Letters

To the Editor:

I am pleased to see that our recent article, "Journal Price Escalation and the Market for Information: The Librarians' Solution" (*College & Research Libraries* 53[Nov. 1992]: 523–35), provoked a worthwhile discussion of the application of economic models and academic research to real-world problems. I feel compelled to respond and clear up some misconceptions in the comments of Robert Michaelson, James Talaga, and David Lewis, "Letters" (*College & Research Libraries* 54[Mar. 1993]: 173–76).

First, although I, unlike David Lewis, believe that the invention and improvement of the photocopier have contributed to an increase in serials prices, I have recently been convinced that the increase in the number of faculty over the past two decades has also contributed to this problem. This is the argument suggested by Roger Noll and W. Edward Steinmueller (*Serials Review* 18[1992]: 32–37) and what I believe David Lewis refers to in his letter as a change in the "scale and scope of scholarship."

Second, we state three times in the text of the article that publishers maximize profits, which Lewis and Talaga seem to have overlooked in their reading. However, the diagrams and tables do not use profit maximizing points in order to maintain the simplicity of the argument for using Ramsey prices in this market. It is standard to ignore profit maximizing prices when illustrating Ramsey taxes in most undergraduate public finance textbooks (for example, *Public Finance* by David Hyman, Dryden Pr., 1993, 402), since the results do not change regardless of the prices used. In the example from our paper, when profit maximizing prices are used in both markets ($48 for libraries and $23 for individuals, *not* $50 and $19 as Talaga states), Ramsey prices will improve the welfare of society by increasing the welfare of libraries and their patrons by more than the decrease in the profits of publishers. Implementing Ramsey prices using photocopy prices changes the size and elasticity of demand in both market segments and results in a different set of profit maximizing prices for publishers. While using profit maximizing prices is technically correct, it significantly increases the complexity of the diagrams and the tables but does not change our results.

Ramsey prices are standard fare for public finance economists who analyze optimal tax policy. Clearly, librarians have a more limited set of tools than governments do. In this case, the price of photocopying appears to be the only tool librarians have to implement Ramsey prices.

What will happen if the price of photocopying for faculty is raised is debatable. Unlike Talaga and Lewis, I feel that an increase in photocopy fees will have an effect on the volume of faculty photocopying. While faculty typically do not pay for their photocopying, university deans and department chairs do make faculty aware of budget restrictions through different mechanisms to share university resources. Unlike Talaga, I do not feel that publishers can simply increase their prices to capture these photocopy profits. Talaga's argument assumes that university administrators would not decrease library resources to offset the increase in photocopy revenues and that libraries now value the heavily photocopied journals more than before because these are now the revenue-generating journals. Would the librarian's assessments of the value of a journal change because that journal is now a money-maker?

Finally, unlike Robert Michaelson, I feel that we are better off using time-tested models from economics to analyze economic problems. Is Michaelson suggesting that the alternative is to use subjective speculations and anecdotal evidence to find the solution to this problem?

This is precisely the problem of the "electronic journal solution" proposed by Michaelson, Lewis, and a host of others. Many librarians and academics see the low marginal cost of disseminating a copy of an electronic article and the fact that few electronic journals charge a fee as evidence that electronic journals will solve the current problem of serials price escalation. However, without rigorous economic analysis we must admit that we do not know what macro-economic savings or costs will result.

The simplest economic model of electronic journals is identical to a model of high-priced print journals that are not sold at a lower price to individual subscribers. In either case, if the quality and quantity of the journal are maintained and publishers make an economic profit, the journal will have a higher price. Replacing the library and individual subscriber markets with a single subscription that is received by the library or university computer center increases the value of the single subscription. An increase in the journal's value to the university enables the publisher to charge a higher price for the single subscription than in either of the two market segments. Electronic journal models that suggest lower prices always rely on a fundamental change in the market—such as more nonprofit publishers, universities retaining copyright, or a lower quality of refereeing—which are unrelated to the electronic technology.

Lewis and Michaelson seem convinced that electronic journals will dramatically lower serials prices and create a new market for the transfer of information. Their failure to use economic methods to support their arguments leaves me unconvinced. In fact, I am willing to bet both gentlemen $100 that the growth of electronic journals does not reduce the libraries' serials budgets at Northwestern University and the University of Connecticut over the next fifteen years.

BRUCE R. KINGMA
Assistant Professor
School of Information Science and Policy
Department of Economics
University at Albany

P.S. In response to the letter by Richard M. Dougherty and Brenda L. Johnson, I apologize for what they feel is a misrepresentation of their views. I mistakenly construed comments such as "Prices have increased well in excess of inflation rates and publishing costs," "If the *European Journal of Pharmacology* has to endure competition such as that experienced by *Time* and *Newsweek*, we would guess that subscription prices would not display the pattern we have observed over the past few years," and other comments (*Library Journal* [May 15, 1988]: 27–29) as implying they felt greedy publishers were to blame for price increases. I recommend their 1988 article to readers interested in this subject. In fact, I have my students discuss that article in my graduate class on the economics information.

To the Editor:

"Indexing Adequacy and Interdisciplinary Journals: The Case of Women's Studies," by Gerhard, Jacobson, and Williamson (*College & Research Libraries* 54[Mar. 1993]: 125–35), was of real interest to anyone working in an interdisciplinary field. I would like to commend the authors and the editor for making it available to us.

I would also like to suggest that we do have other access points to these and other significant journals in *UnCover*. I did a quick study of the titles in tables 1–6 and found that all but sixteen of the ninety-six titles are indexed in *UnCover*. The titles excluded are primarily those in lesbian studies, which may reflect new journal titles or lack of collection development in the area. On April 20, only two of the six titles from the lesbian list were included. However, all of the law journals are included as well as most of the titles from the other tables cited in the article. Presently, two major library systems holdings are being added to *UnCover*, those of the University of Hawaii and the University of Maryland. I expect that their holdings will increase the representation of women's studies journals. I imagine that many of the document delivery services in development will also give greater access to often neglected journals.

Access on *UnCover* includes key work and the ability to browse the tables of contents of the journals indexed. While full subject access is desirable, we all benefit from the technology that supports access to previously neglected journal titles.

NORMA J. HERVEY
Preus Library
Luther College
Decorah, Iowa