

**9 March 2001**  
**Reed Elsevier/Harcourt merger inquiry**

Ms Anne Jolly  
Reference Secretary  
Competition Commission  
New Court  
48 Cary Street  
London  
WC2A 2JT

Dear Ms Jolly

Re: Reed Elsevier/Harcourt merger inquiry

In response to your letter of 26 February 2001, I am writing on behalf of CURL [1](#) (the Consortium of University Research Libraries) to indicate our considerable concerns over the impending sale of Harcourt General (Harcourt), to Reed Elsevier and the Thomson Corporation.

We want to emphasise most strongly that the major concern we have over this merger is in connection with its potential impact on a particular part of the scholarly communication process i.e. that which is concerned with science, technology and medicine (STM) publications. The effect of the proposed sale of Harcourt as a whole, which includes the sale of its world-wide STM division or any of its individual companies (Academic Press, Mosby, Churchill Livingstone, W.B. Saunders) will, in our view, contribute to the continued concentration of STM publishers. Elsevier and Academic Press, in particular, have a significant number of the most highly esteemed and quality titles which libraries need.

Scientific publications have always been more expensive than those in other fields, and inflationary increases year on year are disproportionately high. This is made clear in the enclosed tables from two subscriptions agents: Swets covering 1996-2001, showing periodical price increases by discipline from 1996-2001; and from Blackwells covering 1990-2000. Swets and Blackwells merged in 2000 and can be contacted for further information [2](#). In universities with multi-disciplinary responsibilities, an increasing proportion of library budgets is spent on STM journals. As library budgets do not increase, if at all, by anything more than the current annual rate of inflation, this can have a very serious impact on other areas of expenditure such as book purchase. Indeed, a recent publication by the Publishers Association [3](#) also expresses concern about the declining purchasing power which university libraries have, without acknowledging the fact that journal inflation is a contributory factor to this!

We note that Reed have claimed [4](#) that the combined market share of Reed and Harcourt businesses in the STM sector in the UK is about 15 percent. We are surprised by this statement and would urge some investigation of what is actually meant by this.

I have asked members to provide me with information on the total combined number of Reed & Harcourt **titles** they subscribe to, as a percentage of their total subscriptions. I have also asked them to provide me with information on their **expenditure** on Reed & Harcourt titles as a percentage of their total journals expenditure. The information I have received so far is outlined in the following table. I would emphasise that these figures relate to the subscriptions which a library holds across **all** disciplines, not simply the STM sector. However two institutions have also provided data relating to their STM holdings and I have included this as well.

Institution	Nos. of titles asa % of <b>total</b> subscriptions	Corresponding expenditure as a % of <b>total</b> expenditure	Nos. of titles as a % of <b>STM</b> subscriptions	Corresponding expenditure as a % of <b>STM</b> expenditure
1	8%	23%		
2	18%	25%		
3	7%	27%		
4	13%	29%		
5	7%	25%		
6	8%	34%	20%	42%
7	7%	30%		
8	12%	32%		
9	16%	37%		
10	14%	38%		
11	9%	39%		
12	13%	33%	28%	42%
13	10%	29%		
14	23%	29%		

Prices of STM journals published by the commercial sector (where shareholder interests are paramount) tend to be more expensive than those published by not-for-profit learned society and association publishers. There are a number of studies which illustrate this fact. Table 4 in an article by Professor Mark McCabe, of the Georgia Institute of Technology, compares the society and commercial publications for biomedicine, and can be found on the website for the [Association of Research](#)

[Libraries \(ARL\)](#) in the United States . The University of Wisconsin, and Cornell University have also done a number of studies which demonstrate prices by these breakdowns. Both of these studies are summarised in ARL's [Bi-monthly report \(Issue 205\)](#) and are also available on the web.

The issue covers Wisconsin's work in physics and neuroscience and Cornell's work on agriculture and biology. Wisconsin have also just released data on a more recent [study in chemistry](#).

It is our view that commercial firms have raised prices at a rate disproportionate to any increases in costs or quality. In the early 1990s, inflation for Elsevier Science titles was between 15%-20% per annum. [SPARC](#), an initiative in the United States, is aimed (in a very limited way) at introducing competition into the scholarly communication process. One aspect of its activity, the Alternatives programme, encourages and supports projects that represent a direct and strong competitive alternative to existing high-priced titles in important established STM fields. It is interesting to note that when *Organic Letters* was launched by SPARC and the American Chemical Society in 1999, in competition to *Tetrahedron Letters* (a Pergamon Press publication) the rate of increase in journal price for *Tetrahedron Letters* declined, as the following table illustrates:

Yr.	Actual	Incr Pct	Trend at +15%/yr
'95	\$5,199		
'96	\$6,003	15.5%	
'97	\$6,895	14.9%	
'98	\$7,936	15.1%	
'99	\$8,602	8.4%	\$9,126
'00	\$8,859	3.0%	\$10,495
'01	\$9,036	2.0%	\$12,070

Other research by Professor McCabe [5](#) suggests that price increases have been substantial and that past mergers have contributed to such increases. For example, when Elsevier acquired Pergamon, the post merger increases for former Pergamon titles was about 27%. Professor McCabe's most recent work, an evaluation of the impact of seven publisher mergers on journal prices during the period 1988-2001, supports this hypothesis. Although this latest paper is not yet in the public domain, I understand that you have been in touch with Professor McCabe and that his research is being made available to you.

It is a primary function of our members to provide information to their university communities in order to facilitate learning and research activities. Academics are under enormous pressure to publish. This is the primary means by which their research is made available to the community. Publications are a measure of status and contribute towards promotion. They are a crucial performance indicator within the research assessment exercise [6](#). This review, carried out every five years, looks at academic publications as one (very significant) measure of the quality of research activity within a higher education institution, and has direct consequences for institutional funding and revenue streams. Libraries are therefore under tremendous pressure to provide access to the literature in which their academic communities publish.

In CURL's view this merger is against the public interest. As I think we have demonstrated, our members have been severely affected by publisher price increases over the past decade; and are concerned about any developments which may further contribute to price increases, including mergers. Scientific publishing, in particular, is increasingly dominated by a small number of large commercial publishers, with many core titles under the same imprint. The net effect of the sale of Harcourt will be a continued erosion of libraries' ability to provide all the information resources their institutions require. We are also concerned about its potential impact on the emerging electronic market, where we believe it is likely to restrict alternative pricing and delivery models.

Much of the original content in STM publications has arisen from public sector funding. It is surely not in the public interest that this content cannot be widely disseminated within the sector, because institutions are unable to buy the content back.

The divestiture of any element of the companies, outwith the STM market (e.g. the recent sale of Bowker announced by Reed) will have no impact on this market. Divestiture of Academic Press would be more significant. More generally, we believe that the present market structure is unsustainable and CURL is pursuing a number of other strategies designed to facilitate the development of alternative pricing structures.

I would emphasise that this response has been made to a very short dead-line. We have provided what information we can in the time available. The issues involved are highly complex and have only been touched on in this letter. We would be very happy to provide additional information and clarification if required.

Yours sincerely  
Chris Bailey  
Executive Secretary

## Endnotes

1. The full members of CURL include the largest research libraries in the UK higher education sector: the Universities of Aberdeen, Birmingham, Cambridge, Durham, Edinburgh, Glasgow, Leeds, Liverpool, London (Senate House), Manchester, Newcastle, Nottingham, Oxford, Sheffield, Southampton, Warwick; and the British Library of Political and Economic Science at the LSE, Imperial College, Kings College London, and University College London. Our associate members include the British Library, the National Library of Scotland, the National Library of Wales, and the Wellcome Trust. Trinity College Dublin is also in membership as a UK legal deposit library.

2. Swets Blackwell, 32 Blacklands Way, Abingdon Business Park, Abingdon, Oxon OX14 1SX

3. Sowden, P. *University Library Spending on Books, Journals and Electronic Resources: 2001 Update: A report for the Council of Academic and Professional Publishers*

<http://www.publishers.org.uk>

4. *Financial Times*, 22 February 2001

5. McCabe, M. *Academic Journal Pricing and Market Power: A Portfolio Approach*  
Revised November 2000

<http://www.prism.gatech.edu/~mm284/JournPub.PDF>

6. <http://www.hefce.ac.uk/Research/assessment/default.htm>