

Report on the European Economic Association's Activities in 2002

Part I of this report outlines the steps in launching the new *Journal of the European Economic Association*; Part II gives details of conferences, committees and other relatively routine matters; and Part III deals with administration and governance issues.

I. A New EEA Journal

The *European Economic Review* was set up in 1969 by Elsevier Science, who continue to own and publish it. When in 1985 the first Council of the European Economic Association addressed the issue of how to set up an Association journal, it was feared that a new journal would not be viable, and the advantages of linking with an existing journal seemed obvious. Hence the EEA Council decided to enter into an agreement with Elsevier and designate the *EER* as its official journal, with effect from Volume 30, 1986. This agreement was subsequently renewed at intervals of five years or so. The most recent agreement between the EEA and Elsevier remained in effect until 31 December 2002, but had to be either renewed or terminated before 31 December 2001. The Lausanne Council Meeting of 29 August 2001 voted unanimously to set up a committee to review the agreement; and it gave the President authority to send a letter of termination to Elsevier if satisfactory terms could not be obtained. The committee consisted of Richard Baldwin, Peter Neary (Chair), Torsten Persson, Jean Tirole and Henry Tulkens. (Richard Blundell was co-opted to the committee soon after his election as Vice-President for 2002.)

Following extensive consultation and negotiations with Elsevier, the committee recommended that the agreement with Elsevier be terminated and that a new journal to be owned by the EEA be set up. This was accepted unanimously by the Council. It was recognised that the arrangement with Elsevier has worked well since 1986, that setting up a new journal carries financial risks, and that the change will cause problems for some groups (especially authors with papers accepted but not yet published in the *EER*.) However, it was felt that these problems were more than offset by the arguments in favour of the change among which were the following:

1. It is anomalous for a successful professional association not to own its own journal. Academics want research to be disseminated as widely and cheaply as possible, whereas commercial publishers seek to maximise profits rather than sales.
2. The benefits of the EEA's owning its own journal are obvious, especially in the long term. They include the freedom to set prices to institutions and to appoint editors. The circulation of the *EER* to institutions has not increased at all since 1986, and its penetration in the U.S. remains very low. Most of the rewards to the huge amount of work put in by editors since then (reflected in steady increases in the *EER*'s standing) have accrued to Elsevier in the form of much higher prices to institutions.
3. The link with Elsevier has undoubtedly led to a loss of goodwill in the profession, exemplified by the *EER*'s inclusion in Ted Bergstrom's "Rogues' Gallery" of the fifteen most expensive journals. (See his article in the *Journal of Economic Perspectives*, 2001.) Only a journal owned by the EEA and competitively priced to institutions has any hope of becoming one of the leading economics journals worldwide.

Following discussions with a number of publishers, a contract was signed with MIT Press to launch a new journal, to be called the *Journal of the European Economic Association*, in 2003. Because the current agreement with Elsevier stipulated that, until 31 December 2002, the EEA could not be involved in any publishing activities which compete with the *EER*, it was not possible to publicise the new journal until 2003. Hence, papers submitted in the usual way will not appear until late 2003 or 2004. Volume 1 (2003) will consist of the following special issues:

- Issues 1 and 4, dated March and June 2003 respectively, will contain solicited papers from a list of prominent members of the profession. These issues will be edited by an *ad hoc* committee consisting of Richard Blundell, Pierre-André Chiappori, Elhanan Helpman, Peter Neary, Torsten Persson and Jean Tirole (Chair).
- Issue 2-3 (a double issue), dated April/May 2003, will contain the proceedings of the EEA 2002 Venice conference. This will be edited by Roberto Perotti and Thierry Verdier.
- Issue 5, dated September 2003, will include highlights from ISOM 2002, and will be edited by Roberto Perotti and Jim Stock.

- Issue 6, dated December 2003, will include the results of a series of studies evaluating European economics departments, commissioned by the EEA. It will be edited by the committee for the evaluations project: Jim Mirrlees, Peter Neary (Chair) and Jean Tirole.

Issues 5 and 6 may also include surplus papers from issues 1 and 4, as well as a small number of submitted papers.

From the current *EER* editors, Jordi Gali and Xavier Vives will join the editorial board of the *JEEA* as Co-Editor and Editor respectively. However, because they are bound by contracts with Elsevier, they will not do so until 1 January 2004 and 1 July 2003 respectively. From 1 January 2003, the editorial board will consist of Patrick Bolton, Alan Kreuger and Roberto Perotti, with the latter serving as acting Editor from 1 January until 30 June 2003, and as Co-Editor thereafter.

II. Routine Matters

17th Annual Congress: The principal event of the EEA year is of course the Annual Congress, and this year's conference in Venice from August 21 to 24 was by general agreement a great success. The conference venue on the island of San Giorgio Maggiore proved to be an ideal location, with spectacular views of Venice and easy access to its attractions, while also providing a spacious and tourist-free haven for the pursuit of science and networking. The local arrangements were handled superbly by Carlo Carraro and his team from the Fondazione Eni Enrico Mattei, and the social programme was excellent, culminating in a magnificent joint reception with the Econometric Society European Meetings (ESEM) held in the Doge's Palace.

The scientific programme proved just as rich and varied. An exciting mix of invited "B" sessions was prepared by Programme Chair Thierry Verdier. Thierry also presided over the selection of the contributed "C" session papers, which this year reached record levels. A total of 2,129 papers were validly submitted, over 60% more than the number submitted for Lausanne in 2001. This caused headaches for the programme committee, even with 95 members. It also inevitably required a lower acceptance rate. Even with an increase in the number of papers accepted, to 737, the acceptance rate fell to 34.5%, compared with over 50% in Lausanne. The three plenary "A" session papers, as well as an edited selection of the "B" session papers, appear in this conference volume. The Fondazione Eni Enrico Mattei has kindly agreed to maintain details of the conference, including the full programme, on its website for the indefinite future. See: www.feem.it/eea-esem2002.

Future Conferences: As in previous years, the 2002 conference was held in conjunction with the 2002 Econometric Society European Meetings. This may be the last time the two conferences are held in serial mode, since, as previously announced, they will be held in parallel mode in 2003 and 2004. If that experiment proves successful, it will be continued in subsequent years, hopefully providing an irresistible focal point for European economics.

As previously announced, next year's Congress will be held in Stockholm from 20 to 24 August 2003. Orazio Attanasio will chair the Programme Committee, while the Local Arrangements Committee will be chaired by Tore Ellingsen and Harry Flam. In 2004, the 19th Annual Congress will be held at Universidad Carlos III in Madrid, with Miguel Delgado and Juan Dolado handling the local arrangements.

International Seminar on Macroeconomics: The Annual Congress is the Association's main annual event, but the EEA has also been associated for many years with the International Seminar on Macroeconomics (ISOM), organized jointly with the NBER. This is a small invitation-only meeting held in Europe every summer and attended by leading macroeconomists from both sides of the Atlantic. The 2002 ISOM was held at the ECB in Frankfurt in June. ISOM is organized by a six-person committee, of whom three represent the EEA: currently, Zvi Eckstein, Francesco Giavazzi and Lars Svensson. This was Lars's last year, so on behalf of the Association I want to thank him for his work on this committee. Following extensive consultation, Chris Pissarides was invited to succeed him, and he agreed to start in 2003. A schedule of overlapping terms of 6 years (with each member

taking joint responsibility for organising two conferences) was also agreed. This conforms with the practice on the NBER side.

EEA Project on Evaluation of European Economics Departments: In 2000, the EEA offered awards totalling €100,000 to fund research that would evaluate European economics departments. All four research teams which were selected have now submitted preliminary reports. Some of these have already generated a lot of interest. Of course we all want to know how our own department or institute is ranked, and to find fault with studies which give it less credit than we think it deserves! But for the profession as a whole it is important to get this process right, not in the sense of preparing a single unique ranking, but in setting ground rules for acceptable practice in what is rapidly becoming a minor research field in itself, with potentially important practical uses. Short papers derived from these preliminary reports are now in the process of being edited by a committee of the Association, and, subject to refereeing, final versions, along with comments from the committee, will be published in the December 2003 issue of the *Journal of the European Economic Association*.

2002 Hicks-Tinbergen Medal: Starting in 1992, the Hicks-Tinbergen Medal has been awarded in every second year to an outstanding paper published in the Association's journal. The 2002 Medal was awarded for the best paper in the preceding two years, 2000-2001. The Medal Committee consisted of Philippe Aghion (chair), Giuseppe Bertola and Ernst Fehr, and the winning paper they selected was "Electoral Competition and Politician Turnover" by Thomas Mariotti and Juan Carillo, which appeared in the *European Economic Review* in January 2001. Thomas Mariotti accepted the medal at a presentation immediately before the Marshall Lecture in Venice.

Status of Women in the Economics Profession in Europe: Concerns have been expressed in the past that the Association is not doing enough for women economists. Matters have improved in small ways, such as improved gender balance on committees in recent years. However, some members of the Association have proposed that a more formal approach be adopted, perhaps along the lines of the standing committees of the American Economic Association and the Royal Economic Society. While no firm decisions have been taken on this, the matter is under active consideration, and I am hopeful that an agreed way forward can be announced soon.

Student Affairs: Leonor Modesto continued to serve as Chair of the Student Affairs Committee. This provides scholarships to young authors to attend the annual conference, and also oversees the planning of an annual Summer School. This year's Summer School, held in Lisbon in September 2002, was organized by Leonor and Theresa Lloyd-Braga on "Endogenous Fluctuations". In September 2003, Richard Blundell and Stephen Bond will organize the next summer school at University College London on "Microeconometrics".

The EEA has also agreed to support the Spring Meeting of Young Economists (<http://smye2002.univ-paris1.fr/>) by providing secretarial support for two years from December 2001 to Hannu Vartiainen of the Yrjo Jahnsson Foundation in Helsinki, who was chair of their 2002 program committee. The SMYE is a completely autonomous body but we hope that it will continue to have close relations with the EEA, serving as a source of papers to our own Annual Congress as well as of future members.

Relations with the EU Commission: The EU is also engaged in its own evaluation of a number of scientific disciplines, including some economics fields. Details of this "Mapping of Excellence in Economics" project, which originates in decisions taken at the Lisbon EU summit in 2000, may be found at www.cordis.lu/rtd2002/indicators/projects_era.htm. I represented the EEA at a meeting in Brussels in April 2002, at which preliminary results from the project were presented. I also gave a short presentation explaining our own evaluation project: this generated a lot of interest. On a different matter, representations were made to the Directorate responsible for research funding concerning the need for a transparent process of appointing evaluators for research projects under the up-coming Sixth Framework.

Nominating Committee 2002: The Committee to select candidates for Vice-President and new members of Council in 2003 consisted of: David Newbery (Chair); Richard Blundell, Peter Neary and Torsten Persson (Vice-President, President and President-Elect respectively); and Giuseppe Bertola, Gabrielle Demange and Eliana La Ferrara (elected by the four "senior" members). The Committee's nominations were sent to members in July 2002 and 494 valid ballots were received by October 2002. The outcome of the ballot was:

Vice-President 2003: Birgit Grodal

New Members of Council 2003: Martin Browning, Jordi Gali, Paul Klemperer, Roberto Perotti, Monika Schnitzer, Fabrizio Zilibotti.

Yrjö Jahnsson Committee: A committee was appointed to make the 2003 award for the outstanding European economist under the age of forty five. It consists of Kevin Roberts (Chair) and Pierre Pestieau (outgoing EEA appointees); Richard Blundell and Birgit Grodal (incoming EEA appointees); and Rune Stenbacka (representing the Yrjö Jahnsson Foundation). A revised Agreement between the EEA and the Yrjö Jahnsson Foundation was signed in 2002, under the terms of which the committee will report not later than April 2003, and the award will be made at the August 2003 conference in Stockholm.

III. Administration and Governance of the EEA

Between conferences, the day-to-day running of the EEA is carried out by the Secretariat, while policy issues and new initiatives are dealt with by the President and other members of the Executive Committee. The Executive met for its regular Spring Meeting in Dublin on May 10 and 11, and both Executive and Council met during the Venice conference. A number of procedural innovations have been considered to increase the involvement of the Council and ordinary members in the business of the Association:

Election of Council Members to the Executive: The first was to allow the Council to elect 3 of their members to serve as "members without portfolio" on the Executive. This proposal was agreed at the Council and Members' Meetings in Venice, and, since it only required a change in the bye-laws (available at www.eeassoc.org/statutes-byelaws.html), it took effect immediately. The text of the new article is as follows:

Article 7.5: The Council also elects three members (not already on the Executive) to be members of the Executive. The term of these Council members on the Executive Committee is three years, and one Council member is elected to the Executive Committee each year. The list of eligible Council members is submitted to the Council (including the officers, who are ex officio members of the Council) for ranking, and the Council member receiving the highest rank is considered elected to the Executive Committee. In those cases where the term of the Council member elected to the Executive Committee would expire before the end of the three years, their term on the Council would be extended to terminate simultaneously with the end of their term on the Executive Committee. For otherwise eligible candidates who have previously served on the Executive Committee, three years off the Executive Committee must elapse before they may again appear on the ballot for elected members of the Executive Committee.

Nominating Committee: A second change concerns the manner in which the Nominating Committee is selected, and requires a change to the statutes. For the first fifteen years of the EEA, nominating committees consisted of three people. Since this is perhaps the most important single committee, the number of members was increased in 2001 and 2002 (see Part II above) to seven, with the following conventions: the committee is chaired by a former President (not currently a member of the Executive), who is appointed by the current President; the current President, President-Elect and Vice-President are ex officio members; and these four members elect three additional members. This innovation did not require any change to the statutes or by-laws, but it is now proposed to formalise the changes and to increase the involvement of the Council in the process. This proposed change was agreed unanimously by the Council and the Members' Meeting in Venice, and a ballot paper inviting members to express their views on it was distributed in November 2002.

Proposed New Article 29: Before February 1 of each year, the President appoints a former President of the Association to chair a Nominating Committee which nominates candidates for election as Vice-President and as elected members of the Council. The Nominating Committee

also includes the current President, President-Elect and Vice-President, plus three additional members appointed by the Council before the same date. The Nominating Committee shall propose at least two names of members in good standing for the position of Vice-President. The bye-laws shall provide further rules for the nomination of elected members of the Council and for the manner in which the election is held. The names of the candidates for the respective positions are communicated to the General Assembly. The candidate with the highest number of votes is elected to the position.

Future Developments: The above measures will hopefully increase the involvement of the elected members of the Council in the running of the Association. The Executive is also exploring ways of increasing the level of participation by ordinary members. One option under consideration is the development of software to allow electronic voting by members.

IV. Final Notes

In conclusion, I would like to thank my colleagues on the Executive Committee and in the EEA Secretariat who have shared so much of the work over the past year. Jean Tirole has devoted as much time and energy to being Past President as he did to being President, and I am indebted to him for constant support and advice. Torsten Persson and Richard Blundell have been just as active and enthusiastic. With Birgit Grodal joining them in 2003, the Association is assured of energetic and wise leadership in the future.

I also owe debts of thanks to Alfred Steinherr and especially to Henry Tulkens, who as Treasurer and Secretary respectively continued to ensure the efficient running of the Association during the past year. Henry has decided to step down with effect from end-2003, and Ian Walker of Warwick University has agreed to succeed him as Secretary in 2004. Henry is assisted in Louvain by Christiane Barbosa, who deals with membership and association matters, and Pascale Reid-Thérier, who is the EEA's web-master. With the increasing range of activity of the EEA, their work-load has inched steadily upwards in the past year, and I would like to thank them for their loyalty and good cheer throughout.

J. Peter Neary
President, EEA, 2002
Dublin, January 2003