

THE ECONOMETRIC SOCIETY ANNUAL REPORTS, 2004  
REPORT OF THE PRESIDENT

1. THE SOCIETY

I HAVE BEEN PRIVILEGED TO SERVE a society whose guiding principle and *raison d'être* are to serve the academic interests of its constituency, namely, economic researchers who employ rigorous methodologies. The Society has maintained a consistent range of activities over the years, but this should not deter us from discussing in the future two major questions: Should we remain within the present scope of the Society or redefine it to achieve a broader common denominator? Should we restrict ourselves to the traditional functions of publishing the journal, organizing conferences, and conferring honors, or should we expand our activities, especially in light of recent technological advances?

2. NEW JOURNALS

I will start with what I think is the most important issue that we currently face, namely whether to establish two or three additional journals that would publish worthy papers that have been rejected from *Econometrica* due to overspecialization. The idea is that authors would be allowed to request the transfer of referee reports from the main journal to the somewhat more specialized journals. This would speed up the process and allow for more efficient use of the scarce refereeing resources available to *Econometrica*.

Such an idea was suggested in 2002 in the report of the Committee for Electronic Issues and received mixed reactions. A new committee will make its recommendations about the desirability of such an initiative at the upcoming meeting of the Executive Committee. I very much hope that, in spite of the reservations, the Econometric Society will take up the challenge. This would be a major step in the current campaign to exclude commercialism from publishing and would be a groundbreaking innovation in the publication procedures currently employed in economics. The choice of the domains for the “baby *Econometrica*” will also delineate the Society’s boundaries.

3. ADMINISTRATIVE TRANSITION

We are in the midst of an important transformation of the Society’s structure. As Eric Maskin reported last year, Julie and Bob Gordon have announced that they are retiring from their positions as the Society’s Treasurer, Secretary, and Executive Director. This follows 30 years of service in which they were the backbone of the Society’s operations. The World Congress in London will be the opportunity for all of us to publicly express our feelings about the Society’s debt to Julie and Bob for the key roles they have played during those 30 years.

There is no way the Econometric Society can fulfill its mission and pursue innovative ideas unless it maintains a strong administrative core. During 2004, the Society was occupied with planning the transition. A committee made up of Guy Laroque, John Moore, and Hugo Sonnenschein and headed by Eric Maskin proposed an innovative new managerial model. In keeping with our new tradition, their report is available on the web.

At its annual meeting in Madrid, the Executive Committee adopted key elements of the Committee's recommendation. It was decided to establish the new position of Executive Vice-President (EVP) that will comprise the constitutional responsibilities of the Treasurer as well as the general managerial and supervisory responsibilities of the Secretary. The EVP will be responsible for expanding and updating the Society's activities as well as initiating and implementing its long-term vision. The EVP will serve at most two consecutive five-year terms and toward the end of the first term, a performance assessment will be made.

The Executive Committee also approved the Committee's recommendation to nominate Rafael Repullo as the first EVP. We are confident that Rafael will be a key figure in revamping the Society's agenda in the coming years. We are grateful to him for taking on these responsibilities in spite of his busy schedule of research, teaching, and administrative duties.

We have not yet decided what type of candidate we desire for the position of Executive Director. The Committee recommended hiring a management company, but the Society has so far remained committed to the idea that Executive Director will remain an in-house position. Eric Maskin (Chairman), Tom Sargent, and Rafael Rapullo, together with Bob Gordon and Julie Gordon, are currently working on this critical issue.

#### 4. THE JOURNAL

The Society's main product is *Econometrica*. I believe that there is a widespread view that the journal has maintained its high status in the profession. Eddie Dekel and the team of co-editors have earned much praise for their extraordinary devotion to the journal. I am unaware of any other editorial team in economics that takes the process so seriously. Authors often receive three referee reports and, in many cases, a thoughtful letter written by a co-editor as well. Due to the editorial staff's heavy load, the Executive Committee has decided to allow the Editor to expand the number of co-editors from five to six; the co-editors have, however, decided to delay implementation of this decision.

The journal tries to strike a balance between "theoretical" and "applied" directions. There are those who are concerned about the length of the papers and the advantage possessed by well-polished papers with standard ideas over less-polished papers with exciting new ideas. Overall, *Econometrica* is facing the combined challenge of remaining a top journal and at the same time being in the vanguard of future developments in economics.

The entire editorial team deserves our thanks for manning the front lines of the Society's operations. The editor, Eddie Dekel, deserves special kudos for his involvement in all aspects of the journal, from the size of the fonts of the printed edition to the upcoming addition of links to the electronic version of *Econometrica*. Among other improvements, he and the editorial board have instituted regular meetings to discuss editorial policy. They have reshaped the journal's electronic format and implemented the decision to allow electronic appendixes that include material such as empirical and experimental data.

This is the opportunity to bid farewell to Dorothy Hodges, *Econometrica*'s Managing Editor, who is retiring after 39 years of service to the Society. Dorothy never allowed precision to be compromised and we will miss her enormously.

## 5. THE WEBSITE

The new website was launched at the beginning of 2004. We have tried to make it a user-friendly channel of communication both between the readers and the journal and between the members and the Society. Eddie Dekel and I worked with the Blackwell team to improve the site and provide new electronic services. Much is left to be done. I have personally enjoyed working closely with the Blackwell team, which has contributed so much to the improvement of the site and has assisted in the membership campaigns with professionalism and dedication.

## 6. MEMBERSHIP

For several years now, we had been concerned about the drop in ES membership. Apparently, this trend was common to most academic societies. The trend has reversed this year, with an increase in membership of 12% (from 4189 to 4910) and an increase in student membership of 32% (from 834 to 1102). The fact that 1102 students joined the Society in 2004 is the best vote of confidence in the Society's future.

The reversal of the trend is partially the result of the intensive recruitment campaign that we conducted last year, especially among students. Another factor was the enforcement of our policy that membership be a prerequisite for submitting to *Econometrica* and participating in the Society's conferences.

The "on-line only" option was implemented this year. About 16% of the regular members and almost 25% of the students have already chosen to take advantage of this alternative, which is likely to become the standard form of membership.

Like almost all other journals, we have experienced a continuing decline in the number of library subscriptions. In 2004 we lost 5% of the library subscriptions (a drop from 2126 to 2007). The financial impact of the continuing drop is not negligible. A special committee composed of Ted Bergstorm (Chairman), Martin Osborne, and Roger Gordon investigated the library subscription decline rather thoroughly. In its report, the Committee addressed the question of whether small colleges should pay the same price as major universities and presented ideas for a more equitable price schedule for libraries. The Committee's report is posted on the web and will be discussed at the next Executive Committee meeting to be held in London, 2005.

## 7. MEMBERSHIP FEES

We have decided to reduce membership fees. The regular membership fee was reduced in 2005 from its "historical" level of \$59 to \$50; the on-line only membership fee was dramatically reduced, from \$50 to \$30. Students' on-line only rate was also reduced from \$13 to \$10.

To reduce the hassle of subscription renewal, we introduced a discounted three-year membership in 2005. I urge all members to use this option.

## 8. FELLOWS

Concern has grown over the increase in inactive fellows during the last few years (an inactive fellow is one who has not paid dues for the previous two years). As a result of an aggressive campaign, we reduced the rate of inactive fellows to 24% (141 out of 580)

by the end of 2004. More than 2/3 of the inactive fellows were elected before 1980. Among the fellows elected after 1981, less than 14% are inactive.

Our concerns about the content of the terms “fellow” and “member” led to the appointment of a committee composed of David Kreps (Chairman), Salvador Barbera, Faruk Gul, Bo Honore, Ken Wallis, and myself. The Committee has suggested several measures to be taken to improve representation of geographical or academic areas. The Executive Committee has not reached a consensus about implementation of these recommendations and will continue to discuss the issue in London. In the meantime, it was decided to enlarge the Nominating Committee to improve representation of currently underrepresented areas.

Starting in the Fall of 2005 the nomination of new fellows and the ballot process will be conducted electronically. Details will be publicized during the summer.

This is the place to acknowledge the work of three committees that were active this year in nominating fellows, council members, and officers.

*Fellows Nominating Committee:* Francoise Forges, Chairman. Members: Bernard Salanie, Arunava Sen, Chris Shannon, James Stock

*2004 Officers Nominating Committee:* Avinash Dixit, Chairman. Members: A. B. Atkinson, Robert E. Lucas, Jean Tirole

*2004 Council Nominating Committee:* Eric Maskin, Chairman. Members: Timothy Besley, Olivier Blanchard, Michihiro Kandori, Paul Kemperer, Alvin Roth, Alan Woodland, Tom Sargent, Julie Gordon, Robert Gordon, and myself.

## 9. FINANCES

The Society is in a very healthy financial situation. We should all thank our Treasurer, Bob Gordon, for his remarkable handling of Society finances over the past 30 years.

It is our impression that the “scholarly publication industry” is in a state of flux. Given the fact that library subscription journals are now available to all those who have access to the library’s IP, the more radical suggestions for open access, in addition to other initiatives, has introduced considerable uncertainty. To avoid a crisis in the case that the industry goes through another round of major changes, we decided to increase our reserves to a level sufficient to finance one year of operations.

## 10. REGIONS

The Society provides an umbrella for the activities of the regions even though the regions are completely autonomous in their operations. We commend the efforts of the regional standing committees, especially those in areas where maintaining operations is quite difficult.

To strengthen the links between the ES and the regions, we decided to commit \$5000 each year from the Society’s main budget to any region that requires supplemental funds to conduct activities targeted at young economists. We also decided to increase the budget for travel grants to the 2005 World Congress from \$300K to \$400K. The grants will go to members outside Western Europe.

## 11. THE MONOGRAPH SERIES

The Society is interested in strengthening the series of monographs. We have decided to encourage members to submit short manuscripts (about 100 pages) to be published

in the series. You are urged to consider this option as a new outlet for the publication of lecture notes and summaries of special areas as well.

## 12. JSTOR

The Society's guiding vision is that academic material should be made available to the widest possible audience, subject to covering the minimal expenses required to maintain the operations of the Society. We have thus decided to shorten the lag of the issues available through JSTOR from three to two years. As of January 1, 2005, all *Econometrica* issues published up to November 2002 will be available through JSTOR. We hope that other societies will join us in this initiative.

## 13. THANKS TO ERIC MASKIN

Finally, this is an opportunity to thank Eric Maskin, President of the Society during 2003, who is retiring from the Executive Committee. Eric was the moving force behind the administrative changes in the Society. His profound identification with the Society, his efforts in maintaining academic values, and his sense of fairness are to be admired.

*Ariel Rubinstein*  
FEBRUARY 2005