quality control is already born largely by others – in fact by the public purse as outlined above.
- Whether suppliers (academics) or buyers (universities etc) have real choices of routes to an audience or sources of content ... some in earlier sessions have argued that they do, and others that – largely - they don't. So what are the real choices open to academic researchers, and to university libraries, and what are the perceived choices and is there a gap which affects behaviour
- Whether buyers can buy exactly what they want and there is really (if literature review is representative) the real evidence of 'bundling' subscriptions which limit choice which it suggests
- Whether it is easy for new entrants, or new technologies, to enter the market, again the evidence is divided with HEFCE maintaining here that journal rankings don't influence RAE rankings for funding distribution, but others claiming that top rank journals are crucial for careers. It is also worth asking o

whether the hold on access to back corpora of knowledge under copyright, can create barriers.

I was interested to see that the discussion in the Lit Review refers to the value added in publishing as reflecting its contribution to the economy. This is worth unpacking, because it assumes that the prices charged for academic publications are genuinely a 'final output'. I wonder whether that's true.

While publications may measure an academic's output, as part of the knowledge creation process journals are as much an intermediate input – the platform on which the next round is built. When national accounts change next year to represent commercial R&D as investment in an asset – whether or not it gets published – this is worth thinking through

It's partly because journals, like academic R&D; are funded by public expenditure – which like missiles count as final output rather than the defence system they contribute to – that they get counted as final output – consumption by the government on behalf of the citizen . And they get counted at effectively undeflated prices because the price of knowledge is too hard for ONS to estimate!

Competition is about behaviour and incentives. In a competition context we need to think about how incentives actually work, in the complex ecosystem of which academic publishing operates:

- Academics overriding incentive is to get published – the RA and carrer progression systrem demands it above all else, never mind the money
- They increasingly need to use TDM to analyse what others do,,, because they can't read 1.5 million (check?) plus per annum reviewed articles a year. This volume statistic alone stat tells you a bit about how far the knowledge creation business has grown, driven both by academics and by the oublishers
- Universities and research institutions need access to knowledge and cultural works, suitably quality controlled, curated, organised and presented, for their researchers and students
- Students need access to course reading material – if possible in bite sized chunks to get their minds round – and a good example of how that can be done efficiently is Stanford's version of a Digital Copyright Exchange (which we saw during the period when government was considering its response to Hargreaves) and which enables students to select and buy just what they want easily and efficiently.
- Publishers will have an incentive – short term – to protect existing their business models, so that they can extract most rent from their 'analogue age' content , and copyright may give them the exclusive right to do this
- But their longer term interests surely lie in serving the incentives of those who need them most – the authors who want distribution, and the scholars and researchers who want access to all the pre-existing knowledge.

Developing a framework to avoid creation of monopoly power, and unleashing the power of competitive innovation in bringing these interests together is the joint responsibility of:

- Universities (and research institutions)..... who currently pay out for access to journals, books etc. , but which have themselves not been above using copyright to enforce monopoly (Glasgow and Adam Smith)
- Research Councils and other public bodies who are now insisting that publicly funded research must be public, through OA
- Government, which is reforming the TDM copyright law so that non-commercial TDM is excepted, so that legally acquired content can be analysed efficiently with digital processes, as long as it isn't for profit.

Will action by these three groups do the trick? Or is there part of the process we've missed in thinking about how we disseminate and recycle knowledge rather than just create and accumulate it? This clearly isn't a simple question, as evidenced by the amount of heat earlier sessions have generated. But the incentives are crucial in thinking through how Open Access – of whatever colour or description - will affect the overall system.

And what role should the publishers themselves take in shaping the change?

Tony Clayton