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May 8, 1999

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Daniel H. Newlon
Program Director, Economics
National Science Foundation
Division of Social and Economic Sciences
4201 Wilson Boulevard
Arlington, VA 22230

Re: Application of Economics Distributed Electronic Library
Dated January 1999

Dear Dan:

We are writing with respect to the January 1999 proposal of "EDEL: Economics Distributed Electronic Library" by Christopher F. Baum and Thomas Krichel. Their proposal seeks funding to extend the "RePEc" project (described as a decentralized collection of metadata about ongoing research in academic economics accessible via the World Wide Web) to transform its scope to a distributed electronic library. Three extensions to the RePEc project are proposed: (i) the incorporation of metadata identifying and locating researchers, (ii) the extension of the metadata to shared archives of datasets and software tools relating specifically to economists and (iii) the establishment of peer review of the literature available through RePEc.

This response is submitted by Michael C. Jensen and Martin Feldstein. Jensen is Jesse Isidor Straus Prof. of Business at Harvard Business School, Founding Editor of the Journal of Financial Economics and Co-Founder and Chairman of Social Science Electronic Publishing, Inc. Feldstein is George F. Baker Professor of Economics, Harvard University, and President, National Bureau of Economic Research (NBER).

In addition, we are the Co-Directors of the Economics Research Network ("ERN"), a for-profit organization which we founded and operate, and in which we, as well as other academics operating in the economics field, have invested significant amounts of personal funds and professional energies.

ERN is a collaborative effort of several hundred of the world's leading economists. ERN's business purpose is to collect and supply abstract and full text electronic versions of scholarly working papers to economists and others worldwide. ERN is one of the six research networks sponsored by Social Science Electronic Publishing (SSEP); they are ERN, LAN (Latin American Research Network), FEN (Financial Economics Network), ARN (Accounting Research Network), LSN (Legal Scholarship Network), and LitNet (Litigation Support Network).

We agree that the proposals contained in the EDEL Proposal for expanding information available via the Internet to economists and others is a worthwhile effort. We have demonstrated our commitment to this effort by the substantial personal time and money we and others have devoted to the worldwide economic community through ERN. We cannot agree, however, that these efforts should be supported with public (and therefore, taxpayer) funding. These are areas where the significant needs of academics can be and are being served by private enterprise, most particularly by ERN. We provide below an overview of the current status of ERN's offerings to the economics community.

- ERN publishes 39 bi-weekly email abstracting journals in 19 different topic areas in Economics. These journals (along with the 70-odd other email journals published by SSEP's sister networks) collect and present abstracts of scientific papers, which are either in Working Paper form or Accepted Paper form. (The latter are papers, which have been accepted for publication in a scholarly journal).
- ERN along with SSEP's other networks currently offer the ability to download full text copies of the working papers with a one click access from the email journals to SSRN's Electronic Library -- a complete, extremely high quality online database which contains all of our past paper and journal archives. In March and April 1999 economists worldwide downloaded 60,000 full text documents from our Electronic Library.
- Our Electronic Library, which is a fully searchable online database, currently contains over 12,000 abstracts of scientific papers with full author contact information, and journal publication information, and over 3,000 full text electronic papers available for download (currently at no cost). We have recently implemented one of the world's most powerful search engines for this database and are in the process of implementing full text searching of the electronic documents in the Library. The Electronic Library is available from our home page at www.ssrn.com or directly from <http://papers.ssrn.com/>
- At the current time we publish abstracts and electronic documents from over 120 Cooperating Institutions and 83 publishers of 200 scholarly journals. Complete lists of both of these sources are available on our web site and can be reached from our home page at www.ssrn.com. Our staff creates an Adobe pdf document suitable for downloading at no charge for any author who submits an electronic version of his or her paper to us.
- We currently run our services on 19 computers with approximately 40 people (including consultants) who are being compensated for their services and hundreds of uncompensated advisory editors and others who are the leading scholars worldwide in their fields. The names and institutional affiliations of these people are also available from our web site. We currently serve almost 30,000 subscribers to our email journals.

The EDEL proposal describes ERN as a "...service [that] does extensive collection efforts that are initially heavily subsidized." We wish to point out that ERN has received no subsidies from any institution, charitable or governmental, and will not take any. Indeed, we have "subsidized" the consumers of ERN's services with our own time and money.

The authors of the EDEL proposal go on to say that "some authors have resisted participating in [ERN's] service due to its commercial nature, objecting to the charges levied on subscribers of the current awareness lasts, [i.e., our email abstracting journals]. Except for a handful of authors (most all of whom are participating in the RePEc/EDEL effort), we are unaware of any authors who resisted participating in ERN's services. In fact, over 11,000 authors have contributed one or more of their research papers to our abstracting or electronic document delivery services. And, since inception of our service we have collected and publish complete

contact and location information on our authors, one of the three items that the EDEL proposal seeks funding for.

Contrary to the claims of the EDEL proposal, we have found users of ERN's services willing to pay the small annual fee we charge for the email journals. Our philosophy is to keep the charges for our services extremely low to promote widespread use of our service. While in its early stages the journals published through ERN were available without charge, ERN has now become fee-based, and subscribers pay a modest annual fee for receiving journals. Personal subscribers pay a membership fee of \$25 per year plus \$10 per journal and students can purchase our services for \$15 per year plus \$5 per journal. Higher fees apply to professional/commercial subscriptions and substantial discounts of 50% or more on the personal rates are available to those who subscribe through institutional site licenses. Currently over 300 institutions subscribe to our services through site licenses. We provide free access to our services to those in developing countries who face financial hardship.

We believe that the service offered by ERN is unique in the academic and publishing community, in terms of the scope of its offerings, the extremely high quality of the data, the credentials of the editors and advisory directors of the various journals, and the easily accessible format and presentation of materials. In fact, we have observed that numerous publications (including those associated with the EDEL effort) have attempted to duplicate (in some cases verbatim) the ERN model and formats (but without substantial success). The reason, we believe, is the high quality of our information and services. We differ with many of the factual and other claims made by the proponents of EDEL but resist detailing them here.

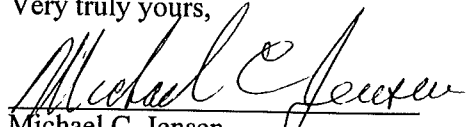
ERN has been created solely with substantial private funding (it has not been subsidized by any academic or governmental institutions, as we believe was implied in Section 9 of the EDEL Proposal) and the extensive, uncompensated efforts by us and others. Quite simply, our hope and expectation is not only that ERN will provide a valuable service to the economics academic community, but will eventually become profitable. We believe that we have been highly successful so far in achieving the first of these goals. These goals have been the goals of virtually all successful publishing companies that currently service the academic markets. We have not sought, and certainly existing publishers have not received, public funding to subsidize these efforts.

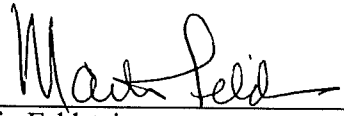
In their conclusion, the authors of the Proposal state, "What we need to advance [the process of dissemination of research] is a coordination scheme, associated with the proper incentives, to ensure that the work supported by each research institution becomes a part of a coherent body of knowledge." Unlike EDEL, we believe that the users of these online publishing services should pay for them and that such an arrangement provides the appropriate incentives for efficient use of resources in meeting the wants of the academic community. We agree with EDEL's objective and have been working very diligently for the past four years, and with significant private resources, to achieve this objective through ERN. We cannot hope to compete with a publicly funded effort to achieve this same goal and cannot agree with the use of public funds, to support an initiative that duplicates a reputable and effective service currently available. NSF's funds should not be devoted to competing with private enterprise -- its funds should be used in those areas which cannot be served by private enterprise.

We would look forward to having further discussions with you and others at the National Science Foundation and the Joint Information Systems Committee who are responsible for these initiatives. Under any circumstances, we would like an acknowledgment that this response has been received. Furthermore, please let us know how we can keep informed regarding the ongoing funding process of which the Proposal is a part.

Thank you for your consideration in this matter.

Very truly yours,


Michael C. Jensen


Martin Feldstein

cc: Prof. Christopher F. Baum
Mr. Thomas Krichel
Lauren Jennings, Esq.