

Tradeoffs

Department of Economics
University of Toronto

Fall 2004

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Message from the Chair

by **Don Dewees, Interim Chair**

Our most difficult challenge this year was accepting the passing of Michael Berkowitz on August 8, 2004 after his long battle with cancer. Michael poured his enormous energy and initiative into his professional life and as Chair of Economics he set high goals and worked tirelessly to accomplish them. In October the Department held a memorial service to celebrate Michael's life and work and over 100 colleagues, students, friends and family gathered in Hart House to pay

him tribute. It was a wonderful celebration and a chance for Michael's wife, Phyllis, and their children and spouses to hear directly from colleagues and students what he meant to us. It was also an opportunity for us to hear about Michael from Phyllis. A tribute to Michael is printed later in this newsletter, along with an announcement of the Berkowitz Memorial Fund, established to provide a lasting memory of Michael's legacy.

Much of my time over the last year was spent working with the Advisory Committee to prepare the Department's 5-year plan, which we submitted to the Dean in April. In that plan we suggested tackling our problems of large classes and high teaching loads and we mapped out our hiring priorities for the next five years. In October, the Department welcomed external reviewers who met with us intensively and then made recommendations to the Dean. We are gratified that the reviewers' advice has supported our vision for the Department along with key elements in our plan, and we are starting to work to achieve our vision.

On November 18th, Professor Amartya Sen of Harvard was presented with an honorary Doctor of Laws degree by the University of Toronto. On the previous evening the Department, jointly with ASSU and SAC, sponsored a public lecture by Professor Sen. He gave a spell-binding talk on "The Argumentative Indian" to the sold-out crowd of 450, including a number of Economics faculty and graduate students. For more about the lecture see "What's Happening in the Department of Economics" below. Faculty members attended a luncheon on the 18th, hosted by the President and the Chancellor, and also the convocation that evening. This was a wonderful opportunity for faculty and students to hear from a Nobel laureate whom Robert Solow described as 'the conscience of economics'.

We have made considerable progress on the building and renovation project over the last year. The floor plans and landscaping plans are near completion and we have color renderings of what the building may look like. We have worked to find the 70 offices that we will need for the year and a half while the construction is in progress. See the section entitled "The Economics Building Project" below for an overview of the project. There is great anticipation of the transformation of our workspace and the enhancement of interaction among faculty and graduate students, who will finally be well-housed together. We are currently raising funds from private donors to enable us to complete the entire project.

On November 3rd the Bank of Canada held a dinner in Ottawa to celebrate the Bank of Canada Fellowship holders, including our Shouyong Shi who was awarded a 5-year fellowship in 2003. The program is designed to support Canada's best academic researchers in macroeconomics and to improve the Bank's links to the academic community. Governor David Dodge spoke of the enormous value to the Bank of the work of the fellowship holders and Shouyong was praised for the presentations that he had made to Bank staff and board members.

The Dean has struck a search committee to advise him on the choice of the next Chair of Economics, who would take office on July 1, 2005. The next Chair will have the satisfaction of presiding over the renovation and construction project and implementing the Departmental Plan. I am looking forward to a sabbatical leave in 2005-06, and to returning to help us move into the new space.

Elsewhere in this newsletter you will find stories about our new colleagues, Chuan Goh and Simon Board, celebrations of other colleagues, visitors coming and colleagues visiting elsewhere, and much more news about this dynamic Department. I hope that you enjoy the newsletter. If you have any comments or suggestions, you may write to me or to our indefatigable editor, John Floyd.

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Undergraduate Report: Toward a Brighter Future

by François Casas, Associate Chair for Undergraduate Studies

It will come as no surprise that enrollments in economics programs have experienced significant growth in the past few years, reflecting overall enrollment expansion across postsecondary institutions. The following table documents this trend in the past seven years:

Enrollment in Economics Programs on the St. George Campus							
Year	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
3 Minor Programs	84	209	240	239	273	294	283
2 Major Programs	875	1050	1106	1243	1305	1398	1345
4 Specialist Programs	119	190	186	187	220	249	277
7 Joint Specialist Programs	93	118	157	155	189	211	204
Commerce and Finance	797	829	846	960	1038	1195	1317

Slightly over one quarter of students in Commerce and Finance complete a major or a specialist program in economics. An increasing population in the relevant age group, a rising rate of participation in postsecondary education and, more recently, the impact of the double cohort, all help explain this growth.

With a large number of faculty retirements during this period and fewer new hires, class size has increased steadily from an average of 100.8 in 1997-98 to a high of 124.8 in 2002-03. Elimination of the three-year bachelor's degree has increased class sizes in upper year courses-- average enrollment in third year courses has risen by more than 35%. While our faculty members have worked hard to maintain the quality of instruction, these changes have strained our TA resources and physical facilities. A recent report by the Educational Advisory Committee in Arts

and Science found that student satisfaction steadily declined as course enrollments increased, largely because of the impact class size has had on methods of assessment, with larger classes leading to a reduction in the number of tutorials, less essay writing and more objective testing.

The good news is that relief is on the way. Admission to the Faculty of Arts and Science is likely to remain stable in the next few years and recent additions to the ranks of our faculty, as well as planned recruitment in the next five years (including two lecturers), will help to reduce class size. This year, the Department adopted a policy of capping third year courses while increasing the total number of such courses significantly. I hope that we will gradually lower the caps over the next few years.

We also continue to address the needs of our students in Commerce and Finance. In addition to offering a separate intermediate macroeconomics course (ECO209Y) that stresses applications, we are developing a number of third year courses that will be of particular interest to those students, starting with a course on population economics and strategic management to be taught by Prof. David Foot starting in 2005.

Along with my colleagues, I mourn the shocking loss of a dear friend and inspirational chair, Michael Berkowitz. We all hope to carry out his last and most ambitious project of a new building for our Department. We will miss Michael very much.

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Graduate Report

by **Dwayne Benjamin, Associate Chair for Graduate Studies**

The University of Toronto continued to be a popular choice for graduate studies in 2004. Not counting the Masters in Financial Economics (described elsewhere), over 400 people applied to the MA program. The doctoral stream of this program was especially popular, given that it is the only masters program where we can offer fellowship support. Nine out of twelve students offered admission into this stream of the program chose to come to Toronto. We are also delighted with the admissions to the regular MA stream, which had over thirty students starting in September. My primary concern with the regular stream MA is that because it is designated a 'professional' degree by the University, we can offer no financial support beyond teaching assistantships. That said, we still choose from the very best undergraduates, selecting the top one-in-five applicants. This year's students come from many of the best undergraduate institutions in North America. While the majority come from Ontario schools (Toronto, Carleton, Queen's, Western, McMaster, Ottawa, Guelph, Laurier, Waterloo, Ryerson, and York), many come from other top Canadian schools (University of Alberta, UBC, Simon Fraser, Victoria, McGill, and Concordia), the U.S. (Swarthmore, Duke, George Washington, Brandeis), and China (Nankai and Hefei). We hope to expand our international admissions in the future, especially since the MA serves as an important scouting ground for our PhD program. Every year I am impressed by the quality of our MA students. They bring considerable energy and intellectual

curiosity to our graduate courses, whether they ultimately end up going to the private sector, government, economics PhD programs, or other professional studies.

On the PhD side, we received over 150 applications for twelve funded spaces. Fourteen out of our twenty-four offers were accepted (two students deferred their acceptances). Given the highly competitive bidding for top PhD students, that is a respectable success rate, although it still hurts to lose a particular student to a competing department. The University of Toronto's guaranteed funding for PhD students has helped us in our student recruiting. We, and other Canadian universities, have also benefited from recent enhancements to the federally funded SSHRC doctoral fellowships, which make it easier to keep top PhD prospects in Canada. I should also highlight the importance of the PhD fellowships that we award directly. Last year we offered five privately sponsored Ontario Graduate Scholarships, and eight students (four new, and four continuing) received RBC (Royal Bank) Fellowships for research in public policy. These fellowships play an important role in attracting students here, and in helping them complete their studies.

The success and attractiveness of our program depends primarily on the community of scholars--students and faculty--assembled in our Department to pursue a wide range of research in economics. Last year, four students took their research (and themselves) onto the job market:

- Tasso Adamopoulos, a macroeconomist, joined the faculty at York University.
- Azim Essaji, working in law and economics and development, went to Wilfred Laurier University.
- Jasmin Kantarevic, working in health and labour economics, accepted a position with the Ontario Medical Association.
- Noriko Ozawa, doing trade and industrial organization, went to Okanagan University College.

In addition, Rhys Mendes accepted a position at the Bank of Canada, and Rong Li started her professional career at CIBC.

Our primary challenge continues to be the creation of sense of community between faculty and students. Historically, there has been a severe shortage of office space for graduate students. This year we opened a suite of graduate student offices on the 14th floor of Robarts. This space is tailored to upper year students but we now have enough capacity to offer at least a study carrel to all students in their second year and higher. It will undoubtedly be better once the new building is completed and faculty and students can work in the same location. We are also experimenting with a variety of initiatives to foster faculty-student interaction for research. For example, the Centre for Economics and Public Affairs (CEPA) sponsors a 'catered' lunch seminar series where senior students and faculty present work in progress. It always amazes me how responsive economists are to a 'free lunch'! Such initiatives illustrate how--for a small outlay--we can create an enjoyable and productive research environment.

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News from UTM Economics

by **Varouj Aivazian and Miquel Faig, Chair and Associate Chair of Economics at UTM**

The Department of Economics at the University of Toronto at Mississauga (UTM) is experiencing a major expansion of its undergraduate program. This expansion is best illustrated by the number of students enrolled in ECO100Y, the prerequisite for all our programs at UTM. Last year, with a double cohort, we had 1260 students registered and this year, with a single cohort, we had nearly as many with 1100 registered students. By comparison, the enrollment in ECO100Y has averaged around 850 students during the past 5 years. The expansion in student enrollment that we experienced in the past two years is expected to continue in the near future. As a result, all our programs are expanding. This represents a challenge to all of us involved in the UTM Economics programs. Fortunately, this trend also brings new opportunities to the Department.

To meet the needs of an expanding student population, the Department has been given the opportunity to hire new faculty members. This year, we are happy to welcome Simon Board to our group of assistant Professors. Simon received his Ph.D from Stanford University with a focus on microeconomic theory and industrial organization. At UTM he is scheduled to teach information economics, as part of our advanced microeconomics course offerings, and Managerial Economics I: Competitive Strategy.

Also due to the expansion, we are able to offer a number of new courses. For the next academic year, we are introducing a new 400-level course, Financial Market Microstructure, to be taught by Andreas Park. We are also reintroducing Game Theory as a yearly course to be taught by Carolyn Pitchik.

New programs are also on the horizon. We plan to introduce major and specialist programs in the area of financial economics, making good use of the research strengths of current UTM faculty in the design of these programs. The financial economics programs will offer undergraduates the opportunity to acquire solid training in financial economic theory, applications and quantitative methods. UTM Economics will design the programs to accommodate the career aspirations of students in both the commerce and economics programs.

The responsibility of providing secretarial assistance to this increasingly complex Department falls on our new secretary, Amber Shoebridge. Also, together with Management and Political Science, we hired Lorna Taylor as administrative coordinator. We welcome both to our Department.

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News from the Institute for Policy Analysis

by Frank Mathewson, Director

The Institute for Policy Analysis (IPA) is a research institute that exists under the umbrella of the School of Graduate Studies to promote first-rate applied research in the areas of economics, management and law and economics on both private and public sector issues. Our group of research associates reflects this objective, which is also met through our in-house training of outstanding graduate students. Research associates and resident graduate students from the University of Toronto come from the Department of Economics, the Rotman School of Management and the Faculty of Law. Additional research associates come from other universities and have a research connection with the University of Toronto through the Institute for Policy Analysis. Further information about the Institute, including our Annual Report, can be found on the Institute's web page at www.chass.utoronto.ca/ipa

Our academic management team remains in place. Ignatius Horstmann from the Rotman School of Management continues as the Institute's Associate Director. Peter Dungan continues in his role as IPA's Director of the Policy and Economic Analysis Program (PEAP). Former Director of PEAP and IPA, and Emeritus Professor of Economics, Tom Wilson continues as a Senior Advisor to IPA. Project LINK, the UN initiative to link macro econometric models from various countries, continues at the Institute under the direction of Peter Pauly, Professor and Associate Dean at the Rotman School. Sharon Eddie who served as our Administrative Assistant since 1987 has retired, with Audrey Wi taking over the position in May of this year. We continue to sponsor the following workshops:

- Industrial Organization, offered jointly with Economics and the Rotman School.
- International Trade, offered jointly with Economics and the Rotman School.
- Money/Macro, offered jointly with the Department of Economics.
- Empirical Microeconomics, offered jointly with Centre for Economics and Public Affairs, a research initiative sponsored jointly by IPA and the Department of Economics.

New Research Associates at IPA are:

- Audrey Laporte (Faculty of Medicine)
- Eugene Choo (Department of Economics)
- Philip Oreopoulos (Department of Economics)
- Johannes Van Biesebroeck (Department of Economics)

Visiting scholars at IPA during 2003-2004 included:

- Alok Johri (McMaster University)
- Peter Townley (Acadia University)
- Neil Quigley (Victoria University, New Zealand)

IPA sponsored a visit by Sergio Rebelo (Kellogg School of Management, Northwestern University) who gave a graduate course on currency crises and international finance.

Congratulations to the following Economics graduate students in residence at IPA during 2003-2004 who entered the job market:

- Tasso Adamopoulos (York University)
- Jasmin Kantarevic (Ontario Medical Association)
- Rong Li (CIBC)
- Noriko Ozawa (Okanagan University College)

Graduate students currently in residence at IPA, all of whom are from Economics, are:

- Tim Cook, who is studying the economics of profit sharing and employment stability.
- Aamir Hashmi, who is studying the relationship between market structure and innovations.
- Qing Hong, who is working on the effects of multinational income shifting on optimal corporate tax policies, and more generally, on international tax competition.
- Xiuhua Huangfu, whose research focus is on using monetary search models to study the impact of inflation on agents' purchasing behavior.
- Runjuan (Jane) Liu, who is working on the economics of multinational enterprise and global production sharing and their relationship to patterns of international trade.
- Nathan Nunn, whose research focuses on using evolutionary game theory to explain the impact of countries' colonial past on their future development, and on the relationship between tariff structure and a country's subsequent growth.
- Carlos Rosell, who is researching the impact of technology disclosure on innovation, and the relationship between intellectual property right fragmentation and patenting.
- Junji Xiao, who is studying consumer utility functions using demand function estimation techniques.
- Peng Xu, who is studying the effects of the organization of exchange in relation to traded assets.

All in all, the Institute for Policy Analysis has had a good year.

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News from the MFE Program

by **Varouj Aivazian, Director**

In December of 1999, the Department of Economics and the Rotman School of Management combined efforts to initiate a premier professional graduate program at the University of Toronto. The objective of the program was to achieve synergies in academic and professional education by merging the more practical and applied training provided by MBA finance courses with the quantitative and analytical skills imparted by an MA in economics. The pilot program was extremely well received by students and recruiters alike. It obtained full approval from the Province of Ontario and the University and was granted the designation of Master of Financial Economics (MFE) in the Spring of 2002.

The MFE program combines the analytical core of the MA program in economics with a rigorous introduction to the areas of risk management, corporate finance, and security analysis through courses offered by the Rotman School of Management. A major strength of the program is that students are taught to use the underlying concepts of microeconomic and macroeconomic theory to understand how financial markets operate. The program's combination of theoretical and applied courses provides a rich learning experience for students.

Student enrollment in the MFE program for the 2004-2005 academic year rose by about six percent from the previous year. Admission to the program is very selective, and eighteen highly qualified students began their studies with us in September of 2004. We expect enrollment in the program to grow progressively until we reach our ultimate goal of 22 to 25 students.

This past June, the MFE graduating class of eleven students received their degrees--the first since the program received full provincial approval. Graduates of the earlier small pilot program with the same curriculum as the current MFE program were awarded the MA in economics.

The program has been well received by employers in both the public and private sectors, and the Program Director and Administrative Coordinator continue to promote it with potential employers. This past summer 15 of the 16 MFE students secured internships with companies in the financial industry or with government institutions. The feedback on the performance of these students has been very positive.

Recently, Jennifer Liang joined the MFE program as Administrative Coordinator. She replaces Lisa Cernivivo who did an excellent job for two years. Jennifer's tasks include the expansion of an advertising campaign to increase awareness of the program within the public and private sectors, and the building of a solid alumni network. She will work as an overall liaison between students, faculty and businesses to maintain a solid program for years to come.

This year, in memory of the principal initiator of the MFE program, we introduced the annual Michael Berkowitz Lecture series. The first lecturer in the series was Professor James E. Pesando of the Department of Economics and a former director of the Institute of Policy Analysis. Professor Pesando spoke about the economics of the art market under the title, "Art as an Investment: the Market for Modern Prints". The lecture was well received.

While the MFE program is a joint offering of the Department of Economics and the Rotman School of Management, the administration of the program is the responsibility of the Department of Economics. For further information about the MFE program, visit the program's website at www.rotman.utoronto.ca/mfe.

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Michael K. Berkowitz: 1946-2004

by Don Dewees with Varouj Aivazian and Laurence Booth

Michael Berkowitz was born in the US in 1946. He received a B.Sc. in 1968 from the State University of New York at Buffalo and an MBA from the same university in 1971. He earned a Ph.D at SUNY Buffalo in 1976, writing his thesis on pricing and production decisions for regulated utilities. He was hired as an Assistant Professor in the Department of Political Economy at the University of Toronto in 1973 and was awarded tenure in 1978. In that year he became cross-appointed to the Faculty of Management, now the Rotman School of Management, and taught there as well as in Economics. He became a Full Professor in 1992.



Michael Berkowitz

Michael's research began with utility pricing, but with the energy crises of the 1970s he added issues in energy economics. Over time his research interests shifted to finance, especially portfolio theory and corporate finance. He published papers with Yehuda Kotowitz on the organization and performance of mutual fund companies, and with Varouj Aivazian on corporate financing constraints and production choices. Michael and Varouj won the Financial Executives Institute of Canada Award in 1991 for the best paper in corporate finance. The quality of his work and the respect it generated was reflected in his appearance as an expert financial witness in proceedings before most of the major regulatory boards in Canada, advising on financial structure and profitability. It was also reflected in media interviews and in his writing for the Toronto Star's weekly *Choice Portfolio* series from 1998 to 2001.

Michael's teaching in the Economics Department included undergraduate courses in resource economics and advanced microeconomic theory and a graduate course in financial economics. He taught undergraduate management courses in the Commerce and Finance Program in business finance, investments, and managerial economics, while at the graduate level he taught courses in securities analysis and portfolio management and the management of natural resources. He was a diligent and helpful supervisor and advisor of PhD students in finance for both Economics and Management. Indeed, the day after he was diagnosed with leukemia he asked a colleague to take over the supervision of his PhD student. Despite the shock of his diagnosis, he had not lost sight of his student's welfare.

In addition to being an excellent teacher and scholar, Michael was a long-time servant of the University. He held administrative positions within Economics at Erindale College in the 1970s

and was coordinator of the finance area group in Economics. He served on the Commerce Council and cared deeply about the Commerce and Finance Program. He was Associate Chair, Undergraduate for three years and Associate Dean of Arts and Science for a year. He served on many committees in Economics, Arts and Science, Management and the University. He developed and implemented the highly successful Master of Financial Economics program whose first class graduated in June 2004. One of his most important contributions was the economics building renovation and expansion project. Without his vision, energy, and determination we would not now be within a year of breaking ground for this major vital project. His appointment as Chair of Economics let him bring this dream closer to reality and he worked tirelessly during his administration to advance the building and its funding. Even when he was in the hospital, plans for the building animated and excited him, and he eagerly shared them with hospital staff and his visitors.

As important as Michael's work was to him, his family was also central. The first speed dial on his phone was to his wife and the second was to his daughter. His grand-daughter's picture was the screen saver on his computer. Although terribly weakened by his struggle with cancer, Michael participated fully, in a wheelchair, in the wedding of his son Ian in July of 2004, just a month before his death. He rejected suggestions that the wedding be postponed because of his health and insisted that he would be there, and he was.

Michael died on August 8, 2004. He is survived by his wife Phyllis, his daughter Jill and her husband Steve and their daughter Erin and son Adam, and by his son Ian and wife Nicole. The family has invited donations to Princess Margaret Hospital where Michael spent several months. The University has established a memorial fund that will create a permanent legacy of Michael's contribution to it.

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The Economics Building Project

The building project was initiated and advanced by Michael Berkowitz during his two years as Department Chair. It was developed in response to inadequate space for both graduate students and faculty, which was stressed by external reviewers over the years as a barrier to the Department's achieving its academic goals. In recent years, our space needs have been further increased by the addition of instructors for our growing undergraduate enrollment, the initiation of the MFE program, and the need for enhancements for Commerce students. In 2001 a Project Planning Report recommended improving and expanding the space available to the Department by renovation and construction on our site at 150 St. George St.

The project will provide new faculty offices, offices for PhD students, space for MFE students, rooms for TAs to meet with students, research space for faculty and graduate students, space for visiting professors and additional support staff, and expanded computer facilities. In addition, offices in the North House and the Coach House will be renovated, with central air conditioning replacing the window units in many offices. We have chosen to minimize the demolition of

existing structures so we can preserve and restore the beauty of the formal portions of the Victorian house.

The project will include a new 3-story building located in the driveway to the north of the North House and a common room between the North House and the Coach House with large windows looking into courtyards on both sides. We will demolish the present connection between the North and South Houses, replacing it with a glass enclosed hallway on the first and second floors. Phase II will add one more floor of offices over the Coach House, and extend the Coach House south along the lane, greatly expanding our office space. The increase in office space and the modernization of existing space will greatly enhance the experience of our graduate students and improve the working conditions for many faculty.

We hope to begin construction in September 2005 with completion about one and one-half years later. The overall cost of the project is estimated at \$15 million. We have close to \$8 million from internal University resources and are raising private funds for the remainder. We look forward to this project with great excitement.

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Priming the Pump: Regional Development Spending in Canada

by Michael Smart

Federal governments in Canada have a long history of interventions to boost economic development in the Atlantic provinces and other disadvantaged regions of the country. For the past generation, a major pillar of regional development strategy has been a system of loans and direct grants to businesses designed to encourage investment and employment in targeted regions. Because such spending decisions are discretionary rather than formula-driven, they are rarely transparent to outside observers. To critics, this creates the possibility that funding decisions reflect the political calculus of the government of the day as much as legitimate economic development objectives. In other words, regional development spending programs may seem designed to 'prime the pump' for government candidates in the next election.

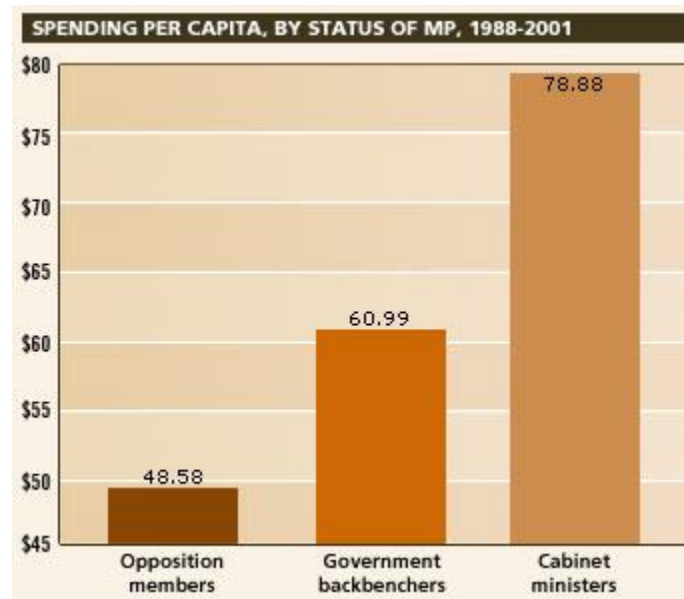
To contribute to an understanding of this issue, I have worked with **Kevin Milligan** of the University of British Columbia to develop concrete evidence on the allocation of federal development spending in Canada. We examined all grants approved by the two largest federal regional development agencies for the 1988-2001 period and calculated how they were allocated across federal ridings. The programs, known as Atlantic Canada Opportunities Agency (ACOA) and Economic Development Agency of Canada for Quebec Regions (EDAQ), give grants to businesses, non-governmental organizations and local governments for a wide variety of capital projects. If politics are indeed driving the grant allocation, this could be manifested in a number of ways. Grants might be used to reward political supporters, to 'buy' votes in swing ridings, or

for a variety of other political objectives, in addition to their legitimate role as a tool of regional industrial policy.

Courting the Voter

As a starting point, we calculated the average level of spending per capita in each riding in the five eligible provinces. Figure 1 shows the average per capita level of annual spending commitments in ridings with opposition members of parliament, government backbenchers, and cabinet ministers. Ridings represented by government members received \$65.86 (in year 2000 dollars) in per capita spending each year, compared to \$48.58 in opposition ridings.

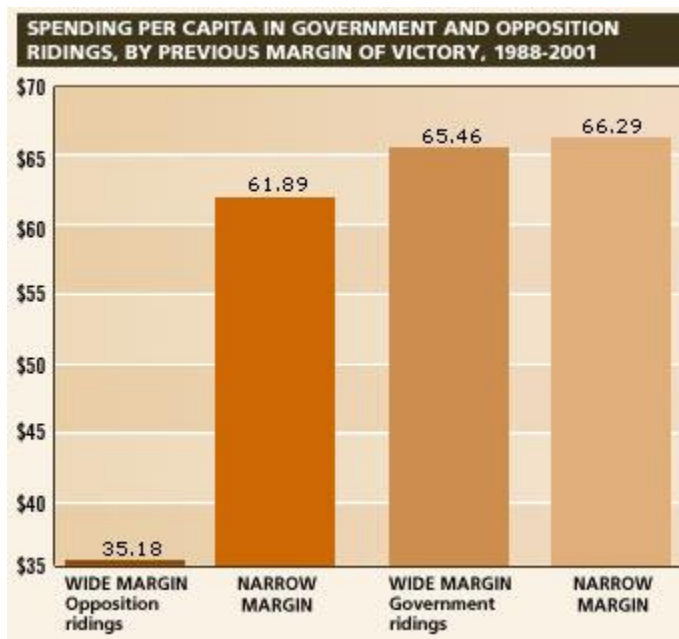
FIGURE 1



Not all government MPs are equally successful in delivering support to their ridings. Figure 1 shows that Cabinet Ministers' ridings received \$78.88 per capita, compared to \$60.99 per person in government backbenchers' ridings. Could these differences be a coincidence? Perhaps, but, in a precise statistical sense, this is unlikely. The spending differences reported here are estimated to be significantly different from zero, 19 times out of 20. In other words, we can be reasonably sure that the differences are not just a fluke.

Another possible objection to our results is that spending differences between ridings are real, but they reflect other, purely economic influences on spending that happen to coincide with our political variables. For example, an agency may be more likely to spend its funds in urban ridings, and urban ridings may be more likely to vote for the government party. A more elaborate statistical methodology that controls for factors like these, while too cumbersome to present here, leads to the same qualitative conclusions that we draw from the simple comparisons of averages.

FIGURE 2



Of course, political influence on spending patterns need not only result in greater spending in government ridings. Instead, governments may tilt grant allocations in order to 'buy' votes of undecided voters in future elections. In Canada's electoral system, however, popular votes don't really matter--only seats do. So a clever politician should allocate more grants to ridings where the past margin of victory was small. These are the ridings where a few grant dollars are most likely to 'swing' the riding from the opposition to the government party.

To examine this possibility, we next split

ridings into two equal groups, based on whether the margin of victory in the preceding election was large or small. Figure 2 shows the results. In ridings that had previously elected an opposition MP, the half with the closest margin of victory again have higher spending---\$61.89 per capita each year for narrow margin ridings, versus \$35.18 for wide margin ridings. For ridings that had elected a government MP, however, the difference is negligible. Thus the data support the idea that funds are allocated disproportionately to swing ridings that had previously gone to the opposition. Among government MPs, in contrast, it appears there is a 'norm of universalism' in governing spending, irrespective of how safe their seats may be.

Ministerial Prerogatives?

Last autumn, the Minister responsible for ACOA faced questions in the House of Commons about the allocation of spending to his own riding. Our data also allow us to examine this issue. The ACOA ministry has been shuffled frequently--between 1988 and 2001, no fewer than eight MPs held the portfolio. We can therefore examine how spending in each riding changes, relative to other ridings, as the local MP is promoted to the ACOA portfolio. (By looking at the change in spending from baseline levels, we control for the other, non-political determinants of spending.)

FIGURE 3

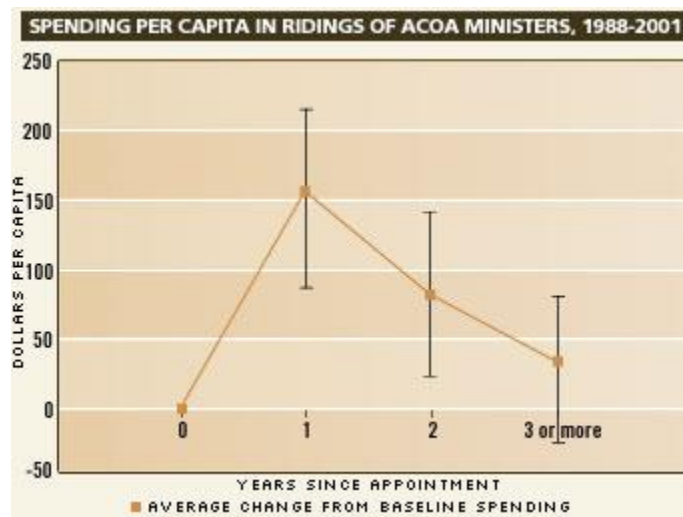


Figure 3 shows average spending in ACOA ministers' ridings, relative to baseline levels. In the year following an MP's promotion to the ACOA portfolio, per capita spending in his or her riding increases by \$153.21 on average. Of course, the exact amount of increase differs from case to case and time to time--the margins of error around the data points in the figure indicate the normal range of variation above and

below the average change. Notice from the indicated normal ranges of variation that spending is significantly higher than before elevation to the ACOA post. The effect is the same in the second year after appointment, though smaller--per capita spending is \$83.07 higher on average than before the appointment. In the third and subsequent years (when the ACOA portfolio had generally been rotated to another member), spending remains somewhat higher, but not significantly so because the margin of error includes zero, the baseline level of spending.

Conclusion

The statistics give an intriguing sense of political motivations in the allocation of funds. There is evidence that regional development spending goes disproportionately to government ridings and to 'swing' opposition ridings, and that the ACOA minister and other members of Cabinet fare especially well. These findings seem troubling. Regional grants can in principle serve a productive role in the Canadian economy, but that is unlikely to be the case when political considerations rule over economic ones.

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China's Industrial Development

by Loren Brandt, with Tom Rawski (University of Pittsburgh) and John Sutton (London School of Economics)

China's industries have achieved remarkable development since the start of reform in 1978 as witnessed, for example, by the wide array of manufactured products from China in the North American market. China is currently the third largest trading country in the world, behind only the US and Japan.

Our goal here is to briefly examine what we see as the central achievement of Chinese industry--the emergence of mechanisms for extending industrial capability, which we measure in part by the capacity to sell into overseas markets, to a growing array of products and sectors. This achievement, which only a few economies--among them Taiwan, South Korea, Israel, India, and Brazil--have attained during the decades since the end of World War II, ensures that China's recent boom represents a permanent shift rather than a temporary respite from the long history of poverty.

At the start of reform, Chinese industry had already attained substantial size--its factories employed more workers than the combined total of all other third-world nations--and considerable capabilities, as attested by China's mastery of nuclear weapons and satellite technology. Yet visits to Chinese factories revealed a vast array of obsolete and dysfunctional products--transformers that failed to keep out rainwater, sewing machines that leaked oil onto the fabric, power tillers that sat rusting outside a factory which continued to churn out fresh batches of unwanted inventory, and so on. Similar difficulties arose elsewhere in the socialist world.

China's reforms, now well into their third decade, have remade Chinese industry along many dimensions. The considerable divergence between China and transition economies provides clear insight into the forces driving economic change.

After 25 years of reform, China's wide performance advantage over the transition economies of the former Soviet Union demonstrates the central role of entry and competition in motivating enterprise owners, executives, managers, technicians, and workers to expand capabilities and improve performance. China's experience shows that, whatever their benefits, neither privatization of enterprise ownership nor extensive deregulation, full price flexibility, rule of law and other widely recommended institutional changes must necessarily precede a broad-gauged advance of manufacturing capabilities.

Although competition provides a universal spur to industrial firms, the process of upgrading firms' capabilities differs systematically across sectors, which vary according to:

- the effectiveness of fixed or sunk outlays by firms in expanding capabilities (low in industries such as cement and cotton textiles, moderate in steel and home appliances, high in semiconductors and aircraft).
- the extent to which expanded capabilities translate into increased market share (low in flow meters with multiple niches populated by numerous specialist firms, moderate in home appliances, and high in passenger aircraft, where buyers only consider top-quality products).

The importance of industry-specific characteristics in shaping the development process leads us to anticipate that the evolution of Chinese markets will generally follow patterns established in other nations. Globalization, which multiplies the impact of international market forces on Chinese producers, accentuates this tendency. At the same time, China's large size, unusual history, and unique institutional arrangements also shape the evolution of market structures. This combination of forces results in outcomes that partly conform to international commonalities, but also reflect special features of China's economy and history.

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The Research Interests of Some of Our Faculty

Michael Baker is currently investigating how maternity leave entitlements in provincial labour standards and the employment insurance system affect women's participation in the labour market in the period surrounding the birth of their children. Canada recently increased the duration of parental leave available in the employment insurance system. As there is little existing research on these leave entitlements, it is difficult to predict the effects of this change. Future research will investigate whether the effects of leaves on the amount time parents stay at home with their newborns lead to improvements in infant cognitive, physical and emotional development.

Mike Denny, in joint work with **Eugene Choo**, is investigating the impact of private health insurance on the use of medical care in Canada. Vision care and dental insurance are common benefits for employed Canadians. Mike and Eugene are studying the increased use of medical resources induced by these two forms of insurance coverage in Canada. The empirical work will be extended to include a comparison of the impacts in Canada and the United States. In a separate project they are investigating the determinants of self-reported health status. A deficiency of this common measure of the health of the population is the incomplete knowledge about what people are actually reporting.

Gillian Hamilton is currently working on three projects. One project, joint with Greg Clark of the University of California-Davis, examines the relationship between socioeconomic status and surviving family size in two pre-industrial societies. While the notion that reproductive success increases with income is one of the fundamental assumptions of the Malthusian model of pre-industrial society, the direct evidence for this proposition is surprisingly weak. Gillian and Greg exploit new sources of data for both England and New France and find that for England, a society close to a Malthusian equilibrium, there is a strong relationship of the expected form. But in land-abundant New France with rapid population growth, net fertility was actually higher for low income groups. A second project, joint with **Aloysius Siow**, makes use of the same demographic data from New France to study the relationship between class, marriage and gender. They find that a simple matching model of the marriage market in which there are gains to matching by social class and age, and women may leave the marriage market at a higher rate than men, can explain the behavior observed in these data. The third project focuses on early nineteenth century apprenticeships, using data from contracts signed in Montreal. The focus is on orphan apprentices and whether orphans were measurably distinct from other boys entering an apprenticeship, whether they made similar choices and whether they were treated differently in the apprentice market. Contrary to the tenor of most American studies of orphans placed in the early industrial era, orphan apprentices in Montreal do not appear to have suffered in the apprentice market--their compensation and trade choices were comparable to those of other boys.

Gueorgui Kambourov is currently working on issues related to the labor market. In a series of papers with Iouri Manovskii of the University of Pennsylvania, he studies the importance of individuals' occupations in understanding their labor market experience. First, they show that human capital is specific to the occupation in which an individual works (e.g. truck driver,

accountant, chemical engineer) rather than her employer or industry. In a second paper, they document that the fraction of workers switching occupations in a year in the United States has increased from 16% in the late 1960s to 20% in the late 1990s. Finally, using a dynamic general equilibrium model in which individuals build human capital in the occupation in which they are working and destroy it when switching occupations, they show that the observed increase in occupational mobility can account for more than 80% of the observed increase in wage inequality during that period. In a related paper, with Marcus Hagedorn of Goethe University of Frankfurt am Main and Iouri Manovskii, Gueorgui compares occupational and employer mobility and wage dynamics in Germany and the United States and explores possible explanations of the observed differences. Finally, Gueorgui is working on a paper that studies the effect that labor market restrictions have on the performance of an economy after a trade liberalization reform. He finds that the presence of high firing costs significantly slows down the sectoral reallocation of workers after a trade reform, prolongs substantially the transition period, and decreases the expected benefits from the reform by as much as 30 percent.

Andreas Park, a theorist with a strong interest in financial economics, is currently working on three projects. In the first, together with co-author Lones Smith, he is analyzing timing games where players want to be neither the first nor the last--as, for example, in the case of a radio call-in show where out of the first ten callers only the fifth caller wins, in which case the 'optimal rank' is five. Having identified equilibrium behavior when the optimal rank is known and prefixed, they then seek to explain how an optimal rank can evolve due to information asymmetries and payoff-complementarities in the process by which equilibrium occurs. A second project, joint with Hamid Sabourian, analyzes herding in financial markets. They have determined workable conditions that can trigger traders to get involved in so-called rational herd behavior, seemingly disregarding their private information and (rationally) following the crowd. They attempt to show that in such herding-prone situations investment-timing leads to price-avalanches and excess-volume. Finally, in a corporate finance oriented project, Andreas and Katya Malinova analyze dynamics of hostile takeover offers, aiming to describe how standard assumptions of information asymmetries influence the timing of extensions and raises in takeover offers. In addition, a recent paper by Andreas and Björn Bartling on initial public offerings of securities received honorable mention as runner-up in the competition for the Josph de la Vega Prize, run by the Federation of European Securities Exchanges. In that paper they found that investment banks have an incentive to distort the offer price by strategically exercising the overallotment option and employing aftermarket short covering, thereby increasing their profits.

Jim Pesando continues his on-going research program on the economics of the art market, with particular attention to the market for modern prints--for example the graphic work of artists such as Picasso, Matisse, Chagall, Miro and Toulouse-Lautrec. In his most recently completed paper, entitled "The Auction Market for Modern Prints: What Have We Learned About Art as an Investment?", he reviews the state of knowledge regarding a set of issues of concern to financial economists--risk and return, potential for diversification, the presence of 'irrational exuberance', and market efficiency. Because prints are multiples, typically issued in editions of 50 or more, the 'repeat sales' methodology can be used to construct a well-measured index of prices. Jim concludes that, given its level of risk, a diversified portfolio of modern prints has underperformed traditional financial assets. It has provided a real return of 1.0 percent per year, which

is comparable to the return on a low-risk portfolio of U.S. Treasury bills, but has absolute risk comparable to a diversified portfolio of common stocks. If markets are efficient, a natural interpretation of the lower rate of return, given the level of risk, is that there is a non-monetary benefit from investing in art. However, there is evidence to suggest that the art market may not be efficient. The 'law of one price' is frequently violated--for example, comparable prints tend to sell for a higher price at Sotheby's than at Christie's in New York. With Pauline Shum of the Schulich School of Business, Jim has begun the task of updating the database and re-examining the findings of his original paper on the auction market for modern prints, published in December 1993 in the *American Economic Review*. In addition to re-examining and extending these prior findings, they will address a number of 'puzzles' identified in that paper that have been confirmed by subsequent research in other areas of the art market. One of these puzzles is the tendency for investment in 'masterpieces' to under-perform the market.

Aloysius Siow is currently focusing his research on marriage markets. Marriage is a ubiquitous social institution. In some societies, marriages include monetary payments between the couple such as dowries and bride prices. In others there is no monetary payment at the time of the marriage. Polygamy is acceptable in some societies whereas in others monogamy is the norm. In our society, although it is monogamous, divorce and cohabitation are both acceptable. With colleague **Eugene Choo**, Aloysius is developing an explanation of the sharp drop in the marriage rate in North America between the nineteen-seventies and nineteen-eighties. Although many observers argue that changes in social norms permitting cohabitation without marriage have had a large effect on the decline in the marriage rate, the increase in cohabitation started from too small a base to account for the decline. Eugene and Aloysius show that the legalization of abortion in the nineteen-seventies has had a significant effect in decreasing the marriage rate. Aloysius is also studying the rationales for marriage payments such as dowries and bride prices. He has studied the operation of dowries in late Medieval Italy with Maristella Botticini of Boston University, and is now engaged in a study of bride prices and dowries in modern rural China with colleague **Loren Brandt** and Weiguo Zhan, a member of the Sociology Department at the University of Toronto in Mississauga. He is also working with **Gillian Hamilton** to explain marriage patterns in 18th Century New France.

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New Colleagues

Simon Board



Originally from England, Simon has his Ph.D from Stanford University, an M.Phil from Oxford and a B.A. from Cambridge. He specializes in contract theory, auctions and industrial organization. His undergraduate teaching will be on the Mississauga Campus and his graduate teaching on the Downtown Campus.

Chuan Goh



Chuan joins us from the University of California at Berkeley where he obtained his Ph.D, specializing in theoretical econometrics. He did his undergraduate work in economics and statistics here in the Department. In addition to statistics and econometrics, Chuan also teaches microeconomics and labour economics. He is proficient in both English and French as well as Chinese.

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Visitors

Jennifer Murdock has joined us as a Visiting Lecturer for the current academic year. A Ph.D from Yale University, she has been working for the past two years with the U.S. Department of Justice Antitrust Division in Washington. Jennifer specializes in environmental economics, industrial organization and applied econometrics.

Stacey Chen, an assistant professor of economics at State University of New York at Albany, has been visiting us for the entire year 2004. Stacey has her Ph.D from the University of Rochester and specializes in the microeconomics, especially the economics of education, and econometrics.

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Distinguished Speaker Series in Macroeconomics

This fall, funding from the Department and the Institute for Policy Analysis enabled continuation of the practice of inviting distinguished macroeconomists from other universities to give short lecture series to our graduate students. We were delighted to have **Victor Rios-Rull** and **Ken Burdett**, both of the University of Pennsylvania, visit us for one week each. In addition to the short lecture series, each gave a seminar open to everyone in the Department. Prof. Burdett's lectures reviewed a number of recent advances in search theory and Prof. Rios-Rull's lectures focused on household consumption, insurance and credit risk.

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What's Happening in the Department of Economics

Lecture by Amartya Sen

Nobel Laureate Amartya Sen gave a public lecture on November 17th, sponsored by the Economics Department, the Dean of Arts and Science, the Students Administrative Council, and the Arts and Science Student Union. Professor Sen is currently the Lamont University Professor at Harvard University and has received countless honors and awards for his outstanding scholarship. The sold-out crowd of 450 included economics faculty and students, other members of the University community, and the general public. Interim Chair Don Dewees opened the event, introduced the co-sponsors, and moderated a question-and-answer session at the end. Ranjini Ghosh, the former president of the Arts and Science Students' Union and the current president of the University of Toronto Students' Administrative Council, introduced Professor

Sen and Paul Bretscher, the president of the Arts and Science Students' Union, thanked Professor Sen at the close of the event.

Dr. Sen is a world-renowned scholar in the areas of social choice, welfare economics and economic inequality and development. His talk "The Argumentative Indian" focused on the argumentative tradition in India and its contemporary relevance for democracy, secularism and social change. The long tradition of argument and counter-argument, he noted, makes heterodoxy the common state of affairs in Indian culture. Spread over many centuries is a large religious literature coexisting with a large body of atheist and agnostic writings containing doubts and related questions about the existence of God. He argued that the presence of this deep heterodoxy is important in understanding current Indian thinking. The tradition of public argumentation and discussion turns out, in his opinion, to be important in explaining why democracy took hold in India and not in many other areas of British influence. Rules of order in debate were established centuries ago in Buddhist councils in India. Indian secularism emphasized religious neutrality, the symmetric treatment of the wide variety of faiths from which the powers of the state should be equidistant. This is one reason why killing of Muslims with BJP party backing led voters to defeat the BJP government in a recent election. Nor was the argumentative tradition confined to certain classes or the male gender. Women were important in the revolutionary struggle, the first female leader being elected in 1925. And powerful arguments about the status and treatment of the dispossessed originated from the least educated groups in the country.

The audience response to Professor Sen's presentation was attentive and enthusiastic. A large number of people with questions lined up at the microphones and the question and answer session produced a lively discussion on a wide range of historic and contemporary topics involving India, China and religion. Members of the audience commented afterwards on the astonishing breadth and depth of Professor Sen's knowledge. The following day, Professor Sen was celebrated at a luncheon hosted by the President and Chancellor of the University and that evening he was presented with an honorary Doctor of Laws degree by the University.

Royal Bank Chair in Public and Economic Policy goes to Michael Baker

Michael Baker has been appointed to the Royal Bank Chair in Public and Economic Policy. Michael is the first holder of this chair, which is bestowed on an internationally renowned scholar based in either the Economics or Political Science Departments who will provide intellectual leadership in policy research, development and implementation, working with scholars in other social science departments and in cognate faculties including Law, Management and Social Work. The Chair will be renewed every five years on a rotating basis between the two Departments.

International Workshop in Honor of John Munro

A workshop entitled "Money, Markets and Trade in Late Medieval Europe" was held at the Centre for Medieval Studies on March 12-14 honoring the extensive contributions of our colleague John Munro to the field. Sponsors of the workshop included, in addition to the Centre for Medieval Studies, the Departments of History and Economics, the Pontifical Institute of

Mediaeval Studies, the Centre for Reformation and Renaissance Studies, Victoria College and the Department of History at Trent University. Participants came from the Universities of Warwick, Edinburgh and London in the United Kingdom as well as many universities in the United States and Canada. The keynote address was given by Herman Van der Wee of the University of Leuven. References to John's work were frequent in the presentations and deliberations. A highlight of the event was a well-attended reception on the eve of the conference for conferees and John's colleagues and students. Though John retired last year, he continues to teach and work on his research with the same energy he has exhibited throughout his career.

Conference Honoring Ed Safarian

On April 23-25 a conference titled "Governance, Multinationals and Growth" was held at the Rotman School of Management in honor of colleague Ed Safarian on the occasion of his 80th birthday. Sponsored by the Rotman School, Industry Canada and the Department of Foreign Affairs and International Trade, the conference was attended by a number of distinguished economists, among them Richard Harris and Richard Lipsey from Simon Fraser University, Richard Caves from Harvard University and John Dunning of Reading University. The focus of the papers and discussion was on the effects of foreign direct investment and foreign ownership in Canada in promoting domestic welfare and growth and on the role of government in ensuring that these effects are favorable. An important fact that emerged is that, in relative terms, foreign direct investment in Canada has declined in recent years while Canadian direct investment abroad has increased. The groundwork for a large part of the discussion was established in Safarian's classic 1966 study *Foreign Ownership of Canadian Industry*, published by the University of Toronto Press. Since that book, Ed has published numerous additional studies on various aspects of the subject, among them his 1993 book *Multinational Enterprises and Public Policy*. He has been a professor in the Department since 1966 and served as Dean of the School of Graduate Studies from 1971 to 1976. Ed is a Fellow of the Royal Society of Canada and was president of the Canadian Economics Association in 1977-78. Like many of his retired colleagues, Ed enjoys economics so much that he has really retired only from his professorial salary, continuing to teach in business economics at the Rotman School. The papers presented at the conference will be published by Edward Elgar Publishing in a volume edited by Lorraine Eden and Wendy Dobson.

A Conference on Matching

In mid-May a two-day conference was held at the University of Toronto on the subject of matching. The conference was organized by Li Hao, Shouyong Shi and Aloysius Siow and was sponsored by the Department of Economics and the Institute for Policy Analysis. The study of matching focuses on such questions as how buyers and sellers come together in trade, who dates who in on-line dating environments, how professionals enter into partnerships, how students are sorted to different universities and medical residents are assigned to different hospitals. There are currently many different assignment mechanisms to match different objects, including stock market institutions, various types of auction, some of which have very complicated bidding rules, computer algorithms, and so on. The focus of research discussed at the conference was on understanding the properties of such assignment mechanisms. Eleven papers were presented and over thirty participants from North America and Europe attended.

Analyzing China's Great Transformation

Colleague Loren Brandt and former colleague (1972-1985) Tom Rawski, now at the University of Pittsburgh, currently head a group of forty leading scholars from Asia, Europe and North America that is providing a comprehensive assessment of China's rapid economic ascent since the onset of economic reforms in the late 1970s. With the support of seed money from the Department and major funding from the National Science Foundation (US) and the Smith-Richardson Foundation (US), the project will produce a two-volume book providing an integrated perspective on China's economic transformation and future economic prospects.

The core of the volume is a series of twelve thematic papers covering agriculture and rural development, openness and international trade, fiscal relations, education and human capital and labor markets, the role of the government, China's legal system and property rights reform, the financial system, industrial development, growth and structural change, the environment, and income inequality and poverty. Each paper tackles a common set of issues--for example, the evolution of the reform process, political constraints on reform, successes and failures, and heterogeneity across China, with links to the other papers in the volume to help highlight the interdependency of the reform process. The thematic papers in turn are informed by 'background' papers that look at the Chinese economy from an historical perspective, as well as from the viewpoint of a developing and transition economy. All three perspectives are important in explaining China's particular evolution.

The grants support a series of three conferences, with the third and final one to be held at the Wilson Center in Washington, D.C. in May of 2005 to present policy briefs regarding the implications of China's emergence for North America and Europe.

Also working on the project are University of Toronto colleagues Dwayne Benjamin (Income Inequality and Poverty), Richard Bird (fiscal issues), and Xiaodong Zhu (Growth and Structural Change).

For a short discussion of issues relating to China's great transformation, see the article by Loren Brandt with Tom Rawski and John Sutton in this Newsletter. For more information, go to the following links:

[First Drafts of Thematic Papers](#)

[Brandt-Rawski-Sutton Paper](#)

Undergraduate Awards Reception



A reception was held on November 25, 2004 to honor the accomplishments of our best undergraduates. Observers commented on the truly astonishing academic records of the students receiving awards, evidence of both great ability and great dedication to their studies. Among the guests were Prof. David Cameron, Acting Vice Dean, Undergraduate Education and Teaching, Dr. Elizabeth Leesti, Associate Faculty Registrar and Director of Student Affairs, Ms. Elaine Ishibashi, Associate Faculty Registrar, Emeritus Professors Edward Safarian and Nanda Choudhry, both of whom endowed some of the prizes, and Interim Chair Don Dewees. Thirteen awards were presented by François Casas, Associate Chair, Undergraduate Studies, to the following students:

Theresa Pazonis

--- Mary Child Scholarship in Economics

Shashi Khatri

--- Stefan Stykolt Scholarship in Economic Theory

Rajiv Luthra	--- Safarian Scholarship in Economics
Jie Fu	--- Ramsay Scholarship in Economics
Jennifer Sue	--- Paul L. Nathanson Scholarship in Economics
Stella Gar Yun Yu	--- Noah Meltz Undergraduate Award in Labour Economics
Haonan Qu	--- Nanda Choudhry Prize in Economics -- III Year
Yuanyan Zhang	--- Nanda Choudhry Prize in Economics -- II Year
Anna Gumen Yanjun Janice Li	--- Mary Keenan Award (two given)
Kinda Hachem	--- Lorne T. Morgan Gold Medal in Economics
Tara Bissett	--- Brian Mulroney Award (Endowed by Jerry Schwartz)
Juelle Gomes	--- Banker's Scholarship in Economics (Endowed by the CIBC and TD and Royal Banks)
Christine Tse	--- Alexander MacKenzie Scholarship in Economics

The Department is very proud of these students and extremely grateful to the individuals and institutions that endowed these awards. The continuing generosity of the Department's alumni, friends and faculty has steadily increased the number and size of these awards.

Faculty Awards

Last June 15, Ryerson University conferred the degree of Doctor of Laws - Honoris Causa on distinguished colleague **Albert Berry** in recognition of his scholarly accomplishments.

This coming February, our distinguished colleague **Gerald Helleiner** is going to be awarded yet another honorary degree, this time by the University of Guelph.

The Annual Graduate Economics Union Dinner

by **Winnie Chan**

The Annual Dinner has become one of the most anticipated events in the Department for faculty members and graduate students. It serves as an excellent way to celebrate the end of the

academic year, and is the best time to bid farewell to our graduating MA and PhD students. The GEU received a great response this year, as over 90 tickets were sold. The dinner was held on April 29 at Le Papillion, a cozy French restaurant located at Front and Church Streets. The restaurant has a beautiful ambiance, accompanied by friendly and efficient service. Participants this year could choose from a list of menus, each representing a delightful three-course meal. They enjoyed this option as it added a personal choice to the Departmental gathering. Overall it was a great dining experience, with many friends coming together for a lovely evening.

Many students were enjoying themselves so much, they did not want to call it a night after the meal, so they went to the nearby Esplanade Bier Market for some more fun and less economics. The night was so beautiful and the skies so clear that some of us felt the need to sit on the patio, while the not-so-daring stayed indoors to enjoy the live music. Photos of the dinner are available on the GEU website at www.chass.toronto.ca/geu.

On behalf of the GEU, we would like to thank everyone who came to the dinner, as your participation made the occasion a tremendous success. We are grateful for the subsidy provided by the Department and the support of our faculty members, especially the Interim Chair, Professor Dewees, and the Director of Graduate Studies, Professor Benjamin. Special thanks also go to Jean Eid, Miaomiao Shan, Melanie O'Gorman, Silvia Martínez Gorricho and Winnie Chan for their dedicated effort in organizing the event.

GEU Dinner Photos







New Additions to the Department Family

We are pleased at the birth of two new honorary members of the Department: Michael, son of Jo Van Biesebroeck and Ann Martin, and Alexander, son of Gueorgui Kambourov and his wife Miana.

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[Department of Economics Welcome Page](#)

From the Editor

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