

THE ECONOMETRIC SOCIETY 2011 ANNUAL REPORT OF THE PRESIDENT

1. THE SOCIETY AND ITS GOVERNANCE

SINCE ITS FOUNDATION in 1930, the Econometric Society has used fairly informal governance arrangements. The original Constitution has been changed five times (the last one in 1992), but it has remained a thin document with no reference to key governance bodies such as the Executive Committee. There is a much longer document, called the Aide Memoire, which contains a detailed description of the rules and procedures that govern the Society.

After several years of study and deliberation, the Executive Committee decided that it was time to update the governance arrangements, and to proceed with the incorporation of the Society as a Delaware Non-Stock, Non-Profit Corporation. Incorporation puts our legal status on a firmer footing. (The American Economic Association has been incorporated since 1923.) I want to thank the law firm of Skadden, Arps, Slate, Meagher & Flom LLP for its able assistance (on a pro bono basis) with the incorporation process.

In October 2011, I appointed a Governance Committee, chaired by Oliver Hart, to review all aspects of the governance of the Society (see Section 2 for the composition of the committee). This was motivated in part by the planned incorporation, but also to address gaps and inconsistencies in our governance and to assure that we continue to operate in a manner that befits our purposes. The working group on econometrics and the Econometric Society, which John Moore set up in 2010 (see his Annual Report, Section 6 in *Econometrica*, September, 2011), was terminated as the charge was folded into that of the Governance Committee.

In April 2012, the committee posted a preliminary report for discussion by the Fellows. The report summarized the current governance arrangements and put forward a number of proposals. The committee also posted a draft of the By-Laws that would replace the current Constitution, as required by incorporation. The final report was posted on the Society's website in July 2012.

The Executive Committee discussed the By-Laws at its meeting in August 2012 and made some minor changes. The By-Laws were then passed to the Council for approval, as required by the Constitution. The Council overwhelmingly approved the By-Laws. The By-Laws have now been presented to the Fellows for review and ratification by a two-thirds majority of the voting Fellows.

The intention of the proposed changes is to enhance the global presence of the Society by increasing the geographical representation in the Council, and to strengthen the role of the Council in the governance of the Society by increasing the number of Council members in the Executive Committee and in the Nominating Committees. Although the voting power of the Fellows remains unchanged, Society members would directly elect members of the Regional Standing Committees. The proposal also makes it possible for Fellows

to nominate members of the Nominating Committee for Officers and Council and to nominate candidates for Second Vice-President and Council, provided the nominations are supported by a specified minimum proportion of Fellows.

The proposed By-Laws keep intact almost everything that is in the current Constitution. Where possible, the same wording, in some cases dating back to the original Constitution from 1930, has been maintained. In addition, the By-Laws include essential governance provisions, many taken from the Aide Memoire, that are required for the incorporation. However, the Aide Memoire needs to be changed so as to become consistent with the new By-Laws.

If the Fellows ratify the By-Laws and incorporation, the Executive Committee will propose to the Council a revised version of the Aide Memoire with the rest of the governance changes. Until this is done, the current Aide Memoire will apply in all matters that do not conflict with the new By-Laws.

In addition to the proposed formal changes in governance, the Executive Committee has discussed increased transparency and engagement. Our plan is to make more information about Executive Committee deliberations and decisions available on the web, and, where appropriate, seek guidance from Fellows and members before making such decisions. As an example, before the 2011 election of new Fellows, we opened a forum on the web that allowed the Fellows to air their views about the changes we had made the year before to the electronic voting process, including the introduction of the one-click vote. The forum was a great success, with large participation and very thoughtful suggestions and debate. As a direct result of the forum, the Executive Committee decided to eliminate the one-click option. We plan to use forums more often in the future (two new ones opened this year), and hope that Fellows and members will use this channel to participate in the betterment of the Society.

2. COMMITTEES

As required in the Constitution and the Aide Memoire, the annual election of the Officers, Council, and Fellows is preceded by work in three independent nominating committees, which the President appoints. The rules specify that the Officers (the First and Second Vice-President, the President, and the Past President) are ex officio members of the Officers and the Council committees. The compositions of the committees in 2011 were as follows:

OFFICERS: Roger Myerson, Chair; Jim Heckman; Elhanan Helpman; Bengt Holmstrom; Guy Laroque; John Moore; Jean-Charles Rochet; Tom Sargent.

COUNCIL: John Moore, Chair; Martin Browning; Glenn Ellison; Jim Heckman; Bengt Holmstrom; Rosa Matzkin; Costas Meghir; Jean-Charles Rochet; Arunava Sen; Hyun Song Shin.

FELLOWS: Jose Scheinkman, Chair; Michele Boldrin; Xiaohong Chen; Vincent Crawford; Jordi Gali; Ariel Pakes; Jean-Marc Robin; Nancy Stokey.

In addition, there were two ad hoc committees: the one on governance discussed above and a search committee for replacing Rafael Repullo as Executive Vice-President.

GOVERNANCE COMMITTEE: Oliver Hart, Chair; Tim Besley; Hongbin Cai; George Mailath; Rosa Matzkin; Rafael Repullo, Secretary; Enrique Sentana; Hyun Song Shin, Observer.

SEARCH COMMITTEE FOR A NEW EXECUTIVE VICE PRESIDENT: Bengt Holmstrom, Chair; Eric Maskin; Rafael Repullo; Jean-Charles Rochet; Hugo Sonnenschein.

I am very grateful to the members of all these committees, and especially to the chairs, for their excellent work.

3. REGIONAL MEETINGS

Every five years, the Econometric Society holds a World Congress (the last one was held in Shanghai in 2010). In years with no World Congress, the Society holds six regional meetings around the world. In 2011 they were held as follows.

North American Winter Meeting, Denver, Colorado, January 6–8, 2011

North American Summer Meeting, St. Louis, Missouri, June 9–12, 2011

Australasian Meeting, Adelaide, Australia, July 5–8, 2011

Far East and South Asian Meeting, Seoul, South Korea, August 11–13, 2011

European Meeting, Oslo, Norway, August 25–29, 2011

Latin American Meeting, Santiago, Chile, November 10–12, 2011

I had the opportunity to attend all the regional meetings except the Australasian. To experience the high quality of the programs, and see the level of engagement and enthusiasm at these meetings was the highlight of my presidential year. It made me truly appreciate the global reach of the Society. I was surprised to see how international each meeting was, with researchers from all regions participating in each regional meeting. It appears that the internationalization of the regional meetings is a recent trend. If so, it is very welcome.

The meetings were very well organized logistically, with local and national communities showing strong interest and offering substantial support. The responsibility for the organization of the regional meetings rests entirely with the Regional Standing Committees, including the choice of location and the financing of the meetings. On behalf of the Society, I want to express my thanks to all the Regional Committees, the Program Committees, and the local organizers.

In addition to the Society's regional meetings, the African Econometric Society (AES) organized its 16th Annual Conference in Nairobi, Kenya, July 13–15, 2011. The intent is to merge the AES with the Society and make Africa

a seventh region. We have officially participated in the AES meetings for the past two years. Africa is the fastest growing economic region in the world and it is with anticipation and excitement that we look forward to welcoming AES as part of the Society.

The President is invited to give a presidential address at each of the regional meetings and I much appreciated the opportunity to do so. There was one change in the traditional protocol in the North American Region. In 2011, the Executive Committee decided that the presidential address would be delivered at the Winter Meeting instead of the Summer Meeting. The main rationale for this change was that a presidential address at the largest yearly economics event in the world provides an opportunity to raise the Society's profile. It was further decided that the address should be given by the Past President (in line with the AEA and the AFA practice), so I had the privilege to give the first such address. In place of my presidential address at the North American Summer meeting in St. Louis, John Moore gave his presidential lecture (there were no regional meetings during his term, because of the World Congress). Starting this year, the newly instituted Samuelson Lecture will replace the presidential address at the North American Summer Meeting. The Samuelson Lecture is given by a distinguished young scholar. Jon Levin gave the inaugural Samuelson lecture in Evanston this year.

4. EDITORIAL CHANGES

On July 1, 2011, Daron Acemoglu took over the editorship of *Econometrica* and Matt Jackson commenced his term as Co-Editor. With these appointments, we can be assured of *Econometrica*'s continued standing as the world's leading economics journal in quantitative theoretical and empirical research. I am very grateful to Daron and Matt for taking on their time-consuming, but all-important tasks. At the same time, I want to extend my warm thanks to Stephen Morris for his exceptional handling of the editorship for the past four years.

5. NEW EXECUTIVE VICE-PRESIDENT

In 2006, the Society created the position of Executive Vice-President to serve the combined constitutional roles of Secretary and Treasurer. Rafael Repullo has served as the first Executive Vice-President for the past six and a half years. He has done so with exceptional determination, devotion, and distinction. As the first Executive Vice-President, Rafael has defined the role. He has been minding the store like his own. His support and advice to the Executive Committee and the Presidents have been instrumental in charting the future of the Society. I cannot say enough to thank him. The Society is very much in his debt.

In 2010, John Moore appointed a committee to search for a successor to Rafael (see Section 2 for the composition of the committee). The committee

cast its net widely by seeking advice from the Fellows. We are very fortunate that Hyun Song Shin agreed to take on this critical job for the next five years. His term started on July 1, 2012. I extend him a very warm welcome and wish him all the best.

6. CLOSING REMARKS

The Econometric Society is the leading economics Society in the world. Serving as the President of the Society has been a true privilege. I am very thankful to the Fellows for entrusting me with this important responsibility and to the members of the Executive Committee, especially my fellow officers Roger Myerson, John Moore, Jean-Charles Rochet, Jim Heckman, and Manuel Arellano, for being so collaborative and supportive. It has been a great pleasure to work with them.

Finally, I want to thank Claire Sashi, General Manager of the Society, and Mary Beth Bellando-Zaniboni, Editorial Coordinator, for their continued dedication to the Society.

Bengt Holmstrom
PRESIDENT IN 2011