

Summary of the Special SETA Conference Session
“Open Meeting for Discussion of Possible Society for Econometricians and Related Issues”
1 May 2010, 11:45am
Seminar Room 1.1, Lee Kong Chian School of Business

Chair: Peter C. B. Phillips, Yale University & Co-Director CoFiE, SMU
Chung-Ming Kuan, National Taiwan University

Moderator: Jun Yu, Deputy Director, SKBI and CoFiE, SMU

Minutes: Priscilla Cheng

Attendance: circa 70

Issues Discussed

Item 1: Background

- 1.1 Peter Phillips opened the meeting by welcoming everyone, thanking people for coming to the meeting and stating its purpose - an open discussion among conference participants regarding SETA and related issues that affect the large and growing community of econometricians. Specifically:
- a. Conferences are intended to bring people together in productive ways that satisfy their needs. The success of any conference depends on how well it achieves these objectives. SETA has been ongoing for six years. It is a meeting on econometrics for econometricians – in this respect it is like the EC² econometrics meetings in Europe – and avoids large numbers of parallel sessions so that it brings conference participants together, sometimes emphasizing particular themes. It is important that the Program Organizers and Advisory Committee listen to the grassroots of the community for feedback, suggestions and improvements. If there are needs that are not being met – such as panel discussions on modeling, methods, computing, and teaching – then it is good to have a vehicle by which these ideas can be transmitted. Please do give us your feedback on this conference and your ideas for future meetings. SETA has an Advisory Committee and your input is warmly welcomed.
 - b. We are interested in gathering feedback on the needs of the growing community of econometricians in Asia and the rest of the world. In particular, we would like to assess interest in the idea of forming a new society for econometricians. Around the world there are now many local and regional conference series specifically in econometrics. All of these are being run without any support, recognition or sponsorship from existing societies like the Econometric Society. Besides the SETA conference series, which covers Asia and Australasia, there are regional conference organizations in econometrics in various parts of the world, including EC² in Europe, the African Econometric Society, the Italian Econometric Association, the Indian Econometric Society, the Midwest Econometrics Conference, and similar groups of various scales all over the world (including the UK Econometric Study Group, the New Zealand Econometrics Study Group, the Canadian Econometrics Study Group, the Singapore Econometrics Study Group, the New York Area econometrics group, the Texas econometrics camp, and many others).

- 1.2 The subject of econometrics has grown enormously in the last two decades and its methodological reach now extends into every area of economics, into adjacent disciplines in the Social and Business Sciences, and into more distant disciplines in the Medical and Natural Sciences. The community of scholars is large with many young professionals and there are good prospects of continuing growth especially in Asia over the coming decade. It is important for our existing community to have a productive fellowship and to groom and nurture the next generation of econometricians. To do so, it may be desirable to have a societal mechanism – possibly even a virtual society – to respond to the needs of econometricians around the world in a productive way as the discipline evolves.
- 1.3 Right now there is an emergent crisis in econometrics that needs to be addressed. At present, among the top general interest journals in economics, only *Econometrica* publishes papers in econometric theory or papers with substantial methodological content. In the past, the *Review of Economic Studies* and the *International Economic Review* published articles substantially in econometrics but these journals now rarely publish major papers in econometrics and this trend is typically reflected in the selection of Co-Editors. Only a small handful of senior econometricians and very few younger econometricians are successful in publishing in *Econometrica*. As a result, there is a growing career crisis for young econometricians who are unable to publish in leading general interest journals. Schools typically look for such publications in making senior appointments and promotions. Thus, the bulk of the econometrics community is now de facto restricted to publishing in field journals. At the same time, it has become increasingly difficult to elect econometricians to Fellowships of the Econometric Society: even senior econometricians with universally acknowledged contributions to the subject and multiple publications in *Econometrica* fail to be elected after repeated nominations year after year, while young economic theorists and high profile applied economists – often with no publications in *Econometrica* – form the bulk of newly elected fellows every year so that the voting strength in fellowship elections continues to strengthen in economic theory and applied economics. For econometricians outside the top North American schools (where there are sufficient numbers of Fellows of the Econometric Society as colleagues to provide supporting votes in fellowship elections) it is becoming impossible to be elected. These changes in the editorial policy and senior editorial appointments of leading general interest journals in economics combined with the growing difficulties in electing econometricians to fellowships of the Econometric Society present a serious obstacle for the careers of econometricians. The situation is becoming a crisis for the future of the econometrics community.
- 1.4 Peter Phillips reported that he recently wrote to 115 senior econometricians for their views on the idea of forming a new society. Overall, there were 89 responses, of which 83 were positive (93%), 3 were negative and 3 were non-committal. The 3 negative responses came from top North American institutions and reflected partial satisfaction with the status quo but showed some awareness of other issues (such as the plight of young econometricians, and problems with the large Econometric Society conferences and the underrepresentation of econometrics, while reflecting the view that it was the responsibility of the Econometric Society to address difficulties but acknowledging that there was no obvious way to do so). In terms of region, the response rate from Asia was 86%, from Europe 85%, from Australasia 80%, and from North America 73%. From the positive responses, emphasis was placed on taking a “big tent or broad church” approach to the formation of a new society (emphasizing inclusiveness as opposed to exclusiveness), the use of modern computing technology in econometrics, enfranchisement of the econometrics community, the elimination of bureaucracy, and giving equal emphasis to Asia and Europe rather than the current dominance of North America. In addition, many responses indicated the need to pay attention to how econometricians work and what distinguishes their

work from other areas of economics. Many responses raised criticisms of the Econometric Society, particularly disenfranchisement of econometricians and confusion over the name of the society given that *econometrics* appeared to be so poorly represented at official and executive levels.

- 1.5 Chung-Ming Kuan highlighted that the academic community in Asia is different from 10-15 years ago. In the past, there were only a few econometricians and connections were mainly with North America with minimal connection to the Asia-Pacific region. Now, with the increased number of econometricians in this region, there may be a need for some platform or network to connect them. A real or virtual society for econometricians would be preferred if it can better serve this community and help promote econometrics activities in Asia.

Following these introductory remarks, comments and inputs were sought from the participants.

Item 2: Comments and Inputs from SETA Conference Participants

2.1 Comments voiced from the audience are summarized as follows:

- a. It is useful to consolidate and circulate a document on the views of the participants. It is also a good idea to reach out to regional organizations and get in touch with those who organize similar groups and societies such as the Mid-West group, and New York group in the US.
- b. There is a need to know the trend of *Econometrica* in terms of the proportions of econometrics articles published. There were more articles in econometrics in the past in *Econometrica* but there may be a change in recent years. Many people feel that first grade articles are now being rejected by *Econometrica* for no valid reason and that decision-making on econometrics articles has become increasingly arbitrary. Some have the impression that the journal has become a Game Theory journal. The new Econometric Society journal QE is heavily oriented to microeconomics with little acknowledgement that time series econometrics or financial econometrics exist. The phenomena seem to arise because of the dominance of North American institutions in determining Econometric Society policy. As a result, many shared the sentiment that any new society/structure should be based outside North America, probably in Europe or Asia or both.
- c. Some thinking is required on the shape and form of the new society, if any. For the current societies, some organize conferences, some publish journals and some conduct both activities. There are some with good websites which keep track of regional activities, issue quarterly newsletters and contain interesting and relevant information from different regions. In some conferences, awards are given to outstanding presentations. These awards are supported by agencies such as local central banks. There are also some conferences with job placement functions.
- d. Job placement is critical. Some young people looking for jobs are often not given the opportunities as their supervisors are not in the top layer. Having a platform to communicate opportunities and to showcase candidates would be good. The current system sometimes only focuses on certain institutions and thus fails to offer access to people outside the network. Top North American universities put considerable resources into job placement. Tutorials are given to students on how to present themselves and in recent years even professional speech therapists are engaged to enhance students' skills

- and images. Lesser schools do not have this advantage but their students may be just as talented.
- e. One participant expressed concern that the Australian representation in the Econometric Society is aging. It is also felt that Australian econometricians are being sidelined in two ways. Firstly, the region is far away from North America. Secondly, econometrics used to be standalone in the past but is now subsumed under economics departments. It would be nice if econometrics as a group had more recognition and was not sidelined in conferences and other ways. Econometric students in Australia are ambitious but they are faced with great difficulty in getting funding. There is a real need for high caliber conferences and a strong regional community - this need comes not only from the faculty but also from students.
 - f. There are a lot of good students, interests and potential in Asia. It is felt that the focus of the new society should be in Asia and it will open up a lot of new opportunities.
 - g. There is a good portfolio of field journals in econometrics at the moment. There may not be an immediate need for a new journal although in the future there may be a need for a journal to reflect more general econometric perspectives. There is a need for practitioners to discuss the subject in public and conferences and journals should respond to this need.
 - h. With the need for job placements, conferences etc, going forward there is a need to set up some formal structure to link econometricians and to have regular contact so people feel they are connected. A proper network will keep the momentum going.
 - i. There is a concern that econometricians are underrepresented in the Econometric Society. In this case, there is a need for a new society.
 - j. Communication is important. Among people who have put great effort into organizing Econometric Society conferences, it was felt that the program committee and chairs do not have much influence on the organization of the conferences: there are often too few sessions allocated to econometrics and good people and papers get excluded; and there is insufficient communication with the upper level of the society on these matters. The Econometric Society should be made aware of that.
 - k. It might be highlighted that making an effort to form a community structure or society for econometricians is not an act against the Econometric Society. It is simply a response to an existing and growing need in the community of econometricians. The purpose is to serve the community. As a first step, finding the right mechanisms to connect and inform people is important. For example, having a good website to interact with all groups may be useful. It is suggested that Econometrics Links currently maintained by Econometrics Journal is a good place to start. This might lead to a virtual society of some form.
 - l. In China, PhD students are mostly not interested in theoretical econometrics. The reason is that the work in this area is not recognized in China. If there were a new society, they can present their work more easily in conferences and get recognition. As for job placement, there is asymmetry in job seeking. Good PhDs from Chinese Universities have difficulties finding placements in North America but North American graduates can find jobs easily in China. It is noted that there are demographic restrictions in the graduate programs offered in North American institutions (e.g., there are restrictions on the ratio of Asians to Americans).
 - m. There is a query on why it is hard to change the Econometric Society to make it represent the interests of econometricians better - in order to understand why there is a need to form a new society. Peter Phillips responded that the decision making power of

the Econometric Society lies in the Executive Committee which comprises the Officers of the society (President, past president, first and second vice president, secretary, treasurer, and the Editor of *Econometrica*) plus three members of the Council, elected by the Council. In the main, the people on the Council and the Executive Committee of the ES are not econometricians and as such cannot speak directly for the interests of econometricians. Past presidents nominate future presidents and Council members nominate Council members (nominating committees being selected by the President). Since most presidents and Council members are economic theorists, econometricians have little influence. The voting power on new fellows comes from existing fellows of the society who are elected annually on the basis of nominations. The dominant group among the fellows is economic theorists and a considerable concentration of voting strength lies in the top North American institutions. To better represent the econometrics community in elections, more econometricians need to be elected as fellows – but this has become increasingly difficult because the voting power among existing fellows is held by economic theorists, leading to a self-perpetuating situation whereby many brilliant and accomplished econometricians do not get elected even after repeated nominations and elections.

- n. It was suggested that once the minutes of this meeting are prepared, they should be sent to the President of the Econometric Society so that the Econometric Society is informed of the needs of this group.

2.2 As a follow up of this meeting, a summary will be prepared and circulated. In addition, there will be a summary of information, views and ideas based on the responses to the letters which Peter Phillips has received. The aim is to continue this dialogue at other regional meetings and groups of econometricians. It was agreed that Peter Phillips would take the following action:

- a. Circulate information about the meeting and responses to all
- b. Contact organizers of regional econometrics meetings (such as EC²) to see if they wished to have similar open meetings for discussion and wanted to be involved
- c. Raise the possibility of working with the Econometrics Links website to set up a Virtual Society of Econometricians (VSE) as soon as practical.
- d. Communicate the report of this meeting and the responses concerning a new society to the President of the Econometric Society.

There being no other business, the meeting ended at 12:53pm.

Minutes approved by:
Peter C. B. Phillips
Chung Ming Kuan
Jun Yu
June 6, 2010