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Journal of Economic Theory 187 (2020) 105022

JOURNAL OF
**Economic
Theory**

www.elsevier.com/locate/jet

Essay

Fifty years of the Journal of Economic Theory [☆]

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Available online 24 February 2020

Abstract

This introduces the 50th anniversary issue of *JET*, a collection of 50 influential articles published in the *Journal* over the first fifty years. These papers speak for themselves. Instead of summarizing them, I offer my takes on the histories of the *Journal*, scientific publishing, and the economic theory profession.

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JEL classification: B30

We have collected in this issue 50 influential articles published in the *Journal of Economic Theory* during our first 50 years. They were selected by the lead editors. Selection was not simple. There were certainly other influential articles published in *JET* during this time that could have been included.

Since these articles are well-known, I will let them speak for themselves. Instead of summarizing them, I will provide in what follows my takes on the histories of *JET*, scientific publishing, and the economic theory profession.

For convenience, I will adopt a first-person style. This would normally be inappropriate. *JET* has always been a collective enterprise. I do this to stress that I am relying here on my own memory and opinions. If this were proper history of science, I would have needed to provide

[☆] Thanks to lead editors Alessandro Pavan and Tilman Börgers for organizing this 50th anniversary issue – a collection of 50 influential articles originally published in *JET*. Thanks to Elsevier for their support of this project and the related anniversary celebration at the ASSA meetings. Elsevier must realize the value to them of working with Alessandro, Tilman, and the rest of the current *JET* team. I gratefully acknowledge the essential roles of past and present editors, the one acting editor, the associate editors, the symposium organizers, referees, authors, and other friends of *JET*.

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substantial documentation, references, and footnotes. So please take my first-person style as that of narrator, *not* that of protagonist.

Early history of *JET*

About 52 years ago, the Academic Press (AP) mathematics editor, Edwin Beschler, and I met for lunch at the MIT faculty club. We sat at a table for two, not at the usual economics round table, at which Paul Samuelson held court.

Edwin is a central character in the *JET* story. He was a professional actor. He had been a math undergrad. He was a splendid science editor. Much of what I know about publishing is from Edwin. We are still in touch with his widow, Fern Beschler.

At the lunch, Edwin said that a committee of economists suggested that he approach me about the possibility of editing a new journal to be called “The Journal of Mathematical Economics”. I expressed interest but only if AP would accept the alternative title: *Journal of Economic Theory*. Edwin called later to report that the committee would accept my proposed title. He invited me to talk turkey at the AP offices at 111 Fifth Avenue in New York. AP and I struck the deal.

Only now do I realize how brave Edwin was. AP knew math libraries. Given their proposed title, they must have estimated a solid floor on institutional subscriptions. I was only 28, untenured, within only a few years of having received my Stanford PhD. I now think that Edwin’s AP colleagues could have been skeptical. But our first-year subscriptions were about 150% over the AP target, thanks to the important names on our first editorial board, the support of many other giants in economics, and the mundane fact that many university libraries had more than one economics collection.

Why would AP be interested in me? I can only conjecture. Probably no senior economic theorist was willing to take this on. I had the good luck to have some intellectual connections at Stanford, MIT, Berkeley, Chicago, Yale, Brown, Rochester, Minnesota, and elsewhere. Decades later, my teacher Ken Arrow admitted to having played a role in this. Knowing Beschler, I believe that AP consulted several economists.

Why would I be interested in this job? I do not know. I would not advise my students to take this step so early in their careers. I was not expecting tenure at MIT. Perhaps I might have felt that the editorship might keep me in the loop for a while, as I had been at Stanford and MIT. At any rate, I am grateful to the economics profession for its support and confidence. A down side of this job is – as every editor knows – one does not make friends rejecting papers.

What is wrong with “Mathematical Economics”?

Nothing!

Back in the sixties, the term could be vague. A mathematical economist might be an economist who knew a bit of calculus. Or, he might be someone teaching microeconomics, remedial math, and/or econometric theory. These definitions became unsupportable. We wanted to focus on high-brow and middle-brow and even low-brow economic theory. (In Bob Solow’s definition, the brow-level was a measure of the level of the math. I think Bob is proud of being thought of as a middle-brow economist.) On the other hand, we strove to include papers on related mathematics and computation. Math is an essential tool, but our focus was on economic theory.

Editorial thanks

I thank the past and present editors, the one acting editor, the associate editors, the symposium organizers, the referees, the authors, the editorial assistants, administrative editors, and other friends of *JET*. *JET* has been a team project of the economic theory community.

Thanks are also due to the institutions that provided space and related support to the *Journal*, including

- The MIT Economics Department, where *JET* was originally organized
- The Penn Economics Department, the home of *JET* for about 18 years
- The Cornell Economics Department, the home of *JET* for nearly 30 years
- The Stanford Economics Department and its IMSSS on several occasions including two full-year periods
- The Research Department of the Federal Reserve Bank of Minneapolis
- The UCSD Economics Department
- The NYU Economics Department, including one full academic year
- The SMU Economics Department

I thank my wife Susan Witherow Schulze (Shell) for her more than 30 years of excellent service as administrative editor. Susan was known to the economic theory community by her (Schulze) maiden name. She was the face of *JET* over many years.

I also thank Christine Cain (Kuha). Chris was an excellent editorial assistant at Penn and Stanford. Because of her skill and the smaller scale of *JET*, most of our correspondence during her time was in personal letters typed by Chris. Chris did not return to Penn. She remains in California.

Science publishing and Academic Press²

AP was founded in New York City by Walter Johnson in 1942. Johnson was the owner and publisher. His brother-in-law Kurt Jacoby was editor-in-chief. AP was an outgrowth of Akademische Verlag based in Leipzig, a major center of scientific publishing. Other science publishers were North Holland (now our Elsevier), Springer in Berlin, Birkhäuser in Switzerland, and the English university presses. The advantage for commercial publishers was their ability to adapt quickly to new fields and new sub-fields.

Until the late 1930's, Europe was the center of science research. The German research university model was favorable for science. (Only 2 US universities, Johns Hopkins and Clark, were built on the research university model.) In the 1930's, European scientists began emigrating to the US. Some US universities welcomed the displaced scientists, making the US a science center. It was natural that science publishers would seek footholds in the US, to which many of their former authors had migrated. In fact, however, Johnson and Jacoby were slow to emigrate. In 1938, they were sent to concentration camps. They managed to win releases. They fled Germany by separate routes. Jacoby traveled with a trunk of physics books, selling the books in Japan and elsewhere to support his trek.

² For more on Academic Press, see Beschler (2007).

What were the publication options for economic theorists before JET?

- *Econometrica*, the ES society journal, was — and is — an excellent outlet for economic theory, mathematical economics, and econometrics. It was plagued with senior staffing problems in the 60's. The editor tendered his resignation to become the dean at Northwestern. An unverified story has it that an ES committee was tasked with naming a new editor. According to the story, the committee would gather from round the world and work out a list of top candidates. None of the candidates turned out to be willing. And so on and on seriatim. When the editor became the Northwestern president, submissions were boxed awaiting a new editor. The boxed submissions provided opportunity for *JET*.
- The *Review of Economic Studies* was an excellent outlet for growth theory and other theory. It was a UK society journal.
- The *JPE* is the house journal of Chicago. It was a good place to publish. They were not closed to theory.
- The *QJE* was the house journal of Harvard. They were insular. I published with Joe Stiglitz an article on the allocation of investment. We used superior dots to denotes time differentiation. We had to find another symbol because HU Press did not do dots.
- The *AER* is the society journal of the AEA. In my paper on inventive activity and growth, they did attempt dots, but depending on the position in the production line some or all of the dots broke off. In the early years of *JET*, the *AER* editor used a printed postcard for rejections: “Your paper put me to sleep. Submit it to *JET*.” The *AER* editor rejected the Lucas classic included in this anniversary issue.
- The *IER* was the house journal of Penn and Osaka. The *IER* was dedicated to quantitative economics, including mathematical economic theory.

So the field was not completely wide open, but it was a good time to start a journal in our rapidly growing field. Now we have several worthy direct and indirect competitors including *Economic Theory*, *Journal of Mathematical Economics*, *Theoretical Economics*, and others. Economic theory — broadly defined — is now a large sub-field within economics. *JET* participated in and facilitated the growth of economic theory.

What was life like after AP?

- Walter Johnson sold AP. It was a shock to me and more so to the AP staff.
- The first buyer was a movie theater chain based in Boston. They had no interest in publishing. They bought to resell.
- They did resell to Harcourt Brace Jovanovich led by William Jovanovich. HBJ's major income source was elementary and secondary-school textbooks.
- HBJ was sold to Reed Elsevier.
- Elsevier saved the day for *JET*, but the period between AP and Elsevier was very difficult for us. If you bought a publisher merely for resale, it seemed to be tempting to increase published pages without much regard to quality and reputation. Even today, internet pricing formulas for scientific journals might be a worthy topic for study by pure and applied IO economists.
- The bottom line is that society journals play core roles, but commercial publishers can be more flexible and more innovative.

What did *JET* do that was new or special?

- We tried to be open to all schools of economic theory. We encouraged game theory. We stuck with social choice theory when it fell out of favor at *Econometrica*. We innovated in financial economics, mechanism design, overlapping generations, sunspot equilibrium, and much more.
- We innovated with symposia and mini-symposia, many of which had major impacts on the literature.

What other than *JET* did I do with AP?

- I was involved with adding journals to the AP list. For example: Ehud Khalai had been a *JET* associate editor before he founded *Games and Economic Behavior*. Ehud did a great job. I follow *Games* today. There are others, including the *Journal of Urban Economics*. I tried to encourage the starting a journal in political theory. Voting theory made *JET* an outlet for political theory for some time, but the timing was wrong for this project.
- I was general editor of a series of AP books: *Economic Theory*, *Mathematical Economics*, and *Econometrics*, volumes from which occupy two shelves in my current library.

Some personal favorites

The lead editors have put together an excellent list. Here are some personal additions and remarks:

- Samuelson's overlapping-generations (OG) model: Samuelson showed that the usual welfare theory required major revisions for the OG economy. He also showed that the Ricardo theorem about the necessity of retiring the public debt does not extend to the OG environment. David Gale has a *JET* classic paper on OG dynamics (Gale, 1973), which is generalized in Cass et al. (1979). Balasko and I have two OG papers (Balasko and Shell, 1980, 1981) on existence of competitive equilibrium, welfare of competitive equilibrium, and the bonafidelity of money tax-transfers.
- Cass (1972) provides a characterization of inter-temporal production inefficiency based on the support prices of short-run efficient allocations, thus extending the Phelps-Koopmans sufficient condition. The OG pure-trade economy and the Phelps-Koopmans production economy owe the possibility of long-run inefficiency to the unbounded time horizon.
- I am pleased to see some very good sunspots papers on the 50-year list. I regret that my own sunspots papers are still unpublished or published elsewhere. I do hope that the focus on indeterminacy does not obscure the fact: Not all sunspot equilibria (SSE) are mere randomizations over certainty equilibria (CE), and not all randomizations of CE are SSE.

Future of economic theory

Beliefs about the beliefs of others is central to game theory. I think that this is also important to macroeconomic theory and other general equilibrium theories. Obviously the representative agent model is unsuited for analyzing group belief formation. The Walrasian auctioneer (and also the market-game referee) oversimplify the coordination of beliefs. I am looking forward to

non-Walrasian general equilibrium theories incorporating and extending, for example, the search theory literature and the bank runs literature.

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