

Tradeoffs

Department of Economics
University of Toronto

Spring 1999

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Message From the Chair

by Nancy Gallini

Shortly after you received the last newsletter in the Spring of 1998 we hired four outstanding junior faculty members from Queen's, Yale, Stanford and the LSE. These successes gave reason for optimism, after several years of budgetary pressures that severely constrained our ability to compete in the academic job market. The worst appeared to be behind us and we were eager to renew our faculty lost to recent retirements and resignations.

Then, in the Fall of 1998 the Asian crisis hit, the Canadian dollar spun into a free-fall against the U.S. dollar and economics salaries in the U.S. soared. American schools looked to the north for Canadian talent with their packages of higher pay, hefty research funds and lower teaching responsibilities. No Canadian economics department still fortunate to have prominent scholars escaped this latest round of raids which, more broadly, placed the entire Canadian economics profession at risk. Retaining the most productive while trying to replace nearly 25% of our faculty complement was going to be an enormous challenge.

In response to these pressures, my colleagues dug in their heels and set out to beat the odds. They succeeded. We recruited four first-rate new faculty with PhDs from Columbia, Northwestern, Stanford and Minnesota, adding to the junior talent from the previous year. We revived the core area of economic theory with the senior appointment of Martin Osborne, a prominent game theorist. Four valuable senior members with attractive U.S. offers decided to continue their productive careers here. The Department enjoyed great success in grants competitions, winning Connaught, SSHRC, Ford Foundation, National Science Foundation and CIDA grants. Among the honours bestowed on faculty this year were the Polanyi Prize and the Order of Canada, and three faculty became fellows of the Canadian Institute for Advanced Research. Eight major economics conferences were organized at the U of T, including the Canadian Economics Association meetings. A large endowment was created for scholarships in Commerce and Finance. The M.A. in Financial Economics, our new program joint with the Rotman School of Management, was launched with a spectacular group of students. After a year of discussions and self-evaluation, the Department completed a five-year plan that could take us to new heights over the next decade. These achievements are only a small sample of the Department's very productive year.

Once again, we end this academic year feeling good, but cautiously so given the ongoing fiscal and competitive pressures we face. We are determined to maintain and surpass the high standards of scholarship and teaching that have been set by our distinguished colleagues who have retired in recent years and by all those who continue to work tirelessly for the Department, for our students and for the profession. Canada's future economic policymakers, teachers and business leaders deserve to be educated by top researchers at world-class institutions in Canada. We have the momentum, energy and an inspired administration but, to excel, we also need the continued support from the public and private community who value a strong economics profession in Canada. In our plan to the year 2004, we identify several initiatives that will preserve and advance excellence in our research activities, in our partnerships with the government and private sector and in the opportunities we offer to the thousands of students we teach each year. I would be delighted to share these ideas with anyone who is interested to hear about them.

You can read about some of our new projects, gains, losses and activities inside. Many thanks to the dedicated individuals who kept us on track this year: my energetic colleagues, the remarkable staff and the executives of the ECO (Economic Course Organization) and the GEU (Graduate Economics Union). To our vibrant students, especially the departing M.A. and Ph.D. students, the graduating B.Com. students, our many Economics Majors and Specialists: We wish you all the best as you impress the world. Please stay in touch. On behalf of my colleagues, I am pleased to thank the many friends of the Department who have given so generously to our research and

teaching activities this year and to the five new graduate and undergraduate awards in honour of Gerry Helleiner, Sam Hollander, Larry Smith, Doug Hartle and Michael Hare. Finally, I wish to dedicate this issue of the newsletter to a colleague and dear friend of the Department, Harry Eastman, who passed away on April 20. In lasting memory of Harry, the Department has started an endowed Graduate scholarship in his name.

We hope you enjoy catching up on the Department's news. Please write us with your comments and your stories -- we may want to feature you in the next newsletter!

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The Charm of *Economics 100Y*

by Greg Jump, Associate Chairman

The Department's introductory economics course, Principles of Economics, is designated in the calendar as *Economics 100Y*. Chances are that you took this or an equivalent course sometime during your early university years. Every year large numbers of first-year students choose programs in Economics, ranging from the Minor and Major Programs to the Specialist Programs in Economics and Commerce and Finance. Indeed, we have perhaps the largest number of program students in the entire Faculty. It always amazes me that so many students choose to study Economics, because few students really know what Economics is all about prior to entering university. How can such large numbers declare themselves to be economics students after only one year in university? I believe that many are turned on to the discipline by their experiences in *Economics 100Y*. They learn in that course that Economics provides useful insights into many areas. In short, they become "charmed" by the discipline.

My own experience studying first year economics is a case in point. I started university (long ago) with the thought of studying sciences. Economics was not taught in the high schools in those days, so I knew virtually nothing about the discipline. As it happened I was required to take a course in the Social Sciences during my first year and my faculty advisor suggested that I enroll in *Economics 100Y* (or whatever the course was called then). To my amazement and delight, I found Economics had something to contribute to understanding nearly all facets of life. I was hooked and determined to take more Economics courses.

My experience is not unique. Virtually all of my colleagues in the Department of Economics tell similar stories. In fact, with the possible exception of Milton Friedman's son, David, I don't think I have ever met a person who had childhood ambitions of becoming an "economist".

First-year students these days are a lot more sophisticated than I was those many years ago. They may not know exactly what Economics is all about but they know that Economics and Commerce graduates are always in demand and able to find good jobs in interesting places. No doubt this is a big factor attracting students to our various programs. But it can't be the only factor; otherwise our upper-level courses in topics not obviously related to the current job market

would be void of students and our program enrollments would be highly counter-cyclical, rising during recessions when jobs are scarce and declining during boom times when jobs are readily available for graduates of all programs. That our upper-level courses are full of students and our program enrollments do not vary over the business cycle seem to be evidence that large numbers of students choose to study Economics as a result of stimulating experiences in *Economics 100Y*.

Since one objective of the Department of Economics is to attract good undergraduate students to our various programs, we try to make *Economics 100Y* as "charming" as possible. We do this in a number of ways. First, we assign our best and most popular instructors to teach the various sections of the course and encourage them to use their own research experience to demonstrate the depth and breadth of the discipline. During this past year, for example, one section of the course was taught by Jim Pesando who has written extensively on markets for artworks. Another was taught by Dwayne Benjamin who has written in such diverse areas as discrimination against women and minorities, economic development and the economic success of immigrants to Canada.

Second, we exercise extreme care in selecting the most articulate and experienced among our graduate students to serve as Teaching Assistants (TA's) for *Economics 100Y*. We also recruit our most accomplished fourth-year undergraduates to serve as TA's and assign one to each section of the course. The undergraduates regard it as an honour to be chosen as a TA and always perform well. They relate well to the students in the course and serve as role models to them.

Finally, we identify those students who perform well in *Economics 100Y*, sending each an individual letter of congratulations and encouraging them to enroll in upper level Economics courses.

To determine whether we are doing enough to attract good students, I would be interested in hearing from you. What prompted you to study Economics or Commerce? Were you charmed by

Economics 100Y? Were you encouraged by an instructor?

[Email Greg Jump](#)

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Graduate News

by Angelo Melino, Associate Chairman

Any academic who accepts an administrative position within the University receives both congratulations and sympathy from colleagues. The congratulations are routine, but the sympathy is very real, particularly from those who have done their duty and are happy to pass the torch. I would say that it's like passing a physical exam that entitles you to serve in the military:

Congratulations are offered that you've been judged sound enough to serve, but most colleagues think of it as one of the few exams that they wouldn't mind failing.

I have many people to thank for helping me survive my first year as Graduate Director, but two names stand out in my mind as deserving special mention. I could not imagine what I would do without the efforts of Sophia Knapik, our Graduate Administrative Assistant. While keeping the graduate program going, Sophia also patiently did what she could to teach me the ropes. Special thanks are also due to my predecessor, Arthur Hosios, who passed along a thriving graduate program. Although he was on a well-earned leave, I spent many afternoons with Arthur talking about decisions that I needed to make. I think that Arthur enjoyed seeing someone else put in harm's way, but at least he tried to conceal his amusement and always offered helpful advice. I thank him on both counts.

The academic year began with the announcement of several new fellowships for graduate students endowed by friends, family, and former students in honour of recently retired colleagues with a long history of service to the Department: The Helleiner Graduate Fellowship will be awarded annually to a student in development or international economics; the Samuel Hollander Graduate Award will be awarded annually to the best thesis submitted (with a preference for History of Economic Thought); the Lawrence and Tracey Smith Family Bursary in Economics will be awarded annually to one or two students on the basis of need; and the Doug Hartle Fellowship will be awarded every two years to a student in labour or public economics. In addition, a number of alumni and friends of the Department contributed to create OSOTF Awards to aid students in financial distress. I would like to join Nancy Gallini in expressing gratitude to all those who gave so generously. You can support these initiatives using the [donation form](#).

The Department enjoyed a particularly active social life last year. After languishing for a few years, the Graduate Economics Union (GEU) rose to life again under the leadership of Sonia Laszlo and Eric Santor with the help of a particularly active and sociable MA class led by Andre Baril and Rob Gray. The GEU organized a number of events, including a regular Friday-afternoon coffee hour for students and faculty, several movie/pizza nights throughout the year, a Christmas dinner, and a graduation dinner for the MA class. The graduation dinner attracted more than 70 people, including many faculty members and their partners. The conversation was excellent, the complaints about the academic year just passed were muted, and the number of kind words said about our MA program was both unexpected and extremely gratifying. Pictures of some well-dressed and very happy students taken that evening are available on our web site. Walid Hejazi put together a mailing list of PhD graduates and organized an informal evening that took place during the AEA meetings held in early January 1999. About 30 alumni and faculty spent the evening together in New York, chatting about old times. The evening was enough of a success that there was talk of doing it again soon. The CEA meetings in Toronto this year provided a second opportunity to get together with former students and colleagues. The new alumni association will provide many more.

Over the summer, we plan to introduce an alumni discussion area on our Graduate web site. You'll be able to register yourself so that you can post and receive information. We will post information that we receive about job openings as well as announcements about alumni events.

We hope that our alumni will pass along information about job opportunities (remember how valuable this would have been when you were graduating), as well as personal notes about what you've been up to since graduation. We hope that you will take advantage of this opportunity to keep in touch.

[Email Angelo Melino](#)

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Institute for Policy Analysis

by Professor Frank Mathewson, Director

The Institute continues to build its research agenda around four major research themes: competition policy and regulation, international trade, immigration policy, and the Policy and Economic Analysis Program (PEAP). The Advisory Board of the Institute met this fall to consider fund raising initiatives to support this agenda and other matters. Aside from the Director of IPA, board members include Ed Clark (Canada Trust), Randy Hughes (Fraser Milner), Bill Robson (CD Howe Institute), Jim Pesando (IPA), and Tom Wilson (IPA).

The Institute's supportive research environment continues to attract academic visitors. This year we have two in residence:

- Professor Ignatius Horstmann (University of Western Ontario) was in residence at IPA in 1997 and remained with us through the fall 1998 semester. Ig is a recognized scholar in Industrial Organization and International Trade and his presence lends support to IPA's research initiatives in competition policy and trade. He has been active in the workshop series, giving the paper "Wage Inequality and Outsourcing" in the Trade seminar and the paper "The New Federalism: Voting, Voluntarism, and Devolution" in the Industrial Organization/Public Economics workshop.
- Professor Tom Ross (University of British Columbia) is also in residence at IPA for the academic year. Tom is a recognized scholar in Industrial Organization and he brings to IPA special expertise on competition issues and related matters of contractual performance. Tom presented his paper "The Theory of Refusal to Deal" in our Industrial Organization /Public Economics workshop.

New research associates of IPA include three distinguished scholars in law and economics---all are professors in the Faculty of Law at U of T. The three are Bruce Chapman, whose research focuses on rationality and the theory of legal reasoning and adjudication in law, Jeffrey MacIntosh, whose research interests include the determinants of R&D in biotechnology and the role of institutional investors on corporate governance, and Gillian Hadfield whose research includes the theory of rational choice in contract law, informational economics in consumer protection policy, and incomplete contracting approaches to fiduciary duty issues.

Current senior graduate students in residence include Mary Grant, Yijun Jiang, Huiwen Lai and Moin Yahya, Douglas Cumming, Kevin Milligan and Andrew Tepperman. IPA has a track record of providing a productive research environment for students at the dissertation stage of their graduate careers.

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Research Interests of Some of our Faculty

In this issue we decided to include short summaries of the research interests of several faculty members rather than giving a detailed discussion of the research programs of one or two. The Department of Economics prides itself on being an internationally recognized research institution at the frontier of theoretical, applied and policy research.

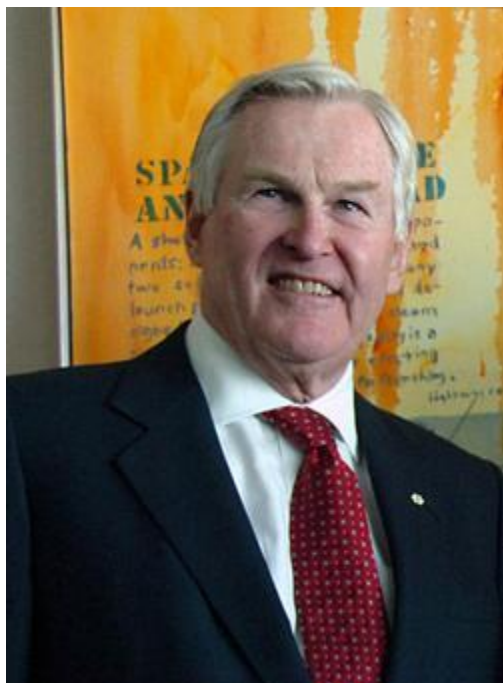
- **Varouj Aivazian** is continuing his work on theoretical and empirical problems in corporate finance. He is currently studying the role of the financial system in economic development, including issues relating to financial liberalization.
- **Dwayne Benjamin** is currently investigating the impact of economic reform on households in rural China with **Loren Brandt**. They are especially interested on the effect of collective ownership and administrative allocation of land, the most important productive asset in the countryside. They are also interested in the impact of off-farm opportunities on the distribution of income. Dwayne is also working with **Michael Baker** on the interactions between public pension plans and individual retirement decisions. In an interesting hybrid of these research streams, Benjamin and Brandt are investigating retirement in rural China, an economy where there is no formal (state) provision of old-age pensions and where the young appear less willing to care for their parents.
- **Michael Berkowitz** is working on issues regarding management compensation and expenses and the performance of mutual fund managers. More generally, his area of specialization is corporate finance and financial economics, securities analysis and portfolio management. He is presently a participant in the Toronto Star's weekly Choice Portfolio Series.
- **Loren Brandt** is focusing his current research on three main projects. First, using household and village level data collected in China with Chinese collaborators, he is working with colleagues **Dwayne Benjamin** and **Matt Turner** on questions relating to property right formation in rural China and the impact of market development, property rights and organization on household behavior. Second, he and **Xiaodong Zhu** are extending their previous work on the dynamics of the Chinese economy under reform to develop a book-length monograph. Third, he continues his collaboration with **Arthur Hosios** on contracting and organization in China's rural economy in the 1930s.
- **Mike Denny** is currently working a project to evaluate the design and usage of unemployment insurance and social assistance in Newfoundland. Another project involves the investigation of the measurement problems for output in the insurance industry. He is also continuing his work on the empirical analysis of the use of services as an input in manufacturing.
- **Gillian Hamilton** is continuing her work on early nineteenth-century skill acquisition. She is completing the collection of more than four thousand apprentice and journeyman contracts, which represent all contracts notarized in the city of Montreal over a span of 50 years. Her first

project with these data identifies and investigates the decline of apprentice contracting. Another project is underway with **Aloysius Siow** studying the marriage and fertility behaviour of seventeenth century Quebecers using a data set developed by University of Montreal demographers that reconstitutes the demographic life histories (marriages, births, and deaths) of everyone born in Lower Canada before 1700.

- **Sue Horton** is currently commencing work on two new projects. One is on the labour market effects of the Asian financial crisis, particularly for the Philippines and possibly Thailand and Korea, following on from her earlier book on Asian labour markets. The second project is on the effect of availability of maternity leave on duration of breastfeeding, using Canadian data. This has important policy implications, since breastfeeding reduces dramatically incidence and severity of infections in infants, and hence reduces health care costs. Sue also continues ongoing work on the cost-effectiveness of nutrition interventions in developing countries.
- **Don Moggridge** has two projects currently under way--an edition of the correspondence of Dennis Robertson and a biography of Harry Johnson. The Robertson project is sponsored by the Royal Economic Society and will be published by Cambridge University Press. At this stage most of the surviving letters (about 3500) have been collected and three-quarters of these have been transcribed and annotated. The Johnson project is at a much earlier stage.
- **Jim Pesando** continues his research into the economics of the art market, using data from the market for modern prints. Issues include the informational efficiency of the market, the risk-return characteristics of art relative to traditional financial assets, and anomalies arising from the apparent violation of the "law of one price." To date, evidence suggests that the return on art is low relative to its risk, and phenomenon such as the "declining price anomaly" are also found in this market.
- **Aloysius Siow** is working with colleague **Xiaodong Zhu** on the effects of differential fecundity and assortive matching in marriage on parental investments in male as compared to female offspring. A second current project with **Abigail Payne** seeks to develop estimates of the impact of federal research funding on research universities. It presents the first instrumental variable estimates of the effect of federal research funding on number of publications, number of citations, number of patents and average faculty salaries. A further project with **Gillian Hamilton** focuses on the marriage and fertility behaviour of seventeenth century Quebecers.
- **Michael Smart** is continuing his research on various aspects of the taxation of capital income. In work with **Jack Mintz**, he has been studying the asset-allocation decisions of tax-exempt pension funds. In a separate project with graduate student **Kevin Milligan**, he has been estimating the impact of foreign property limits for tax-exempt plans in Canada. Another project is underway to examine the role of lobby groups in influencing corporate tax policy.

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Reflections of an Alumnus-- by Michael Wilson



Michael Wilson

Do you ever miss politics? That is a question that I get asked almost on a weekly basis even though I have been out of politics for five years. The answer is yes and no, but probably more no.

Why no? Well fourteen years in public life is a long time. I never viewed politics as a career but more of an opportunity to make a contribution to public life in areas that I felt pretty strong about.

Politics takes a big bite out of family time, career and other activities. I am now happy to be back in the private sector. Following my decision not to run again in 1993 I started an international consulting business, Michael Wilson International. This was quite successful for a two-year period. I traveled to the Far East, Latin America, Europe, and the Middle East on behalf of clients promoting their activities in different parts of the world. The work was quite varied and always interesting.

One of my clients was RBC Dominion Securities. Through my work with them I was drawn back more and more to my first love, investment banking. I had been Executive Vice-President for Dominion Securities before entering politics.

After some consideration I returned to Dominion Securities as Vice-Chairman with a broad range of senior responsibilities in the investment banking area but specifically with technology companies. In my final years in politics I was exposed more and more to companies in the technology field and felt that this was a very exciting area to be in because it was so fast moving and represented very much the future of the country.

In addition I serve on some boards including Manulife, Rio Algom, BP Amoco and Office Specialty. I am also devoting some of my time to not-for-profit activities including the Center for Addiction and Mental Health, Institute of the Americas and Upper Canada College.

But most important, I am finding more time to spend with my family. Margie and I have a son and a daughter who are both married. We have one grandchild and by the time this is printed we expect to have two more. Family time also means more time to play golf and ski.

I also said that in a way I miss politics. That was because I couldn't have asked for a more interesting and exciting fourteen years than my time in political life. The jobs that I had in finance, industry and trade put me in the middle of a number of policy areas that really excited me. I loved the challenge and the opportunity to change things for what I felt were for the better.

I have periodically thought back to what got me started in the finance area---my time at the U of T taking my Bachelor of Commerce degree. Studying under Vince Bladon, Ed Neufeld and Bill Hood was quite influential in my career path and ultimately led to my time in government.

You might even blame the G.S.T. on the University of Toronto!

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Editorships and Associate Editorships of Department Members

One of our most important functions is to facilitate the dissemination of knowledge by editing or assisting in the editing of academic journals. Our current activities in this regard are noted below.

- **Dwayne Benjamin** is on the Board of Editors of the *Canadian Journal of Economics*
- **Loren Brandt** is on the Editorial Board and is East Asian Editor of the *Oxford Encyclopedia of Economic History*.
- **Albert Breton** is on the Editorial Boards of *Public Choice*, *Public Finance/Finance Publiques* and *Constitutional Political Economy*.
- **Nancy Gallini** is on the Editorial Board of the *Journal of Economic Literature*.
- **Morley Gunderson** is on the Editorial Boards of the *International Journal of Manpower* and the *Journal of Labor Research* a co-editor of the *Labour Arbitration Yearbook*.
- **Gerry Helleiner** is on the Editorial Boards of *World Development*, *African Development Review*, *The World Economy*, *Journal of African Economies*, *Canadian Foreign Policy*, *Oxford Development Studies*, *The World Bank Economic Review*, and *International Labour Review*.
- **Frank Mathewson** is on the Editorial Boards of the *Journal of Economics of Business* and *Managerial and Decision Economics*
- **Angelo Melino** is an Associate Editor of the *Journal of Empirical Finance*.
- **Noah Meltz** is Chair of the Editorial Board of *Relations Industrielles/Industrial Relations*
- **Jack Mintz**, together with **Assaf Razin** of the University of Tel Aviv, is an Editor-in-Chief of *International Tax and Public Finance* and is on the Editorial Board of *Contemporary Accounting Research*.
- **Don Moggridge** is Review Editor of *History of Political Economy* and Associate Editor for 20th Century, Economics of the *New Dictionary of Political Biography*. He is also on the editorial boards of *History of Political Economy* and the *Journal of the History of Economic Thought*.
- **John Munro** is on the Editorial Board of *Explorations in Economic History*, the Editorial Board of the *Oxford Encyclopedia of Economic History* as Medieval Area Editor, and the Editorial Board of the University of Toronto Press.
- **Peter Pauly** is Co-Editor of *Economic Modelling*.
- **Mike Peters** is on the Editorial Board of the *Canadian Journal of Economics*.
- **Carolyn Pitchik** is on the Editorial Board of the *Canadian Journal of Economics*.
- **Dale Poirier** is an Associate Editor of the *Journal of Econometrics*.
- **Myrna Wooders** is Editor of the *Journal of Public Economic Theory*.
- **Adonis Yatchew** is Co-Editor of the *Energy Journal*.

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Retirees

John Bossons

John came to the University of Toronto in 1966. He was instrumental in founding the Institute for Policy Analysis in 1967 (with the late Douglas Hartle and Tom Wilson) and was the key entrepreneur in the establishment of the EPAS computer center (which has since evolved into CHASS). John also raised the initial funds for the Professorship in Policy Modelling, which the Institute for Policy Analysis now uses to attract visitors on short or medium term appointments. John's research work has focused on tax policy issues, municipal government finances and pensions. He has also been active in developing computer software and will teach in this area during his retirement.

Michael Hare



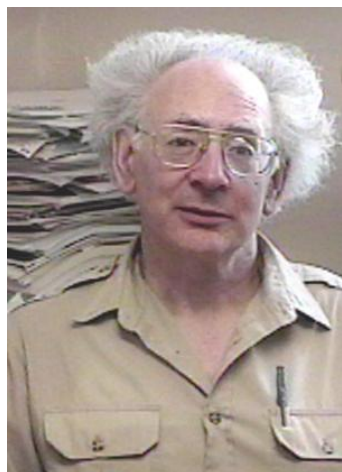
Michael was an undergraduate of the University of Toronto and has taught here for 36 years following his graduate study at the Massachusetts Institute of Technology. He has been the stalwart of the Erindale group, having served as Assistant Chairman of the Department and Discipline Representative at the College for 25 years. His contribution to Erindale is reflected in the high quality of our operation there. Michael has also been deeply involved for many years in research on environmental economics with a focus on waste management. He has taught over 20,000 students at the University of Toronto during his career and continues to teach on a stipend bases following his retirement.

Gerry Helleiner

Gerry has been teaching here since 1965 after having done undergraduate work here and a Ph.D at Yale University. He has an extensive international reputation as an authority on trade and development and has organized and served a number of international research organizations. He is the author of five books and editor of seven, a contributor of nearly forty articles to professional journals and a Fellow of the Royal Society of Canada. Gerry holds the record for the largest number of Ph.D theses supervised in the Department of Economics during his tenure---a career total of 24, not to mention the Ph.D. students from the Department of Political Science

and from several African Universities on whose committees he also served. A profile on Gerry appeared the Winter 1998 issue of this Newsletter. See also the story below on the recent Conference in his honour.

Sam Hollander



Sam joined the faculty here in 1963 and since that time has published seven major books on the classical economists, notably Adam Smith, David Ricardo, John Stuart Mill and T.R. Malthus, as well as over one hundred articles on the history of economic thought. This has earned him a major international reputation in the field, an appointment to a University Professorship here at the University of Toronto, election as Fellow of the Royal Society of Canada, and just this year, appointment as an Officer of the Order of Canada.

[Listen to Sam Hollander being interviewed by Peter Gzowski on the CBC](#)

David Nowlan

David began teaching here in 1965 after having received his Ph.D from this Department. He did his undergraduate work at Queen's University and received a Rhodes Scholarship to Oxford in 1958. David has contributed in a major way to the administration of the University, serving as Vice Dean in the School of Graduate Studies, as Registrar of the University and, for many years, as Vice President, Research. He has also done research on the financing of universities although his major research focus has been on urban land, transportation, and tax problems. David has recently played an important role in the organization and administration of our undergraduate programs.

Ken Rea



Following undergraduate and graduate work at the University of Saskatchewan and a Ph.D at the London School of Economics, Ken taught for ten years at the University of Saskatchewan before joining the Department in 1968. Ken has written two books on the political economy of the Canadian Northern Territories and one on the economic history of Ontario as well as several pedagogical works on basic economics for students. He has also edited a number of books of readings. More recently, Ken has made his mark as a pioneer in the development of on-line course material and has just launched the first internet course given by this Department. He continues this work in his retirement.

Larry Smith



Larry was a Commerce and Finance graduate here in 1962 and then joined the faculty in 1966 after completing his Ph.D. at Harvard University. He is widely known for his contributions to the economics of land, real estate and housing, having written several books and dozens of articles on the subject. Larry has also taken an active role in administration, serving on numerous University committees and a four year term as Director of Economics and Associate Chairman of the Department of Political Economy.

David Stager



David did undergraduate work in agricultural economics and, following a Rhodes Scholarship to Oxford University and a Ph.D from Princeton University, joined the Department in 1964. In addition to a successful first-year textbook, which is now in its seventh edition, he has written extensively on the economics of education and is one of the foremost experts in the country on the financing of higher education. He has also made administrative contributions as Associate Chair of the Department and Dean of Students at New College.

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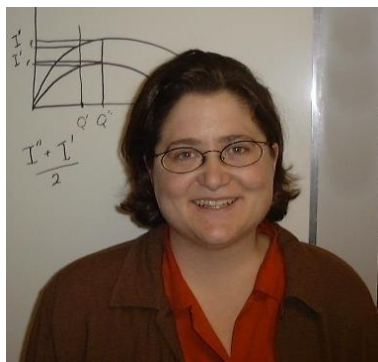
New Colleagues

Diego Puga



Diego, originally from Spain, comes to us from the London School of Economics where he remains affiliated with the Center for Economic Policy Research and the Center for Economic Performance. His research speciality is urban and regional economics and international trade with emphasis on the economics of location.

Joanne Roberts



Joanne, an Ontario native, is a Ph.D from Queens University whose interest range from theoretical to applied work. The focus of her research is applied microeconomic theory extending into law and economics, banking and industrial organization.

Matthew Shum



Matthew has just received his Ph.D from Stanford University. Originally from Texas, he specializes in industrial organization, econometrics and microeconomic theory and is currently working on the econometric estimation of auction models.

Nadia Soboleva



Nadia is from Bishkek, capital of Kyrgyzstan in the former Soviet Union. She joins us with a Ph.D from Yale University after previously obtaining an M.A. in Development Economics from Williams College and an Honours Degree in Applied Mathematics from Kyrgyz State University. Nadia's specialties are international Trade and industrial organization. Her current research is in the area of foreign direct investment and trade policy.

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Distinguished Short-Term Visitors

by Alan Hynes

The Department's short-term visitors enrich our Ph.D program. This past academic year, we were fortunate to have two distinguished visiting faculty teaching a portion of our core Ph.D. offerings. **Randy Wright**, who you may remember was a visitor last year, and his colleague

Richard Rogerson, both from the University of Pennsylvania, jointly taught the Spring module of Macroeconomic Theory. Pennsylvania has one of the best economics departments in North America and Randy and Richard are among the leading macroeconomic economists of their generation. Both did their graduate work at the University of Minnesota and, it is also noteworthy, both are Canadian.

Visitors of the quality of Randy and Richard contribute a great deal to the intellectual life of the Department. They interact with and provide stimulation for the faculty and by teaching a portion of the Ph.D. program they also offer new graduate students a chance to see the best in action--a challenging and a rewarding experience.

It is our hope that this will not be an isolated event and we will be able to enjoy Randy's and Richard's company with some regularity in the years to come.

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Long-Term Visitors

Monica Neitzert

Monica, who holds a Ph.D. from our Department, is visiting us for the year from Laurentian University. Her specialty is economic development, especially the effects of economic development on the economic status of women.

Stephen Gordon

Stephen, also a Ph.D. graduate of our Department, spent the fall term with us. A member of the Département d'Économie de L'Université Laval, his research focuses on econometrics and macroeconomics, dealing most recently with the economics of business cycles.

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What's Happening in the Department of Economics

Harry C. Eastman --- 1923-1999

It is with great sadness that we report the passing of Harry Eastman on April 20, 1999. The following is an excerpt from remarks by his friend George Connell, former President of the University, at a memorial service in his honour in Hart House, University of Toronto.

Harry Eastman was a faculty member at the University of Toronto from 1953 to his retirement in 1989. During that time he became one of Canada's preeminent economists, serving as president of the Canadian Economics Association in 1971-72, and being elected a Fellow of the Royal Society of Canada in 1974.

In his early years Harry had a very productive partnership with Stefan Stykolt, building upon Stefan's expertise in industrial organization and Harry's in international trade. The partnership produced five important papers in the late fifties and early sixties and a book, *The Tariff and Competition in Canada*, published in 1967. This book was one of the most important foundations for the MacDonald Royal Commission, and, eventually, for the North American Free Trade Agreement.

Harry served the University in several other key roles. From 1964 to 1969 he served as Associate Dean of Graduate Studies for the humanities and social sciences. In that capacity he became a member of a committee to consider the future of the School of Graduate Studies. The chair was Bora Laskin, later to be Chief Justice. Among the other members were Ernest Sirluck, the Dean of Graduate Studies, Northrop Frye and John Polanyi. Claude Bissell, in *Halfway up Parnassus*, described this Committee as "the strongest internal committee in the history of the University of Toronto". Sirluck observed in his autobiography that "At the outset, only Eastman, Winegard and I were unequivocally in favour of a unitary school....", the view that eventually prevailed. The Laskin model for graduate studies was adopted and maintained for the next thirty years.

Harry chaired the Department of Political Economy from 1974 to 1977, following in the footsteps of Innis, Bladen, Ashley, Easterbrook and Dupré. It was the largest department in Canada of any in the social sciences or humanities, and probably the most distinguished. He might well have been relieved to move to the peace and quiet of Simcoe Hall in 1977 when he became Vice-President for Research and Planning. In addition to assuming these responsibilities, Harry became University Registrar, and led the administrative team in collective bargaining with the Faculty Association. At this task Harry proved to be outstanding. He was successful because he was intelligent, resolute, and absolutely unflappable.

Harry's whole career was excellent preparation for his major contribution to sane policy formation and administration at the federal level. In April 1984 the Governor General appointed Harry as Commissioner to report on the pharmaceutical industry in Canada. Ten months later he delivered the report, an achievement that was absolutely unique in this age of inquiries that turn into careers. The Report marked the beginning of a new and more rational phase of regulation of the pharmaceutical industry in Canada. It also led to Harry's appointment as the founding chair of the Patented Medicine Prices Review Board, a position that he held until 1996. The issues before the Board were intensely controversial; powerful corporate interests were aligned on either side of every dispute. Yet the Board did exactly what the legislation instructed it to do.

Harry and I discovered only a few years ago that we shared a passion for alpine skiing. In Harry's case it was in his blood. Growing up in Geneva, he was only a few miles from the highest peaks of the French Alps. He was an elegant skier, not flamboyant, very compact and controlled. He despised the groomed piste, and was constantly on the lookout for powder, for ungroomed bumps and untracked glades. I can picture him skiing down a gentle slope in front of me and

then suddenly veering away to disappear over a ledge. I would peer over to see him far below, picking his way through formidable obstacles with a cloud of powder behind him. We skied at Whistler in B.C., at Alta in Utah, at Squaw Valley in California, but the best of all was Val d'Isère in France. This was Harry's mountain home, where his ancestors herded goats and made cheese, the renowned *reblochon fermier* of the Haute Savoie.

The great love of Harry's life was Sheila (formerly Sheila McQueen) his wife of many years, who passed away in 1991 after a long illness. She was otherwise known as Professor Sheila Eastman, a faculty member of long-standing in the Department of Economics.

Harry's last message to my wife Sheila and I, an e-mail dated April 18, read:

"I emerged from hospital this evening feeling fine as indeed I have ever since being admitted. The improvement in my state of mind was substantially aided by George's visit and that super cheese. I have relatives still in Auvergne (the home of Cantal cheese). I do face the ingestion of many chemicals to stabilize my heart which cannot be operated on at least in its present state. But I will be able to play tennis shortly.

This message speaks to two of Harry's personal qualities, apart from his commitment to tennis. The first was his strong feeling for cheese. He valued his familial and other personal links to the fine cheeses of the world, and especially those of France. But it also speaks to his attitude to his afflictions. Although he was fully aware of the seriousness of his illness, he refused to let it dominate his life. He was courageous and confident and life-affirming almost to his last breath.

Harry Eastman was a loving husband father and grandfather, a notable scholar and teacher, a gifted administrator, policy maker and public servant, a congenial companion. We shall miss him.

by George Connell

Contributions to the graduate scholarship in Harry's honor can be made using the [donation form](#).

Conference in Honour of the Late Doug Hartle

On November 13, 1998 the Institute for Policy Analysis sponsored a conference in honour of the late Douglas Hartle. Doug was one of the founders of the Institute, along with John Bossons and Tom Wilson, and was its director for a number of years.

The theme of the conference, which was held at the Rotman School of Management, was "Rationality in Public Policy: Retrospect and Prospect". There were three sessions, titled respectively Taxation, Expenditure, and Regulation. The sessions were chaired by David Dodge, Albert Breton, and Don Dewees. Papers were presented by Richard Bird and Tom Wilson, Rod Dobell, Bruce Doern, Clark Leith, Jack Mintz, Sylvia Ostry and William Stanbury, Sharon Sutherland, Michael Trebilcock, and Stanley Winer and Walter Hettich. They will be published by the Canadian Tax Foundation in a volume edited by Richard Bird, Michael Trebilcock, and

Tom Wilson. At a reception the evening before the conference Albert Breton gave the keynote address on "Cooperative and Competitive Federalism".

You can contribute to the fellowship in honor of Doug using the [donation form](#).

Conference in Honour of Gerry Helleiner

On October 23, 1998 a conference was held to honour Gerry Helleiner, who retired this year. The conference title was "Economics as if Developing Countries Mattered". Six of the seven papers were given by Gerry's former Ph.D students---Dane Rowlands, Ekhard Siggel, Ellie Perkins, Mario Tello, Havina Dashwood and John Serieux---on three broad themes spanning his research interests: international capital flows, development in sub-Saharan Africa, and international trade. The seventh paper was given by Lance Taylor of the New School for Social Research, New York on the problem of financial crises in developing countries. Lance and Gerry have worked together frequently, most recently in the World Institute for Development Economics Research, part of the UN University.

Gerry's first student, Roy Culpeper, who is now President of the North-South Institute in Ottawa, gave a rousing lunchtime address with the assistance of another former student, Bonnie Campbell, who now teaches at L'Université de Québec à Montréal.

A panel discussion, chaired by Terry Sweeney and Rohinton Medhora (also former students) provided a sometimes humorous account of Gerry's professional life and accomplishments. Among those participating were David Beatty (Chairman and CEO of Old Canada Investments), John Gero (Director General of Trade Policy Bureau II in the Department of Foreign Affairs and International Trade), David Rosenberg (Vice President and Senior Economist at Nesbitt Burns) and Hugh Winsor (Globe and Mail). Later Gerry was presented with a certificate honouring the "Helleiner Fellowship", a graduate student fellowship made possible by generous donations from Gerry's former students, colleagues and friends. You too can contribute to this fellowship using the [donation form](#).

The conference proceedings will be published as a special issue of the *Canadian Journal of Development Studies* to be edited by Sue Horton, who organized the event.

Photos from the Helleiner Conference:





Conference in Honour of Sam Hollander

On September 26-28, scholars from Canada, England, Holland, France, Italy, Spain, Japan, New Zealand and the United States gathered at the University to honour Sam Hollander. The theme of the conference, organized by two of Sam's former students, Evelyn Forget and Sandra Peart was "Reflecting on the Canon". Paul Samuelson, Nobel Laureate, gave the address at the banquet and speakers included Richard Arena, William Baumol, Robert Dimand, Walter Eltis, Anthony Endres, Andre Lapidus, Laurence Moss, Pier Luigi Porta, Alessandro Roncaglia, Thomas Rymes, Margaret Schabas, Cristian Schmidt, Anthony Waterman, John Whitaker and Jeffrey Young and, of course, Sam himself. Eight of Sam's former graduate students took part in the proceedings. Sessions examined themes related to the construction of the canon, the classic texts in economics.

The conference proceedings will be published by Routledge (London). The events were generously supported by Baldwin-Wallace College, the University of Manitoba Department of Economics, Routledge Press, the Social Sciences and Humanities Research Council of Canada, the University of Toronto Press, the Provost's Office and the Department of Economics at the University of Toronto, and York University. The Department of Economics and the University of Toronto Press have started a graduate fellowship in honour of Sam to which you can contribute using the [donation form](#).



L-R: Sam Hollander, Paul Samuelson

Reception for Retiring Colleagues

On October 15, 1998 a reception was held at the University President's home for retiring members of the Department of Economics. The President, Rob Prichard, was in attendance along with the Provost, Adel Sedra. Both made speeches congratulating the retirees on their long service and praising the Department's efforts at meeting the challenges we face.

Five of the eight retirees were able to attend. Following a congratulatory speech by the chair, Nancy Gallini, each was toasted by a colleague and gave a response. Sam Hollander was toasted by Margaret Schabas of York University, who outlined Sam's enormous contributions to our understanding of the ideas of past great minds, and by Angelo Melino who lightened the occasion with some well-received humour. Sam responded by expressing the hope that the workshop in the history of economic thought, remaining in good hands, will be able to continue its tradition. Gordon Anderson, toasting Mike Hare, noted that Mike has been a mainstay of our program at Erindale and has taught over twenty thousand students in his career at the University. Mike responded with an exhortation to maintain the high quality of the Department's unique Bachelor of Commerce program on the Erindale and St. George campuses. Al Berry, in his toast to Gerry Helleiner, praised Gerry's work as both a researcher and institution builder in fostering the economic development of lower income countries. Gerry responded by urging us to continue the Department's efforts in the field. Richard Bird called Dave Nowlan a superb teacher, an excellent administrator, and, above all, a colleague to whom one could always turn for considered and sound counsel. Dave responded by acknowledging what a congenial place the

University had been in which to work and by recounting the various contacts and often unusual adventures he had had over the years with the other retirees. In toasting David Stager, Dave Foot drew attention to David's successful first-year text book and his important research on the financing of education, particularly his work on income-contingent student loan repayment schemes. Stager responded by confirming our expectations---that his research in the area will continue. Indeed, all the retirees will continue working on their research and many will also continue in the classroom on a stipend basis.

Refreshments were supplied by the Department and music by the keyboard ramblings of Adonis Yatchew, Matthew Shum and John Floyd.

Scarborough Campus News

Major changes have occurred at Scarborough campus in the past year. To cater to the type of student it seeks to attract, the University of Toronto at Scarborough has decided to offer a new undergraduate commerce program different from what has been in place in the University for many years, one without the traditional economics content. Because of these differences, the new Scarborough offering is called a Bachelor of Business Administration. The economics offered in that program will henceforth be called Economics For Management Students and will be taught by management faculty and others recruited at the Scarborough campus who will have no graduate teaching role in the Economics Department.

During this restructuring of the Division of Management at the College, two young economists accepted jobs in the United States. Two of the senior faculty have been moved to the Division of Social Science to teach in the development studies program, and a third continues administrative responsibilities on the St. George campus.

Erindale Campus News

by Arthur Hosios

Different organizations experience turnover of staff to varying degrees, and universities are no exception. Over the past year, a number of faculty in the Department of Economics at Erindale College have either retired, resigned or taken a leave of absence. During this same period, however, two new appointments have been made and additional hiring is expected to take place over the next few years.

Professor Michael Hare retired last year. Michael was the Assistant Chair for Economics for many years and a very popular teacher. He had a tremendous impact on our program and we are pleased that he has agreed to teach the occasional course at Erindale. Professor Frank Reid (labour economics and industrial relations) has taken a five-year administrative leave to be the Director of the Center for Industrial Relations at the University of Toronto. And Professor Karen Clay (economic history and industrial organization) has resigned to take a position at Carnegie-Mellon University.

We are very excited about our new hires. Mark Stabile joins us as an assistant professor. He received his Ph.D. in economics from Columbia University where his primary research was in the area of health economics. Robert McMillan will take a position as an assistant professor at Erindale in the spring of 2000. He received his Ph.D. in economics from Stanford University and specializes in the area of empirical public finance. Mark and Robert complement the faculty at Erindale interested in microeconomic issues and will likely offer new courses based on their research interests. Though we are certainly sad to see colleagues leave, we recognize that turnover is the critical means of renewing faculty and thereby maintaining a vibrant undergraduate economics program at Erindale.

Attention All Masters and Ph.D. Alumni

The Department of Economics is pleased to announce the forthcoming creation of a Graduate Economics Alumni Association. We hope to gather all past graduates into a larger community to celebrate the friendships formed within each year's graduating class and to establish new ones between these classes throughout the years. The goals of this association are to celebrate personal relationships, create professional connections and promote the many opportunities available to current and future graduates. To achieve these objectives, we will establish an up-to-date list of alumni phone numbers and e-mail addresses, circulate an alumni newsletter and organize events such as an annual spring festivity. Please look for upcoming postings on an alumni web page linked to the Department of Economics web site.

Other News

- Last year's Polanyi Prize in Economics was awarded to Massimo Marinacci. Just before this newsletter went to print we learned that Michael Smart is this year's winner of the prize.
- An updated and expanded paperback edition of David Foot's best-selling book has just been released under the title *Boom Bust & Echo 2000*.
- Jack Mintz has been appointed a member of the board of governors of the National Tax Association, Washington D.C. The National Tax Association provides a forum for tax policy debates in the United States and publishes the National Tax Journal. Jack is also the new president of the C.D. Howe Institute.
- John Munro has been elected to the Scientific Committee of the Istituto Internazionale Di Storia Economica, in Prato, Italy.
- Congratulations to Sam Hollander who has been appointed an Officer of the Order of Canada.



Sam's Order of Canada Medal



Sam and the Governor General with their wives

- This year's Malim Harding Visitor was Professor Peter Hall, a distinguished political scientist from Harvard University. Many of us were able to enjoy his Public Lecture, "Is Britain Losing its Social Capital? The Social Capital Problem in European Perspective" on January 22, 1999.
- Social Coordinators Rob Gray and André Baril organized the Graduate Economic Union's first End-Of-Year Banquet at the Movenpick Restaurant on April 23rd. All graduate students and faculty were invited to a dinner largely subsidized by the Department and the Economic Union, and thanks to a turnout of 75 people having a great time, the event was a huge success!



- Congratulations to all of our colleagues who have received research grants. SSHRC grants were received this year by Mike Baker, Loren Brandt, Sam Hollander, John Munro, Diego Puga, and Joanne Roberts. Diego and Joanne, along with Matthew Shum and Nadia Soboleva, also received Connaught Matching Grants. And Morley Gunderson received the prestigious Connaught Research Fellowship in the Social Sciences.
- Congratulations to Dan Trefler for being elected fellow of and Diego Puga and Huw Lloyd-Ellis for being appointed to the Canadian Institute for Advanced Research.

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From the Editor

Communications, suggestions, and information about alumni and other matters should be addressed to:

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The graphics on this page are the work of Professor Ken Rea.

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