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AN AUCTION MARKET FOR JOURNAL ARTICLES

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ABSTRACT. Economic articles are published very slowly. We believe this results from the poor incentives referees face. We recommend that an auction market replace the current, push system for submitting papers and demonstrate that our proposed market has a stable, Pareto-improving equilibrium. Besides the benefits of speed, this pull mechanism increases the quality of articles and journals and rewards referees for their effort.

Although the auction price gives a prior on a paper's future value, its actual value—as a published article—depends on later citations. Since the auction price of later papers goes to the editors, authors and referees of earlier, cited articles, “auction earnings” give a direct measure of the value of articles, journals (the sum of articles) and academics—as authors, editors and reviewers—rewarding good writing, decisions and effort, respectively.

NOTE TO READERS: This topic is both important and controversial. We will participate in public discussion at <http://amja-blog.blogspot.com/>. We will also (privately) reply to email. – Jens and David

The Manuscript Clearing House . . . would reduce the social cost of information to editors, authors and the subscribing public thereby generating considerable efficiency in the production and consumption of scholarly output. By promoting competitive bidding for manuscripts, it would equalize returns to scholarly output across ranks, improve the efficiency of the academic job market and tend to reduce alleged discrimination by journals. [. . .] Editors would have far more information about the papers available on the market, reducing duplication in publication, double reviewing and delay in collating related papers. —Havrilesky (1975)

Many academics wish the Current Publishing System (CPS) worked better (Ellison, 2002b,a; Colander and Plum, 2004). The need to reform is growing more urgent as pressure from different sources increases: Publications are more important for junior academics seeking

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validation of their academic production but losing their value to senior academics annoyed with problems in the system (Oswald, 2006; Ellison, 2007).

Some reforms address speed: Berkeley Electronic Press urges reviewers to work faster (“median decision time in 2006 was 27 days”). The Social Science Research Network sidesteps the problem of reviewers, allowing authors to upload preprints for instant distribution. Others change the reviewers’ role: Open-source peer-review allows anyone to comment (Zamiska, 2006); Tsang and Frey (2006) suggest an “As-Is Review”, i.e., editors accept or reject based on referee comments, but authors choose which revisions to make. Each of these ideas fails to address the main problem: referee incentives.

We propose auctions—with revenue sharing—to fix incentives. Although we worked out “our” auction idea before discovering Havrilesky’s undeservedly-obscure article, we are honored to resurrect his idea. Besides improving incentives, our Auction Market for Journal Articles (AMJA) improves article-journal matching, article quality and publication speed. Because prices exist, it also measures the academic productivity of authors, editors/journals and referees.

The AMJA works as follows: In period zero, the author writes, markets and submits his paper to the AMJA auction server. In period one, editors screen and value papers. In period two, editors bid for papers; winning bids—in “academic dollars”—go to the authors, editors and referees of *articles cited* in auctioned papers. In period three, referees review papers, and editors decide to accept or reject papers in period four.

In the next section, we describe the pros and cons of the CPS. In Section 2, we put the CPS and AMJA in the same model framework. We analyze the AMJA game in Section 3 and compare its equilibrium with the CPS equilibrium in Section 4, showing how the AMJA equilibrium is a strict Pareto-improvement on the CPS equilibrium. In Section 5, we discuss some aspects of the AMJA not explicitly in the model. We conclude with a discussion of

how the AMJA improves valuation of articles and feedback on journals' service to authors and referees. Interesting, but peripheral, logistical details are in the Appendices.

Our goal is that you, the reader, agree with most—not necessarily all—of our analysis and discussion. If you do think we are onto a possible solution, we hope that you will support the next step: a pilot implementation of the Auction Market for Journal Articles.

1. INCENTIVE PROBLEMS IN THE CURRENT PUBLISHING SYSTEM

Science demands recognition of the fact that exclusive review procedures promulgated by editors work to their and to the referees' decided advantage, not to that of potential authors. The basis for this policy is more one of convenience, power, and control than ethics. —Szenberg (1994)

An editor's job is triage, but he is unpopular since he rejects 75 percent of the submissions, sends papers for review to people who are too busy and then badgers those reviewers. —Pressman (2005)

... an active discussion among economists could reveal a lot about whether the current system maximizes the utility of those involved or whether an alternate system might make economists' lives more enjoyable and research more productive. —Ellison (2002b, p. 990)

In the CPS, an author chooses and submits his paper to one journal. This choice matters: Shoot too high and suffer delay before rejection;¹ shoot too low and waste an opportunity to publish well (Oster, 1980). According to Judge et al. (2007), the single most important factor determining an article's popularity is not how well it's written, who the author is, or the originality of the idea—it's the prestige of the journal publishing it. If true, authors are right to worry about appropriate placement. Unfortunately, bias in favor of their own brilliance ensures they will shoot too high more often than too low, wasting everyone's time.

The editor receives papers pushed by authors. If the editor does not “desk-reject” the paper, he chooses one or more referees to review it. Their reviews help the editor decide to accept or reject the paper. Although all parties to the process are trying to do the right

¹The average wait for rejection is eight months; thirty percent of articles were rejected by another journal before they were accepted for publication (Hamermesh, 1994).

thing, editors and referees make mistakes in rejection (or acceptance).² These mistakes arise from the characteristics and incentives of the CPS: Authors push papers at editors, who have a temporary monopoly on review by referees who receive little credit for their work.

Let us look at the CPS from the perspectives of each actor, concentrating on the main problem each faces.³

Authors are unhappy because **slow publishing delays decisions on tenure, precedence or originality**: Submitting to the wrong journal increases the problems of delay. On the other hand, authors do like the control and choice they have in the CPS: They push their papers to the journals they want. They also like getting “free” review services, although this is an obvious, negative externality for referees and editors.⁴

Editors are unhappy because **authors push papers at them**: They choose neither the quality nor volume of incoming papers, regularly reject authors, have the burden of affecting others’ careers, struggle to get effort from referees, are paid little, and sometimes doubt the sincerity of those who claim to be friends. On the other hand, power and prestige benefit editors’ their own research and career.

Referees are unhappy because **they work for “free”**: Their reputation doesn’t improve because their work is anonymous to most; editors push them; and they are constantly finding problems—not solutions—in papers they review. On the other hand, referees are happy because they receive “credits” from editors for future, favorable treatment of their own work; they give back as a member of the academic community; and they have power from insider information.

²Gans and Shepherd (1994) reported how (now) famous economists could not get their seminal articles published. (Interestingly, Gans’ article was “accepted before it was researched and published about a year later” (Gans, 2004).)

³We ignore other parties (publishers, consultants, bureaucrats, policy makers, et al.) to concentrate on the central players in academic publishing.

⁴Submission is not always free. Some journals have submission charges and/or require future referee reports.

Readers are unhappy because **the CPS is too slow**—recent publications do not reflect state-of-the-art research⁵—and **the CPS system of matching papers to journals by quality is too inaccurate**: Although all articles in a given journal are good, not all good articles will be in that journal, either because they are published in another journal (increasing search costs) or because they are still in-press (increasing waiting costs) (Starbuck, 2005; Chow et al., 2006; Oswald, 2007). On the other hand, readers are happy because journals filter and rank articles from a much larger pool of papers—improving them (presumably) in the pre-publication review process.

Broadly speaking, authors and readers want a slow process to speed up but be more accurate; editors want control over the papers they consider; and referees want rewards for good work.

Weak incentives for referees have perhaps the greatest adverse impact. Their rational reaction—choosing minimal effort and looking for reasons to reject a paper—leads to bad outcomes. Other researchers find that referees delay and/or avoid work, arguing with each other and failing to understand value (Szenberg, 1994; Starbuck, 2003).⁶ They reject original, significant works that conflict with current beliefs and favor papers that echo their own results (Armstrong, 1997, 2002).⁷ Referees’ reviews have a low or negative correlation with subsequent citations; referees often miss the big picture, and over three-quarters of their requested changes were based on “whim, bias or personal preference” (Armstrong, 2002;

⁵The proliferation of conferences and/or rise in registration fees may be partially-explained by publication delay: As delay increases, the value of attending conferences rises.

⁶Garcia-Berthou and Alcaraz (2004) sample articles in *Nature* and the *British Medical journal*, identifying one or more statistical errors in 38 percent of the articles. In four percent of the cases, “the conclusion would change from significant to nonsignificant” [p. 3]

⁷We have personal knowledge of a case where the referee for a prestigious journal recommended rejection of a paper that corrected a fatal mistake in the referee’s *own* article in the same journal. The editor accepted the referee’s opinion. That paper is now in limbo—other journals will refer it to the rejecting journal; it “cannot” be resubmitted because it was rejected.

Starbuck, 2005). If there is one thing to fix, it is referee incentives. In the next section, we tell you how we do it.

2. HOW AUCTIONS FIX THE PROBLEM—A SIMPLE MODEL

Some notes on terminology: First, we discuss a system that serves academics with mainstream preferences in the dimensions we cover, i.e., *average* readers, authors, editors, and referees. Although preferences within these groups are likely to be heterogenous, we do not discuss implications for players with non-average preferences. Second, we define variables and parameters with all subscripts; in later use, we drop subscripts whenever possible to reduce clutter.

2.1. Induced Utility and Cost Functions. We characterize the induced utility functions of the four parties involved in the publication process by quantifying the main arguments mentioned in Section 1. The average reader/consumer C values article quality and publication speed, i.e.,

$$v_C = u_C(Q_j, T), \tag{1}$$

where the utility of reading articles (u_C) is increasing in the average quality of articles in journal j (Q_j) and decreasing in time-to-publication of journal j (T_j).

We assume that any competitive publication system—in equilibrium—publishes high-quality papers in high-reputation journals; this condition solves the reader’s asymmetric information problem, i.e., judging the quality of an article before he spends a reasonable amount of time reading it.⁸ We also assume that the career prospects of author i positively

⁸If the ranking in reputation of a journal is a roughly correct indicator of the quality of articles published in that journal, journals serve the academic community by provision of a public good—paper preselection and vertical classification. This is a public good because the journal publishers cannot charge every consumer of the good, i.e. all readers know the table of contents at little or no cost.

depend on the reputation of a journal publishing i 's article; see Judge et al. (2007). Hence, average author i prefers to produce a paper with high quality.⁹ He also prefers speedy publication, i.e., low T_j . For production of a paper with quality q_i and marketing the paper with effort m_i , the author bears costs of $a(q_i, m_i)$.¹⁰ These costs are convex in both arguments with an induced utility of¹¹

$$\nu_i = u_i(q_i, T_j) - a(q_i, m_i). \quad (2)$$

An average editor j values the power and prestige of his job; this increases with the journal's prestige, which is a function of average article quality (Q_j).¹² The editor incurs cost in his job: the cost of preliminary review for submitted papers (s), the cost of choosing a referee for papers that survive preliminary review (r), and the cost of finalizing papers for publication (f). We assume cost functions $s(\cdot)$, $r(\cdot)$ and $f(\cdot)$ are convex in the number of papers at each stage to reflect increasing opportunity costs. Thus, the editor's induced utility function is

$$\nu_j = u_j(Q_j) - [s(\cdot) + r(\cdot) + f(\cdot)]. \quad (3)$$

An average referee of journal j obtains utility u_R from expected preferential treatment for his next submission to that journal. A referee can invest effort $e \geq \underline{e} > 0$ in judging and improving a paper for a cost represented by the convex function $c(e)$. \underline{e} is the minimum effort necessary to deliver a referee report that satisfies the editor; i.e., we assume the editor

⁹Many authors produce high quality for other, extrinsic or intrinsic reasons. Since these reasons complement career goals, we ignore them.

¹⁰Marketing refers to presenting at conferences or seminars, sending emails, posting to preprint servers and listservs, soliciting reviews from colleagues, etc. (Armstrong, 2002, p. 78).

¹¹Costs of quality production and marketing are convex because of increasing opportunity costs, e.g., time away from other work.

¹²We assume that journal and editor are paired only with each other; thus we refer to both with the same subscript j .

and referee both know when a report is unsatisfactory. Since one characteristic of report quality is speed, we assume that higher e speeds publication, i.e., $\frac{\partial T}{\partial e} < 0$. u_R is positively dependent and concave in e . The induced utility of a referee is

$$\nu_R = u_R(e) - c(e). \quad (4)$$

2.2. The Auction Market for Journal Articles (AMJA) Game. Authors write papers, market them to editors, and post them for auction. Editors bid Academic Dollars (A\$) for papers (see Appendix B on page 32 for a discussion on currency), assigning those “won” to referees. Referees put in effort to review and improve papers. After publication, readers read and cite articles (published papers) in their own work. When those readers’ papers are subsequently auctioned for A\$, the redistribution of A\$ to the authors, editors and referees of articles cited in those papers rewards quality.¹³ Figure 1 on the next page displays the flow of a paper and A\$. The detailed timing of auctions is as follows:

Period t_0 —Author Writes/Markets Paper: Author i writes paper i with quality $q_i \equiv q$ for a cost of $a(q)$ and makes the exogenous decision to post it on the auction server, for an exogenous fee of ϕ . The author specifies:

- (1) a reserve price,
- (2) positive/negative “handicaps” on bids from particular journals (allowing the author to integrate his preferences for certain publication outlets),
- (3) the maximum time he will wait for a final acceptance/rejection decision from the editor who wins the paper at auction,
- (4) a minimum share of future revenues from the article, and

¹³For example, say Paper 1 is auctioned for 100A\$ and cites 10 older articles. Each gets 10A\$, to be divided among the author, editor and referee of each article. When Paper 2—citing Paper (now Article) 1 and 9 others—sells for 70A\$, Article 1’s author, editor and referee split 7A\$ according to their prior agreements.

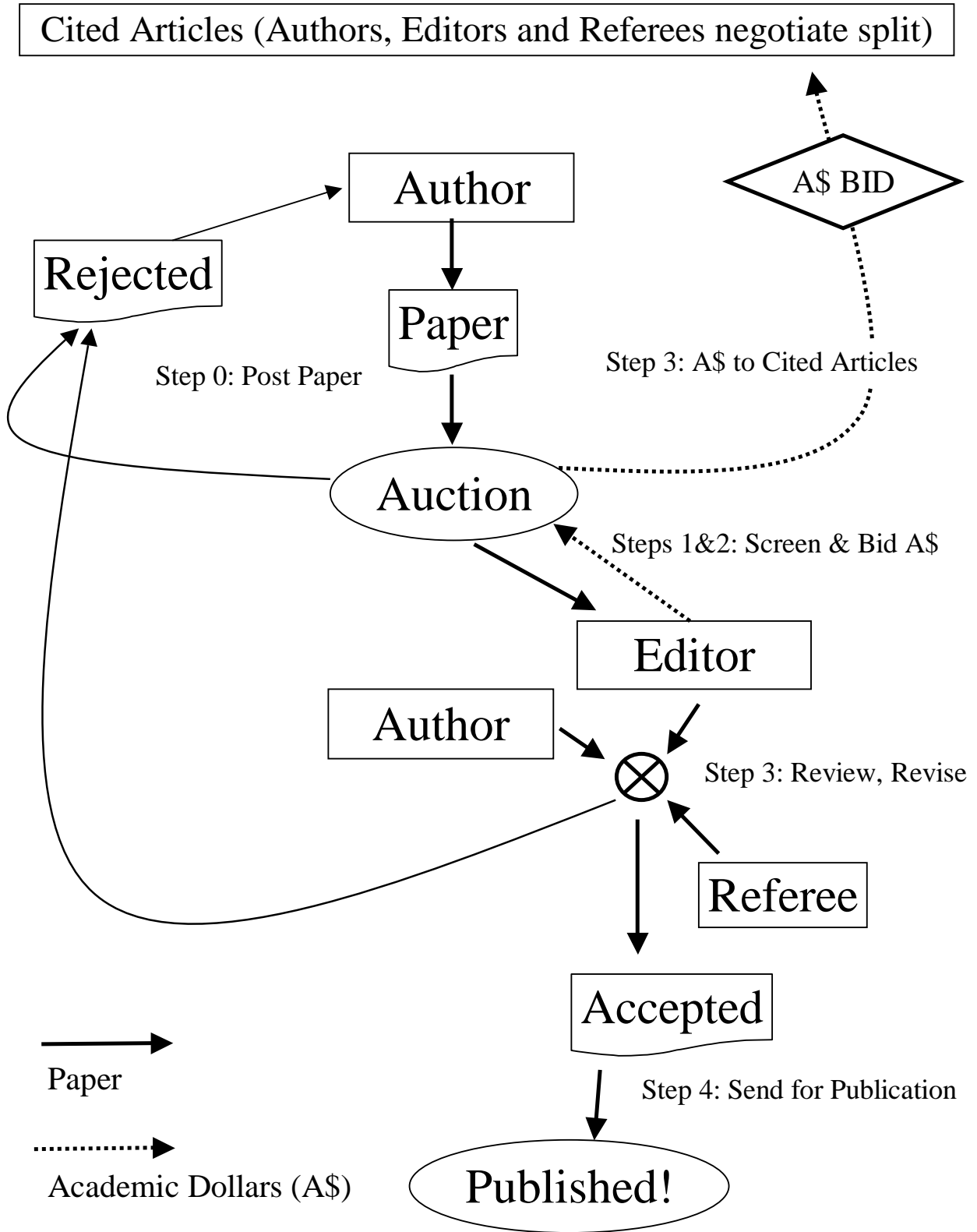


FIGURE 1. Market Structure from Auction to Publication. In Step 3, auction proceeds go to prior *cited* articles. The auctioned paper receives revenue after publication as an article, when papers citing it are auctioned.

(5) to remain anonymous.¹⁴

Since authors specify these five criteria outside of the game, we treat the author’s share of future revenues from the article $(1 - \alpha)$ and total time from submission of a paper to the auction server to final acceptance/rejection decision (T) as exogenous variables.¹⁵ The author decides marketing effort (m) , which has a cost of $a(m)$.

Period t_1 —Editor Screens Papers: Editor j of journal j already knows about the set $K_j \equiv K$ papers, where K is a random draw from the much larger set (∞) available on the auction market; see Figure 2. He decides $|L|$, the number of papers in set $L \subseteq K$, at a cost of $s(|L|)$. In doing so, he learns his willingness to pay $(v_{ij} \equiv v)$ for each of the $|L|$ papers. v depends on the expected revenue of an article $(\hat{\pi})$, which differs among editors and is drawn from an arbitrary distribution.¹⁶ Let μ denote the probability that the editor’s valuation is positive, i.e., $\text{Prob}\{v > 0\} \equiv \mu$.¹⁷ We normalize valuations such that editor j only has a valuation $v > 0$ for a paper if his prior after spending $s(\cdot)$ on it is that he is willing to publish that paper in principle. Publication will not occur if the editor wins a “better” paper at auction and both papers compete for the same space in journal j .

Period t_2 —Editor Bids on Papers: Editor j submits a single bid of $b_{ij} \equiv b$ for each paper in L . A\$ bids are not published. This sealed-bid, second-price (Vickrey) auction ends at the pre-specified time after which the highest and the second-highest bids are known. The

¹⁴Acceptance rates and referee ratings are lower and more critical when the reviewer is unaware of the author’s identity, which is only 55 percent of the time (Blank, 1991, pp 1041-2).

¹⁵Diversity in these variables can correct for author and editor/journal heterogeneity. Duration T could be split into a standard duration (T_1) for the auction and a standard duration (T_2) for the editors acceptance/rejection decision. Standardization at the auction server could minimize transaction costs, but flexible T s allow for various heterogeneities.

¹⁶To avoid combinatorial issues we assume that editor j ’s valuation for paper i does not depend on his valuation for paper $l \neq i$. If an editor wants to bid on related papers (e.g. to publish a one-topic issue), he could increase his valuation for paper i by adding a value component to $\hat{\pi}$ that depends on his expected probability of winning the other papers. Alternatively, papers could be bundled at auction.

¹⁷The probability for positive valuations varies among editors: An editor of a high-quality journal might not want to publish the same paper an editor of a lower-quality journal would; see more about private values on page 15.

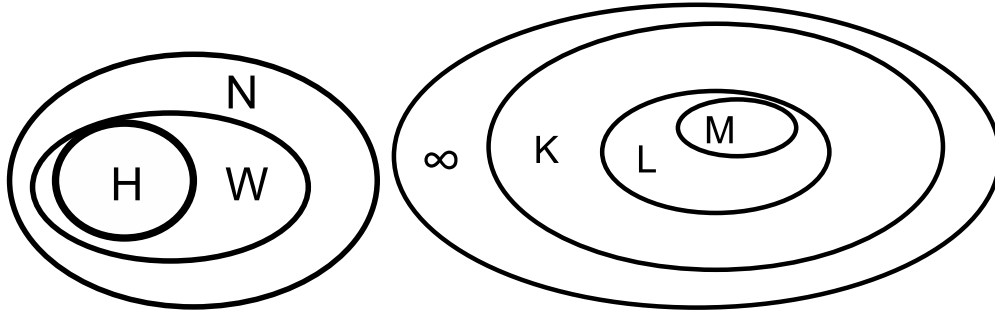


FIGURE 2. In the CPS [left], editor j makes a preliminary review of subset W in the set of submitted papers N . He sends a subset $H \subseteq W$ to referees for review. In the AMJA [right], each editor has a set K of “known” papers in the much larger set (∞) available on the auction market. He “learns” about (and sets a value on) an endogenous subset L . He wins a subset ($M \subseteq L$) at auctions and sends them to referees.

highest bidder wins and pays the price $p = \hat{b}$, where \hat{b} is the second-highest bid.¹⁸ p is distributed equally among the editors of the articles cited by i (who then split their shares with referees and authors of those articles). Editor j wins a set of papers $M \subseteq L$. He has the right to accept or reject those papers before T ends.

Period t_3 —Referee Reviews Paper: The editor incurs costs $r(|M|)$ to find a referee willing to review the papers he has optioned for a share (β) of future revenues ($\pi_{ij} \equiv \pi$)—should the editor publish the paper.¹⁹ The referee chooses effort e to judge/improve the paper and recommend its acceptance or rejection.

Period t_4 —Editor Accepts/Rejects Paper: We define X as the set of papers finally accepted for publication in a given issue of journal j and $|X|$ as the number of slots available for articles.²⁰ Given $|X|$, we define γ as the share of papers the editor can accept out of the $|M|$

¹⁸These auction rules guarantee maximum anonymity of bidders and bids—and thereby solve the typical problems of auctions with common or affiliated values and sniping; see Section 3 for more details. Without loss of generality we also use \hat{b} to denote the *expected* bid of the second-highest bidder.

¹⁹We assume β , like α , is exogenous. In practice, β results from a bargaining process that integrates referees’ heterogeneous quality and standing.

²⁰We ignore the fact that papers differ in length.

won at auction, i.e., $|X| \equiv \gamma|M|$.²¹ The editor accepts and finalizes for publication the best $\gamma|M|$ papers at a cost of $f(\gamma|M|)$; he rejects $(1 - \gamma)|M|$. This decision involves no additional effort and therefore no optimization trade-off.

2.3. Quality Production and Article Revenues. Before we solve the AMJA Game, let us specify $Q_j \equiv Q$, the average quality of *accepted* papers in journal j .²² Q is a function of the quality of papers authors submit to the auction (q), referee effort (e), and the journal's acceptance rate (γ). As Q is the average quality of papers in X , a subset of (∞) , in expectation it positively depends on q_i , a single paper's quality, where $i \in \infty$. As increased quality of an individual paper translates monotonically into increased average journal quality, we assume that q has a non-convex impact on Q . As a referee's work can increase a paper's final quality and partly substitute for its original quality, e should have a similar effect on Q as q .

The editor can rank the $|M|$ papers he has optioned for publication after spending $s(\cdot)$, $r(\cdot)$ and reading referee reports. As long as he chooses to publish the best of those papers, which is in his interest, a lower acceptance rate (γ) results in higher average journal quality, *ceteris paribus*. For simplicity, we assume a linear relation such that γ positively depends on the exogenous number of slots in a given journal issue ($|X|$) and negatively on the number of papers the editor options in the auction market ($|M|$). We assume $|M|$ increases monotonically in $|L|$, the number of papers an editor bids on, because each non-zero bid increases the probability of placing the highest bid for a paper and winning its auction.²³ Formally,

²¹We will refer to γ also as the "acceptance rate". Note that this rate is different from the CPS acceptance rate, which equals $\frac{|X|}{|N|}$.

²²This definition allows us to use Q as the "quality of journal j " as well.

²³If editor j spends s' on paper i and learns that his valuation $v = 0$, he has a dominant strategy of bidding $b = 0$. As the editor's prior on his expected valuation for a given paper in K must be positive (otherwise he would be a useless editor), a marginal increase in $|L|$ —while assuming that the quality standards of the editor, expressed by μ , are constant in $|L|$ —increases the probability of finding a paper on the auction market for which $v > 0$. For each such paper, as we will see below, his optimal bidding strategy is $b^* = v > 0$. Combined with our assumption that the sets of known papers of editors j and k (K_j and $K_{k \neq j}$) are random—thus

we operate with the following Equations:

$$Q = Q(q, e, \gamma(|M|(|L|))) \quad (5)$$

$$\frac{\partial Q}{\partial q} > 0 \quad ; \quad \frac{\partial^2 Q}{\partial^2 q} \leq 0 \quad (6)$$

$$\frac{\partial Q}{\partial e} > 0 \quad ; \quad \frac{\partial^2 Q}{\partial^2 e} \leq 0 \quad (7)$$

$$\frac{\partial Q}{\partial \gamma} < 0 \quad ; \quad \frac{\partial^2 Q}{\partial^2 \gamma} = 0 \quad (8)$$

$$\frac{\partial Q}{\partial L} = \frac{\partial Q}{\partial \gamma} \frac{\partial \gamma}{\partial |M|} \frac{\partial |M|}{\partial |L|} > 0 \quad ; \quad \frac{\partial^2 Q}{\partial^2 |L|} = 0 \quad (9)$$

Equation (5) characterizes the production function of journal quality. Equations (6), (7) and (9) capture the marginal effects of the efforts of authors, referees and editors on the production of journal quality. (8) is necessary to understand (9).

We make the crucial assumption—following Judge et al. (2007)—that an article’s citation revenues monotonically increase in the quality of the journal in which it appears. Formally, let i be one of G papers that cites article ij , let p_i be the price of i in a future auction, and let n_i be the number of articles cited in i . Then, abstracting from time discounting, future revenues that article ij generates are

$$\pi_{ij} = \sum_{i=1}^G \frac{p_i}{n_i}. \quad (10)$$

As revenues will only be made in the uncertain future, we will denote the *expected* revenues of article ij by $\hat{\pi} \equiv \hat{\pi}_{ij}(\cdot)$. By the above argumentation and Equation (10), we have

$$\frac{\partial \hat{\pi}}{\partial Q} = \frac{\partial \hat{\pi}}{\partial G} \frac{\partial G}{\partial Q} > 0. \quad (11)$$

non-overlapping—draws from ∞ , we conclude that an increase in $|L|$ increases the probability that editor j places the highest bid for a paper and thereby increases $|M|$.

We assume that $\hat{\pi}$ is non-convex in Q_j , i.e.,²⁴

$$\frac{\partial^2 \hat{\pi}}{\partial^2 Q} \leq 0. \quad (12)$$

Summarizing Equations (6), (7), (9) and (11), we get:

Lemma 1 (Expected revenues of an accepted paper).

The expected revenues of an article ($\hat{\pi}$) are increasing in the quality of the paper an author submits to the auction (q), the effort of a referee to improve the paper (e), and the number of papers an editor chooses to learn about ($|L|$).²⁵

3. ANALYSIS OF THE AMJA GAME

We ignore the possibility of zero strategies and look for a subgame-perfect equilibrium that provides positive outcomes.²⁶ Since there is no optimization in t_4 , we start with the referee's optimization problem in t_3 where the referee faces a moral hazard problem concerning acceptance or rejection of the paper he is to review: Since he will only get a payoff if the paper is published, he is unlikely to recommend rejection.²⁷ If so, the editor making acceptance decisions in t_4 could use his own ranking of papers within $|M|$ that he got from spending $s'(\cdot)$ in t_1 and could compare the arguments that referee provides with the arguments another referee provides in favor of another paper. We conclude that the recommendation of the

²⁴We assume non-convexity to reflect the fact that journals do not have increasing returns to scale. This is evident in the emergence of more, not bigger, journals in response to the multiplication of fields and demand for publication space. The most recent manifestation is the AER's spawning of four field journals.

²⁵We call papers "accepted" when they are won at auction and "articles" after they are published.

²⁶One obvious subgame-perfect equilibrium of the AMJA game is a strategy combination in which no party exerts any effort, i.e., a *zero equilibrium* where authors invest $q = m = 0$ and do not post to the auction server; editors learn about $|L| = 0$ papers and bid $b = 0$ for each paper in an empty set L ; referees pick $e = \underline{e}$ but suffer no refereeing disutility because editors send them no papers. No papers are published, and all four parties enjoy induced utility of zero. Nobody has an incentive to deviate as publishing papers is only feasible cooperatively.

²⁷In a repeated version of the game such a proposed pooling equilibrium, where all referees recommend acceptance, is not necessarily stable; referees could build a reputation for honesty and seriousness by rejecting a higher share of papers without effort; see Mailath and Samuelson (2006) for modeling possibilities that we ignore here.

referee in a one-shot game does not contain useful information for the editor. This does not imply that the referee is useless: He improves the quality of the paper.

Recall that α is the journal's share of future revenue $\hat{\pi}$, of which the editor gives the share β to the referee. This share extends the objective function of the referee in Equation (4). Therefore, the referee chooses effort e^* to solve the optimization problem

$$\max_e \alpha\beta\hat{\pi}(e, \cdot) - c(e) + u_R(e), \text{ subject to } e \geq \underline{e}. \quad (13)$$

We know that referees work (choose positive effort) without explicit remuneration in the CPS. Consequently we must have $u_R(\underline{e}) \geq c(\underline{e})$.²⁸ As the AMJA only adds utility to existing CPS utility—for the same work—we have

$$\alpha\beta\hat{\pi}(\underline{e}, \cdot) + u_R(\underline{e}) > c(\underline{e}). \quad (14)$$

We know from Lemma 1 that $\hat{\pi}$ is increasing in e . From Equations (7) and (12), we know the LHS of (14) is concave in e ; the RHS, by assumption, is convex. This yields:

Lemma 2 (Effort of the referee).

The optimization problem of the referee, Equation (13), has a unique and well-defined solution, $e^ > \underline{e}$.*

In period t_2 the editor bids for papers. The value of a paper comes from two properties: The paper has a *private value* for editors of certain journals and a *common value* for all

²⁸This is a corollary to maximizing (13) when $\hat{\pi} = 0$.

editors.²⁹ We avoid the problems attached to auctions with common or affiliated values—and take advantage of the heterogeneous, uncertain private values—by specifying a sealed-bid, second-price auction.³⁰ Without knowing the mix of private and common values or other bidders' reputations, each bidder cannot use others' bids to calculate common value or bid strategically.³¹ This leaves the standard, optimal strategy for second-price, sealed-bid auctions: bidding private value: $b^* = v$.³² Conveniently, sealed bids also prevent shill bidding and sniping.³³

Notice that budget constraints do not affect this strategy: If an editor bids $b < v$ on some papers because of a restricted budget, he only decreases the *probability* of winning those papers; the price he pays depends on the second-highest bid. As he does not know the number or financial strength of other, bidding editors, there is no reason to deviate from a strategy of b^* . If he runs out of $A\$$, he simply has to stop bidding for further papers.³⁴

Private value v depends on expected revenues of an article ($\hat{\pi}$), the editor's share of those revenues ($\alpha(1 - \beta)$), the probability that a purchased paper will be published (γ), and the cost of finding a referee ($r'(\cdot)$). As $r(|M|)$ is convex, the editor estimates the number of

²⁹Pure common value means that bidders have the exact same values for the item, e.g., an auction for \$1. Pure private value means that bidders' values are uncorrelated. It is through *affiliation*, i.e., positive correlation between private values that these values become common, and bidders' strategies become interdependent (Milgrom, 1989, p. 14). Affiliation creates interdependent bidding strategies, which are analytically complex (Klemperer, 2002).

³⁰We could specify that bids be published ex post—but only by assigning each bid a unique identification number which ensures the anonymity of bidders and their strategies. This further specification would let bidders and authors monitor the manager of the auction platform without influencing results.

³¹Obviously, the fact that we use a sealed-bid auction does not rule out the existence of the common value part—every editor wants to publish a good paper. Milgrom (1981) has shown that sealed-bid auctions prevent bidders from learning common values through others' bids, resulting in lower bids (to avoid winners curse) and sub-maximal revenue. Since this characteristic affects all papers equally, relative incomes do not change, and we can ignore it. (Recall that our goal is to allocate papers and value articles—not maximize revenues.)

³²See, for instance, the proof in Klemperer (1999, Footnote 20).

³³*shill bidding* occurs when someone bids for the author to drive prices up. *Sniping* occurs when someone bids just before the auction ends—before others have a chance to react—and wins (Roth and Ockenfels, 2002).

³⁴Benoît and Krishna (2001) show that this result changes if objects have common values and information is complete.

papers he will win as a function of number of positive bids, μL . Let $|\hat{M}|$ denote the *expected* number of papers the editor wins given he bids his valuation. Since auctions for all papers run simultaneously within one period, the editor in equilibrium will attribute the average cost of refereeing to each paper $(\frac{r(|\hat{M}|)}{|\hat{M}|})$. Thus, we establish:

Lemma 3 (Editor bidding).

The optimal bid of editor j on each paper in L is

(i) $b^* = v = 0$ if $v \leq 0$ and

(ii) $b^* = v = \gamma\alpha(1 - \beta)\hat{\pi} - \frac{r(|\hat{M}|)}{|\hat{M}|}$ if $v > 0$.

Before the editor bids in period t_1 , he decides to give a preliminary review to $|L|$ papers. He learns his valuation (v) for all $|L|$ at a total cost of $s(|L|)$. His decision on $|L|$ directly affects the expected number of purchased papers ($|\hat{M}|$) and hence the cost of choosing suitable referees, $r(|\hat{M}|)$.³⁵ Thus, we rewrite Equation (3) to get the editor's maximization problem

$$\max_{|L|} \sum_{|X|} [\alpha(1 - \beta)\hat{\pi}(|L|)] - \sum_{|\hat{M}|} p + u_j(Q(|L|)) - (s(|L|) + r(|\hat{M}|(|L|)) + f(|X|)), \quad (15)$$

where $\alpha(1 - \beta)\hat{\pi}$ is the editor's share of expected total revenues of one of $|X|$ papers published as articles and $\sum_{|\hat{M}|} p \leq |\hat{M}|\hat{b}$ denotes the expected price the editor has to pay in auctions for the right to publish $|\hat{M}|$ papers. Note that $f(|X|)$ is independent of $|L|$. The first-order condition of (15) is

$$|X|\alpha(1 - \beta)\frac{\partial \hat{\pi}}{\partial |L|} + \frac{\partial u_j}{\partial Q} \frac{\partial Q}{\partial |L|} = \frac{\partial |\hat{M}|}{\partial |L|} \hat{b} + \frac{\partial s(|L|)}{\partial |L|} + \frac{\partial r(|\hat{M}|)}{\partial |L|}. \quad (16)$$

Since Equations (9), (11) and (12) imply non-convex growth of $\hat{\pi}$ and linear growth of u_j and $|\hat{M}|$ in $|L|$, and $s(|L|)$ and $r(|\hat{M}|)$ are convex, we can state:

³⁵See footnote 23 for more on the relation between $|L|$ and $|M|$.

Lemma 4 (Editor's optimal set of pulled papers).

The optimization problem of the editor, Equation (15), has a unique and well-defined solution, $|L|^ > 0$.*

In period t_0 authors decide their effort in marketing papers to editors. Let $\kappa_i = \frac{m_i}{|K'_j| + m_i} \equiv \kappa$, the probability that paper i is among the papers known to editor j , where $|K'|$ is the number of papers known to editor j before author i 's marketing decision. It follows that $\kappa(m = 0) = 0$, and κ is concave in m . Given paper $i \in K$, the probability that it is also an element of L is $\frac{|L|}{|K|}$; the probability that j makes a positive bid for a paper in L is μ . Finally, only γ of the papers purchased by editor j will be published and have a positive expected revenue.

Let us define the *expected publication probability* of paper i (i.e., i 's aggregate probability over all journals j of receiving a bid $b > 0$, multiplied by the expected probability of publication in journal k ($\hat{\gamma}_k$) that placed the highest bid for i in t_0) as:³⁶

$$\rho_i = \sum_j \left(\kappa(m, |K'_j|) \cdot \frac{|L_j|}{|K_j|} \cdot \mu_j \right) \hat{\gamma}_k \equiv \rho. \quad (17)$$

Author i considers all these factors in solving the maximization problem

$$\max_{m, q} \quad \rho[1 - \alpha]\hat{\pi}(q, \cdot) + u_i(q, T) - a(m, q) - \phi, \quad (18)$$

which has first-order conditions of

$$\sum_j \left(\frac{|K'_j|}{(|K'_j| + m)^2} \cdot \frac{|L_j|}{|K_j|} \cdot \mu_j \right) \hat{\gamma}_k [1 - \alpha] \hat{\pi} = \frac{\partial a(m, \cdot)}{\partial m} \quad (19)$$

$$\rho[1 - \alpha] \frac{\partial \hat{\pi}}{\partial Q} \frac{\partial Q}{\partial q} + \frac{\partial u_i(q, \cdot)}{\partial q} = \frac{\partial a(q, \cdot)}{\partial q}. \quad (20)$$

³⁶One could claim that μ_j positively depends on q_i or negatively on Q_j of the last round. Since we already included effects of higher paper quality in $\hat{\pi}$, we assume μ_j is a fixed parameter.

$\hat{\pi}$ is independent of m ; hence the LHS of Equation (19) is decreasing in m_i , while its RHS is increasing by the convexity assumption. Due to (6) and (12), the LHS of Equation (20) is not increasing in q , while its RHS is increasing by assumption. Thus we establish:

Lemma 5 (Author’s optimal efforts to produce quality and marketing).

The optimization problem of the author, Equation (18), has two unique and well-defined solutions, $q^ > 0$ and $m^* > 0$.*

Notice that the LHS of Equation (19) depends on $\hat{\pi}$, which depends on q . Increased paper quality q has a positive effect on optimal marketing effort m^* . Similarly, according to the LHS of (20), the author’s marginal expected revenue from increasing quality q increases in marketing effort m (because $\frac{\partial \rho}{\partial m} > 0$), i.e., optimal quality q^* grows in m . Put another way, quality and marketing are complements in the AMJA author’s objective function—something that is not necessarily true in the CPS. We summarize our results as:

Proposition 1 (Equilibrium of the AMJA publishing system).

Consider Lemmas 2 through 5. The unique, non-zero, subgame-perfect equilibrium of the AMJA game is characterized by the strategies e^ , b^* , $|L|^*$, q^* and m^* .*

4. COMPARING THE CPS AND AMJA

4.1. The Equilibrium of the CPS. First, we characterize the equilibrium of the current publishing system (CPS). Consider the induced utility functions from Section 2.1: Equation (4) denotes the objective function of a CPS referee. If we assume $u_R(e)$ is concave and $c(e)$ is convex in e , the equilibrium strategy of a referee in a functioning CPS (i.e., $u_R(\underline{e}) \geq c(\underline{e})$) is to choose effort of³⁷

$$\tilde{e} \geq \underline{e}. \tag{21}$$

³⁷We will denote equilibrium CPS values with a tilde, e.g., \tilde{v}_j .

A CPS editor's objective function is Equation (3). He chooses a set of papers (W) from the exogenous set of papers pushed at him (N) and gives them preliminary reviews—at a cost $s(|W|)$ —within period T . Naturally, we assume the effects of $|W|$ on $|M|$ (the number of papers being sent to referees) and hence on γ and Q to be the same as those effects of $|L|$; see Equation (9). If we assume u_j is linear in $|W|$ and $s(\cdot) + r(\cdot)$ is convex in $|W|$, a unique solution to his maximization is

$$|\tilde{W}| > 0. \quad (22)$$

In the CPS, an author's marketing effort does not improve the quality of his paper, the only measure relevant when perfectly-rational editors consider papers pushed at them. This is why, in a CPS author's objective function (2), u_i is independent of m . Consequently, equilibrium marketing effort is³⁸

$$\tilde{m} = 0. \quad (23)$$

In contrast, q has a positive, non-convex impact on Q , which the editor values positively; see Equation (6). $u_i(q, T)$ is therefore non-convex in q . Since the costs of quality ($a(q)$) are convex in q , the unique equilibrium strategy is

$$\tilde{q} > 0. \quad (24)$$

Since there is no auction in the CPS, there is no bidding strategy. Our benchmark case for the subsequent comparison is thus:

³⁸Alternatively, one could claim that—as in reality—CPS authors also spend effort on marketing papers. Hence $\tilde{m} > 0$. This would increase the normalized marketing level and thus m^* , which would affect both systems equally and thus be irrelevant.

Proposition 2 (Equilibrium of the Current Publishing System).

Consider Equations (21) through (24). A unique non-zero, subgame-perfect equilibrium in the CPS is characterized by the strategies \tilde{e} , $|\tilde{W}|$, \tilde{m} and \tilde{q} .

4.2. Comparing Equilibria. Compare the referee's objective function in the CPS, Equation (4), to his objective function in the AMJA, Equation (13). The only difference is that the referee gets additional utility in the AMJA, i.e., $\alpha\beta\hat{\pi}(e, \cdot)$. Since $\frac{\partial\alpha\beta\hat{\pi}(e, \cdot)}{\partial e} > 0$, the referee's equilibrium strategy in the AMJA is

$$e^* > \tilde{e} \geq \underline{e}. \quad (25)$$

The comparison for editors is more complicated. To compare $|\tilde{W}|$ and $|L|^*$, rewrite the objective function of the AMJA editor in period t_1 , Equation (15), as

$$\sum_{|X|} [\alpha(1 - \beta)\hat{\pi}(|L|)] - |M|\hat{b} + u_j(Q(|L|)) - \left(s(|L|) + r(|\hat{M}|(|L_j|)) + f(|X|) \right). \quad (26)$$

Next, use $|M| = \frac{|X|}{\gamma}$ and replace \hat{b} (the maximum price that editor j could have to pay for each purchased paper) with his valuation $v = \gamma\alpha(1 - \beta)\hat{\pi} - \frac{r(|\hat{M}|)}{|\hat{M}|}$; see Lemma 3.³⁹ Rewriting Equation (26), we get

$$\frac{|X|}{\gamma} \frac{r(|\hat{M}|)}{|\hat{M}|} + u_j(Q(|L|)) - (s(|L|) + r(|\hat{M}|(|L|)) + f(X)). \quad (27)$$

In comparison with the CPS editor's objective function, Equation (3), the only difference is $\frac{|X|}{\gamma} \frac{r(|\hat{M}|)}{|\hat{M}|}$ which (3) lacks.

When calculating the FOC of (27), note that $\frac{\partial\gamma}{\partial|L|} < 0$ (hence $\frac{|X|}{\gamma}$ increases with increasing $|L|$) and that $\frac{r(|\hat{M}|)}{|\hat{M}|}$ also increases with increasing $|L|$ (from the convexity of $r(\cdot)$). Consequently, an editor at the margin gains more utility from increasing $|L|$ in AMJA than from

³⁹For every price $p < v$ the editor's incentive to increase $|L|$ is even more pronounced.

$|\tilde{W}|$ in CPS. This leads to

$$|L|^* > |\tilde{W}|. \quad (28)$$

For authors, compare the FOCs of the AMJA, Equation (20) with respect to q , and the CPS, Equation (2). The only difference is that the author in the AMJA gets additional marginal benefit from increasing quality q of

$$\rho[1 - \alpha] \frac{\partial \hat{\pi}}{\partial Q} \frac{\partial Q}{\partial q}, \quad (29)$$

which is positive for $m^* > 0$. This provides us with the insight that

$$q^* > \tilde{q}. \quad (30)$$

Finally, we state as a corollary to Lemma 5 and Equation (23) that

$$m^* > \tilde{m}. \quad (31)$$

These insights allow us to state two further results:

- (1) According to Equations (6) to (9), the average quality of articles in a journal (Q) increases in q , e , and $|L|$. Consequently, by considering the comparative results of Equations (25), (28) and (30), we have⁴⁰

$$Q^* > \tilde{Q}. \quad (32)$$

- (2) With $e^* > \tilde{e}$ and, by assumption, $\frac{\partial T}{\partial e} < 0$, we have

$$T^* < \tilde{T}. \quad (33)$$

⁴⁰For clarity reasons we denote the AMJA (CPS) equilibrium value of Q by Q^* (\tilde{Q}) and will do the same for other variables below. We are aware that those are not strategic variables in the strict sense.

These results complete our equilibrium analysis.

4.3. Pareto-optimality. What claims can we make from our results about the well-being of authors, editors, referees and readers? Ignoring the transition from one system to another (see Appendix C on page 32), we compare the expected, induced utility of each party in both systems.

Readers are better off in the AMJA. Reader utility rises with journal quality (Q) and falls with time-to publication (T). Since both equilibrium values improve in the AMJA system (according to Equations (32) and (33)), we get

$$\nu_C^* > \tilde{\nu}_C. \quad (34)$$

Why do referees, editors, and authors choose higher values for e , $|L_j|$, q_i and m_i in the AMJA system? If players increase their inputs *voluntarily*—based on a comparison of expected marginal utility and marginal costs of such an increase, it must be because they expect higher induced utility in the AMJA system.

This conclusion is simple for editors and referees because they only gain—and do not lose—utility in the AMJA system, i.e.,

$$\nu_j^* > \tilde{\nu}_j \quad (35)$$

$$\nu_R^* > \tilde{\nu}_R \quad (36)$$

For authors, the AMJA is better *only if* additional induced utility exceeds additional disutility, i.e., if

$$\rho(m^*)[1 - \alpha]\hat{\pi}(q^*) + (u_i(T^*) - u_i(\tilde{T})) > \phi. \quad (37)$$

Thus, if the costs of posting a paper to the auction server (ϕ) are too high, authors will not contribute. If authors differ (e.g., thorough heterogenous abilities), they have different cost functions ($a(q, m)$) for increasing paper quality and marketing, which results in different levels of q^* and m^* . To maximize participation, ϕ must be low (lower) enough to attract high (higher) cost authors.⁴¹

Finally, since author i voluntarily spends $a(m^* > 0) > 0$, the author trades loss for gain while Equation (37) holds.⁴² We conclude

$$\nu_i^* > \tilde{\nu}_i, \tag{38}$$

which allows us to state our main result:

Proposition 3 (Pareto-optimality).

Consider Equations (34) through (38). As long as the submission fee to the auction server (ϕ) is sufficiently low, the equilibrium of the AMJA is strictly Pareto-superior to the equilibrium of the CPS.

In the AMJA system, additional, explicit incentives induce referees to put more effort into improving papers, editors to pull more papers for preliminary review (which frees other papers from the idleness common in the CPS), and authors to put more effort into papers' quality and marketing (given that submission fees are not prohibitive). As a result, we expect

⁴¹This insight opens an entire discussion on the potential goals (and welfare) of the academic community as a whole: Is it better to encourage every author to post papers to the auction server by charging low ϕ ? (Fees of authors whose papers do not receive any positive bid would de facto subsidize submission fees of more successful authors.) or should a certain threshold for quality of papers (and marketing efforts) be set indirectly by charging high ϕ ?

⁴²Notice that there is a *positive* externality of m : suppose an author writes a paper with high q . Increasing m increases the probability that it is known to editors, who are more likely to give it a preliminary review and bid for it. If this means journal quality Q rises—directly benefiting readers and editors—and $\hat{\pi}$ rises; see Equation(11)—indirectly benefiting editors and referees—then marketing effort on a good paper is good for society. The contrary is also true: more marketing for low-quality paper results in either no bids (wasted marketing effort) or displacement of a better, less marketed, competitor—to the detriment of society and efficiency.

the quality of journals to rise and publication delay to decrease. These developments directly improve the well-being of readers, authors, and editors—and indirectly, via remuneration from articles cited by subsequent, auctioned papers, the utility of referees.

5. DISCUSSION

5.1. What about Errors in Deciding Bids (Value)? An editor’s desk review assigns values to $|L|$ papers from the set K . Errors in establishing these values—due to mistakes in the editor’s judgement and/or stochastic elements in eventual, realized demand—means that they vary from the true quality (value) of the papers. Editors are more-likely to win papers when a positive error results in an overestimate of a paper’s published value as an article (and thus their chosen bid); they are less-likely to win papers when negative errors result in an underestimate of the paper’s value.⁴³

In the CPS, editors have the benefit of referee comments when considering value.⁴⁴ AMJA editors only have this benefit when and if they actually win the paper at auction. Holding all else constant, an editor in the AMJA looking at the same set of papers as the editor in the CPS is more likely to miss a few good ones and accept a few bad ones.

The cost of these mistakes in the AMJA is trivial: The auction price is slightly lower (higher) for papers where the second price bid is under (over) biased. Since the real value of the paper comes from future citations, the bid price only affects revenue to cited articles. If the average article is cited a number of times, these errors cancel out. For editors, mistakes in over and underbidding will, similarly, balance out if other editors make mistakes at the same rate. (An editor who makes too many mistakes exits in the long run.) For the author,

⁴³The harm from overestimating value will be smaller if the editor/referee/author endogenously increase their effort to match the “unexpectedly” high bid.

⁴⁴The CPS advantage comes at a cost of referee time (a negative externality) to grade all papers in the CPS set H . CPS editor errors matter on the margin, when they desk-reject papers that should have gone to referees.

a mistake means placement in one journal and not another, but this effect will be small when displacement is only a few ranks up/down the journal ladder; it disappears completely if the paper ends up in a horizontally-equivalent journal or if readers read it à la carte.

In the CPS, the problem of under-estimated value is greater because the wait for rejection is so long. In the AMJA, more eyeballs means fewer Type-I (mistaken rejection) and Type-II (mistaken acceptance) errors; see, e.g., Gans and Shepherd (1994) and Oswald (2007).

5.2. How Will Editors Sort through All Those Papers? Editors in the AMJA must sort through “all” papers in K , but they can use heuristics (filters, mailing lists, etc.) to concentrate on papers they are likely to want. Specialist sub-editors can focus on papers they know to be useful.

Since all editors see all papers simultaneously and bid for those they value, the AMJA places papers more quickly and accurately. Although editors now have to fight for papers they previously got for “free”, they also have a chance to get papers that others used to get the same way. (In the AMJA, for example, editors could assemble special-topic issues by purchasing all the papers on a particular topic.) Given that no journal has a consistent place in authors’ rankings, this competition is more likely to help all journals than hinder a single journal.

5.3. Additional, Unmodelled AMJA Benefits. While the CPS uses a push mechanism to place papers, the AMJA uses a pulling mechanism. Pulling, like buying, has a lower psychological cost than pushing (selling).⁴⁵ We expect that a referee, for example, is more likely to favor a paper pulled by an AMJA editor than a paper pushed to a CPS editor.

⁴⁵Hagel and Brown (2005) note the efficiency of pull models in an environment of uncertainty; Blois (2000, pp. 205–208) states that customer pull is more efficient when suppliers market directly to customers (not via intermediaries). This case exists in the AMJA, where authors “sell” to editors/journals, not readers. (Placement in a journal adds value in a public good sense, since the author can advertise placement without requiring the reader to have access to the journal’s version of the article.)

Unlike the CPS, where rejection leads to resubmission elsewhere and a longer wait, authors in the AMJA only wait until T to learn of acceptance/rejection. Even if T lasts as long as the average review period in the CPS, placement under the AMJA is already optimal—at least in terms of expectations. If there are no positive bids on a paper after T_1 , this sends a clear signal to the author that he should invest more in quality and/or marketing before re-submitting the paper to the auction server—a signal that rejection in the CPS does not produce.

6. CONCLUSION

We explore an alternative auction system for matching papers to journals. Because the AMJA uses A\$, it is possible to explicitly reward effort, which means that quality can rise—to the benefits of all participants. Because auctions clear the market in a limited time, they promise faster, better matching.⁴⁶

There is one aspect of the AMJA that is very important, yet ignored in the model: the quantification of academic output via prices. Accurate valuation is more important than ever for academics. Long ago, decisions on professional advancement depended on a number of subjective factors. These were replaced, over time, by a greater reliance on “objective” factors, such as publication or citation counts. As publication has grown more important, the number of submitted papers has increased, leading—in turn—to a greater supply of journals offering publication spaces.⁴⁷ Far from fixing the problem, the multiplication of titles has made measurement (and professional decisions) more difficult. Neither tenure candidates nor

⁴⁶We have, no doubt, left many questions unanswered; we explore logistical questions on bidding, A\$ circulation, transition from the CPS to the AMJA, and parallels to the multiple-submission method prevalent in law reviews in the appendices.

⁴⁷When publishers (both for-profit and non-profit) realized they could issue more journals without lowering prices—since journals are complements and not substitutes—the number of journals exploded from about 120 in 1980 to almost 300 in 2000 (Bergstrom and Bergstrom, 2001; Plasmeijer, 2002). EconLit lists over 1,100 at http://www.econlit.org/journal_list.html—probably using a more inclusive definition. Many new journals deliver little value (Bergstrom, 2001).

committees are happy with current evaluation methods (Varian, 1997); they need a simple indicator.

6.1. Valuing Academic Output. In the CPS, departments may multiply articles (or pages) times the “rank” of the publishing journal. The department may define rank (inviting provincial bias) or use ISI’s “Impact Factor” (inviting ISI’s bias).⁴⁸ ⁴⁹ The most-accurate method multiplies citations of an author’s articles times the impact factor of the journals where citing articles appear. Thus, academic’s articles (i) printed in journals (j) have value of $\sum_i \sum_j ImpactFactor_j$.

The major problem with this metric is the bias within ISI’s impact factor, which can skew an academic’s productivity measure far from its “true” value. An additional problem is the coarseness of assuming that all articles appearing in a journal have the same value (the journal’s Impact Factor), reducing heterogeneous values to the mean. For example, a citation from an excellent article in a “bad” journal counts for less than a citation by a terrible article in a “good” journal. This method gives *prima facie* inaccurate measures of value (Chow et al., 2006; Ellison, 2007; Oswald, 2007). Oswald (2006) notes the problem is growing worse as the profession relies more heavily on citations, not only through inaccuracy but active manipulation.

Under the AMJA, an academic’s output is the sum of his earnings (in A\$) as an author, editor and/or referee. The value of a journal is the sum of A\$ earnings to articles that appear in that journal. Since A\$ will vary with an article’s *actual* academic quality, these measures are more accurate.

⁴⁸“The impact factor of a journal is calculated by dividing the number of current year citations to the source items published in that journal during the previous two years. Example: A= total cites in 1992 B= 1992 cites to articles published in 1990-91 (this is a subset of A) C= number of articles published in 1990-91 D= B/C = 1992 impact factor” (Garfield, 1994); see Kalaitzidakis et al. (2003) for another method.

⁴⁹Thompson ISI has a monopoly on citation-tracking, mixes authors with the same first initials, is sloppy about journal inclusion, fails to control for different journal formats, and introduces within-journal citation bias (Klein and Chiang, 2004).

The AMJA would improve paper placement, article quality and accurately reflects the actual value of an article to the academic community. Other benefits (discussed in the Appendices) include improved rewards for quality to authors, editors and reviewers, punishing and reinforcing journal quality, and a feasible, reasonable path from the CPS to the AMJA. If successfully implemented by economists, positive network effects would encourage its expansion to include other fields, media and participants.

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APPENDIX A. AUCTION LOGISTICS

It not necessary to determine authors, editor and referee shares ($\{\alpha, \beta\} \in (0, 1)$) within the model. Only the editor really “needs” income (for future auction purchases). Authors and referees could claim that they contributed as author/referee to a certain article that generated a certain A\$. (This case is equivalent to $\alpha = 1, \beta = 0$ in our model.)

Self-citations would not count in calculating the division of auction revenue for a paper. Citations of friends/colleagues/co-authors would count, since determining the difference between legitimate and undeserved citations would be difficult.⁵⁰ Both over and under-citing (plagiarism) are likely to decrease because cited works divide A\$ evenly. Papers without citations are rare; if one were to sell at auction, the revenue could be distributed to all journals on some ex-ante, pro-rata basis.

Works cited that originate outside the auction system (books, unpublished, other disciplines, newspapers, etc.) would probably not receive citation revenue. They would not care if they had no use for A\$, but they might be interested in joining the AMJA if they wanted access to the material being auctioned or have journals, e.g., academic presses. The AMJA could expand to include books if their potential or actual participation was strong.

Although we talk as if there is a single auction platform, multiple platforms could coexist and compete (cf., competing stock exchanges) if A\$ and information easily flowed between platforms. Monthly auctions would allow editors to match their flow of purchases to their publication requirements.

⁵⁰Although this allowance makes the practice of quid-pro-quo citations possible, that problem already exists in the CPS.

APPENDIX B. MONEY CIRCULATION

The AMJA uses Academic Dollars (A\$), not a liquid currency. The initial allocation of A\$ could be in proportion to a journal’s subscriber-base, cumulative citations, and/or impact factor, etc. After each auction, A\$ are allocated to the authors, editors and referees of cited articles in proportion to their prior agreements. Editors use A\$-income to bid for new papers.

Since authors and referees don’t “need” A\$, they reassign their A\$ to *any editor(s) they choose* within, say, one year. These insider votes strengthen good editors/journals and supports competition to serve the needs of authors and referees—in direct proportion to realized author/referees success. (Minority and heterodox editors could benefit from a *relatively* loyal constituency.)

A\$ reallocation gives journals the incentive to increase their differentiation and quality, which lowers search costs. If the journal’s price was “too high” relative to its A\$ revenue, it would lose readers and citations. Journals that charged “too little” could choose between increasing price or building even higher readership.

The use of A\$ limits entry by publishers with “hot” money who fragment the location of articles with small benefits for readers, dubious benefits to authors, and great detriment to research libraries’ budgets (Bergstrom and Bergstrom, 2001, 2004). Entry would be possible when authors/referees pooled their A\$ to support a new journal. Exit would take place when a journal failed to garner A\$ support from authors/referees: Regardless of organizational will, the journal would die from “academic unprofitability”.⁵¹

The fixed supply of A\$ would limit inflation in bidding and prices. Interestingly, an editor’s limited supply of A\$ might limit the practice of excessive “banking” accepting so many papers that “the time lag from acceptance to publication [rises] to 30 months or even three years” (Dunleavy, 2003, pp. 231–2).

APPENDIX C. TRANSITION FROM THE CPS TO THE AMJA

Given that economics journals have the longest publishing delays, the natural place to implement this idea is within economics (Ellison, 2002a, p. 998). How do we know it will work? How can it be better than what we have? These worries, along with the fears that participants would game citation credits and that academics are adverse to being measured—are unfounded. Gaming and measurement are already abused (Oswald, 2006).

One or more journals might implement a pilot program by pooling submissions and then allowing assistant editors to bid against each other. If a number of journals wanted to begin an AMJA unilaterally, they could return auction revenue to participating journals only. Other journals would have to agree to pool some or all of their submissions in the auction to receive “their share” of citation revenue. This method conveniently rewards the journals with the strongest back-catalogs, making it easy for the strongest to join first—a feature that is important in promoting a technology that has network effects/increasing returns to scale (Oliver et al., 1985).

⁵¹Cross-subsidies between journals would be transparent—allowing editors of “cash cows” to fight back.

APPENDIX D. MULTIPLE SUBMISSIONS

The AMJA superficially resembles the multiple submission system common to law reviews but differs in important ways; see Table 1.⁵² Pressman (1994) argues against multiple submissions, saying they do not reduce publication times (because journals only have a limited number of publication spaces); lead to gaming by authors playing journals against each other, which journals counter by delaying initial acceptance; and burden referees, who, working for no sure payback, produce lower quality reports and accept lower quality papers.

TABLE 1. Comparing multiple submission to auctions

	Multiple Submissions	Auctions
Participation	Push (Mandatory)	Pull (Voluntary)
Competition	Secret	Open
Deadline	None	Predetermined
Allocation	Author's Choice	High Bidder
Reviewer Effort	Often Wasted	Rewarded

Pressman's criticisms do not apply to the AMJA, since editors bid for papers only when they want to fill publication space; authors cannot game editors when the deadline is fixed; referees only review papers editors hold exclusively; and referees gain from a paper's success.

⁵²Book publishers and universities handle multiple submissions for books and student applications, respectively. Peters (1976) was the first to propose multiple submissions for academic journals.