

Report to the Executive Committee by the Committee on Transition  
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Background and Mandate

In July, 2003, Julie Gordon (Secretary and Executive Director) and Robert Gordon (Treasurer) informed the Executive Committee that they wish to step down from their posts after the World Congress in London in August, 2005, by which time they will have served the Society for a remarkable period of thirty years. At its August, 2003 meeting in Stockholm, the Executive Committee thanked the Gordons for their exemplary service. It noted that their departure will truly mark the end of an era for the Econometric Society, a highly successful era thanks to their fine work. It also set up a Committee on Transition charged with (1) reassessing and perhaps redefining the positions of the Executive Director, Secretary, and Treasurer; (2) considering the desirability of democratizing of the process by which potential candidates for these posts are identified; (3) recommending specific individuals to take over for the Gordons; and (4) working out a timetable for the transition to the new team.

As matters currently stand, the Secretary and Treasurer are constitutionally mandated Officers of the Society (although the Constitution allows the two positions to be held by a single person). Like other officers, they are elected by the Fellows (the Constitution dictates that the Officers' Nominating Committee shall name just one candidate for each post, but the Fellows are free to vote for names not on the ballot). The Executive Director, by contrast, is an employee of the Society, not an officer. The

position was created by the Executive Committee in 1985 and has been held since its inception by Julie Gordon.

#### Summary of Major Recommendations

After due deliberation, our committee unanimously recommends the following actions:

- (1) The posts of Executive Director and Secretary shall be combined into a single position called “Executive Director” (ED).
- (2) The duties of the ED shall comprise all those currently performed by the Secretary and the Executive Director (see Julie Gordon’s job descriptions of the Secretary and Executive Director posts). In addition, the ED will be responsible for posting non-*Econometrica* materials to the website and for acting as webmaster.
- (3) The ED shall not be an Officer of the Society.
- (4) The Society shall engage a professional management company, and the Executive Director shall be a staff member of that company.
- (5) The post of Treasurer shall be expanded and renamed “Executive Vice-President” (EVP).
- (6) The EVP shall be an Officer of the Society (and a nonvoting member of the Executive Committee), nominated by the Officers’ Nominating Committee on the recommendation of the Executive Committee.
- (7) The EVP shall serve for a term of five years, renewable at most once (for a total of ten years).

- (8) The duties of the EVP shall include all those currently performed by the Treasurer (see Robert Gordon's job description of the Treasurer's post). In addition, the EVP will be responsible for (i) signing all checks emanating from the Society's central office, (ii) supervising the Executive Director, (iii) supervising others (e.g., Blackwell) with whom the ES has significant contractual relations, (iv) formulating and proposing new initiatives that the Society might undertake.
- (9) The process by which the EVP is nominated shall not be democratized.
- (10) Rafael Repullo (CEMFI, Madrid) shall be nominated for the post of EVP.
- (11) The new team (EVP and ED) shall take over fully in January, 2006. The period from July 2005 – December, 2005 will be one of transition, in which the new team gradually takes over more and more duties in consultation with Julie and Robert Gordon.
- (12) There are at least two different ways that these changes could be put into effect. One would be to assign the offices of Secretary and Treasurer to a single individual, who would then be named EVP by the Executive committee. This option would entail no change to the Society's constitution. The other would be to abolish the old offices of Secretary and Treasurer and create a new office of EVP. This would require a constitutional change, and would best be put to the Council and then the Fellows for their approval by the end of 2004.
- (13) Once the EVP is designated, he/she together with Robert and Julie Gordon would be responsible for interviewing a shortlist of candidate management companies (for the position of ED) in person, and then making a recommendation about the choice of company to the Executive Committee. We have one bid

already from a company called Drohan (see their attached proposal). We should be able to solicit additional bids through the association of management companies (IAAMC.org).

### Explanation of Recommendations

- (1) Although the positions of Secretary and Executive Director are formally distinct, they have in fact been filled by a single person, Julie Gordon, since the Executive Director post was created in 1985. In our view, this has worked out well. Julie has proved that one person can readily carry out both roles with distinction, and there are many complementarities between the two roles. For example, the Secretary is supposed to provide the “back material” for *Econometrica* (Society news notes, etc.), whereas the Executive Director is meant to approve any insertion orders for advertising. Thus, there are clear advantages to keeping the two posts combined and no serious drawbacks.
- (2) When written last winter, Julie Gordon’s memorandum about the posts of Secretary and Executive Director nicely laid out most of the tasks that the ED should undertake. Since then, the Society’s website was completely revamped, and so now a reasonable additional task for the ED will be to post material (not emanating from *Econometrica*) to that website and to serve as webmaster.
- (3) Because we are proposing that the ED be on the staff of a professional management company, it does not seem appropriate for him/her to be an Officer of the Society. The contract with the management company should be reevaluated annually.

(4) We looked into the operations of academic societies similar to the Econometric Society in size and scope. We discovered that quite a number of them are now administered by professional management companies. The usual arrangement is that one staff member of the management company is designated the Executive Director and performs most of the day-to-day tasks associated with the job. However, other staff people step in when special expertise in a particular area (e.g., computers) is called for.

We believe that such an arrangement would be advantageous for the Society and would be preferable to hiring an unaffiliated individual as ED. (Indeed, the Society should derive most of the same benefits as with an unaffiliated individual - - because there would still be a single individual serving as Executive Director.) First, it would reduce risk. By hiring a company, we would have some insurance if the ED were incapacitated or simply did not work out for some reason; it would be relatively easy to switch to another person in the company. Second, because these companies already have considerable experience running academic societies, the transition should be smoother and faster than if we brought in an unaffiliated individual without such a track record. Third, we should be able to exploit economies of scale. Such companies typically have experts on staff who are expert in computers, advertising, publishing, etc. - - a range of useful skills we are unlikely to find in a single person.

(5) and (6) Because the ED plays a critically important role, we think that he/she should be supervised more carefully than the brief annual reviews by the

Executive Committee now permit. Accordingly, we recommend expanding the role of Treasurer to include overseeing the ED on a continual basis. The expanded Treasurer would report on the ED's performance to the Executive Committee annually and, if necessary, recommend his/her replacement. In addition, the expanded Treasurer would be responsible for signing checks, since the ED would not be an Officer of the Society. Finally, the expanded Treasurer would be responsible for "keeping the Society in the modern world." For example, he/she would keep tabs on what other societies are doing with their websites and, if appropriate, propose interesting innovations along those lines to the Executive Committee. Because the EVP would thus play the role of advisor to the Executive Committee, it seems appropriate that he/she should be a nonvoting member of the Committee.

In view of this expanded set of responsibilities, we recommend renaming the job title "Executive Vice-President" (EVP).

(7) The Gordons have served very successfully for nearly thirty years. But the Society should not count on being so lucky again. Since we would hope to have a distinguished member of the Econometric Society as EVP, we would not expect such an individual to remain in office indefinitely. Nor would we anticipate that his/her performance would remain energetic indefinitely. It seems to us that a five-year term renewable at most once is about the right length. Ten years is certainly long enough to provide real continuity and institutional memory, but does not seem like an unreasonably long tenure. By dividing the decade into two

- terms, the Executive could undertake a serious review in the fourth year, and thereby minimize the damage from an underperforming EVP.
- (8) We feel that EVP should be responsible for providing some “vision” for the Society. We should emphasize that in making this proposal we do not mean to diminish the role of the President. Instead, we see the EVP as playing the role of advisor to the President and Executive Committee. We believe that because he/she will be involved with the Society on a day-to-day basis and will serve for up to 10 years (whereas the President is in office for only one year), the EVP can offer the perspective of someone with considerable experience.
- (9) Although we now ask the membership for suggestions when we look for a new Editor of *Econometrica*, our Committee did not feel that a similar sort of request in the case of the EVP’s position would be useful. The typical member of the E.S. is undoubtedly familiar with the qualities that make a good Editor and perhaps whether or not a particular candidate possesses them, but is probably not in a good position to judge things like administrative competence.
- (10) We feel that Rafael Repullo would make an excellent EVP. He has extensive administrative experience, as Director of CEMFI, as Secretary and Treasurer of the European Standing Committee of the Econometric Society, as a Member of the Executive Committee of CEPR. From all accounts, he has performed superbly in all these roles. He also has an attractive personality.
- (11) We have sounded Rafael Repullo out informally about his potential interest in the position, and he is in principle willing to accept (although he recognizes that his appointment would not only require the approval of the Executive Committee

but possibly a constitutional change). However, he would prefer not to fully take over until January 2006. Because the Gordons have graciously expressed their willingness to stay on until the end of 2005, we therefore propose a transition period from mid-2005 to January 2006 during which the new EVP and ED would learn the ropes and gradually assume more of the duties.

(12) The first alternative has the advantage of easier implementation; the second of signaling more clearly to the Society the reorganization of administration. The Committee on Transition does not express a view about which option is preferable.