

Tradeoffs

Department of Economics
University of Toronto

Winter 1998

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Message From the Chair

by Nancy Gallini

1997 was a year of daunting fiscal challenges--budget cuts, salary negotiations, higher tuition fees and faculty downsizing. Thanks to the remarkable resilience of our faculty and students, we managed to ride out the storm. While the challenges are not yet over, the way ahead appears brighter. Many of the uncertainties brought on by the severe budget cuts have been resolved and,

while working with less, we at least know what we have to work with so we can plan strategies for getting back on track.

Here is some of the good news: This year the Department welcomed a superb new assistant professor, Rajeev Dehejia, an applied microeconomist from Harvard University. Since our positions are not frozen as is the case in many universities across Canada, we will actively recruit several new faculty this year. Undergraduate enrolments in economics at all levels are on the rise. The Department has introduced exciting new M.A. programs in high-demand areas such as financial economics and law. Fundraising activities led to the Noranda Chair in International Economics and generous donations for student aid--we are grateful to our alumni who responded to the "seat sale" request in our last issue of the Newsletter! Many faculty were honoured with prestigious awards such as the University of Toronto Faculty Award (Professor Gerry Helleiner) and admission to the Royal Society of Canada (Professor Albert Berry). And the list goes on.

As the fall term came to an end, our energy and efforts turned to one of the most important activities we engage in as a Department--recruiting new faculty. This activity has never been of greater significance to the Department than it is now. The extent of faculty renewal over the next decade is staggering--nearly one-half of our faculty at the St. George campus will turn over! Our goals and future directions at the start of the millenium are the focus of debate this academic year as we develop the Department's Plan to the year 2004. More immediately, our goal is to hire five of the best and brightest assistant professors. The thriving market for economists in the U.S. will make this quite a challenge but we are up to it, encouraged by the University's improved economic climate and its commitment to excellence.

The next few pages describe some of the changes, activities and new faces in the Department since our last issue, fascinating research on immigration by two faculty members and profiles of two very successful alumni. We appreciate the letters that alumni among you have written to us commenting on the Newsletter and Departmental issues. We very much want to hear more and enclose a reply card on which you can tell us where you are and what you are doing. Any information or comments can be sent directly to the editor (see back page) or to myself at my e-mail address--gallini@chass.utoronto.ca. For now, read on and enjoy!

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What do you do with an economics undergraduate degree?

by David Nowlan, Associate Chairman

That's the question we are most often asked at UofT Day and other times when we talk to High School students and their parents (well, perhaps it's the second most frequent, after "how much mathematics is needed for economics?"). Since it was always a little embarrassing to admit that we didn't have a very complete picture of what our graduates actually were doing, we decided to find out.

This past July we mailed out a questionnaire to all of our students who had graduated in June 1997 asking about a variety of employment-related matters. As well as finding out what they were doing we wanted to find out how they found a job, if they had one, and how we could better help current students find jobs.

We sent out about 370 questionnaires to graduates with a specialist or major designation in economics. We got back 90, about 25%. Of these, 40 had graduated with a B.Com., 21 had an honours B.A. or B.Sc. and the rest had a general B.A. or B.Sc. Since the questionnaires were returned anonymously, we don't know who responded, but if you did and you're reading this, ***Thank You!***

We asked whether they were planning to go on immediately with graduate studies. 17 of the 90 (19%) said they were: 4 into economics programs, 5 into business programs and 8 into other programs, mainly law.

Of the ones not going on to graduate work, 22% said they were still looking for a job (remember, this is only a month or two after graduation); the rest had either full or part-time jobs, or they were about to begin a permanent job. Those with a B.Com. had been somewhat more successful than those without in getting a job; only 14% of the B.Com.'s were still looking. Interestingly, all of the respondents with a specialist (as opposed to a major) in economics had jobs, although not too much should be read into that since the response rate to our questionnaire was quite low among the specialists.

Most of those who had jobs found them in the private sector in Ontario. This accounted for about 77% of the total. 8% of the employed graduates had jobs with the Ontario government, 2% with the federal government and 12% with the private sector outside Canada.

80% of both the commerce and non-commerce grads said that their economics background was either "important" or "useful" to them in getting a job.

For those with full-time jobs, the annual salary ranged from under \$25,000 to over \$40,000, with an average of about \$31,400. This average was the same for commerce graduates as for others. The commerce grads found jobs predominantly in the accounting and the banking/finance sectors, with 70% of them split roughly evenly between the two fields. For those with B.A.'s and B.Sc.'s, the banking/finance sector was also the main work sector, with about 41% employed there. The rest were well scattered among a number of other fields.

More interesting than these overall statistics is a [list of the types of job that our graduates are doing and the companies for whom they are working.](#)

As can be seen from the list, most of the jobs were with large firms. In fact, 64% of those reporting jobs were with companies with over 500 employees while only 33% were with companies with fewer than 100 employees. 15% were with companies that had less than 10 employees.

Thanks to those who responded to our survey, we are now much better positioned to answer the "what do I do with an economics degree?" question. This, along with the information our respondents gave us about how they found their jobs, will also help us help future students prepare for their jobs after graduation.

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Graduate News

by Arthur Hosios, Associate Chairman

Over the past few years, I have interviewed many undergraduate students who were interested in the possibility of pursuing an M.A. in economics. There is a set pattern to these conversations. I first describe our program and criteria for admission. The student tells me how interested she is in economics. I then examine the student's record, identify its strengths and weaknesses and, if appropriate, describe what additional courses should be taken. The student thanks me and begins to leave.

Somewhere between my desk and the door, the student remembers that there was one last set of questions that she meant to ask. And now, of course, we come to the point of our meeting: What kinds of jobs would be suitable for someone with an M.A. in economics? And, how difficult is it to find these jobs?

I can report that recent M.A. graduates from U of T have secured positions in the Bank of Canada, in federal and provincial government ministries, various private-sector banks and investment houses, and in private consulting firms. Typically, these are junior research positions with subsequent career paths that depend on the individual's interests and talents.

The Department's placement activities are directed towards the M.A. class as a whole, rather than to individuals, and consist largely of circulating information on job openings to students, especially in the fall. In this respect, past graduates of our program have been an excellent resource as they regularly notify us concerning openings in their organizations. Nevertheless, our ability to place students is limited, and some of our graduates have had difficulty finding jobs.

There is certainly a random component to finding a job. An economic downturn or a government hiring freeze undoubtedly makes finding a job more difficult than otherwise (but this is true for other disciplines and for undergraduates as well). On the other hand, an M.A. degree is only a small part of what an individual brings to a job. It represents a set of tools that may be useful to an employer, it may signal career potential, and it is a necessary condition for many positions.

Students who are enthusiastic, interested and can communicate, and who want to find jobs, will be successful. Students who can rationalize a well-deserved eight month vacation after

completing the M.A. are less likely to be successful. This much is obvious and has nothing to do with graduate school.

In my view, the University of Toronto offers an exciting M.A. program in economics that allows individuals to expand their intellectual horizons and abilities, and interact with a great group of faculty and students. We want our students to work hard when they're here and be successful when they leave. Alumni can help. Recent undergraduates are an excellent source of applicants for the M.A. program. And more senior alumni can help themselves, their employers and us by hiring our graduates.

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Institute for Policy Analysis

by Professor Frank Mathewson, Director

Let me take this opportunity in this issue to outline the nature and purposes of the Institute. We have two objectives: (i) to further scholarly research in applied economics and related disciplines and thereby enhance policy analysis, and (ii) to disseminate these findings to academics, policy-makers and practitioners. The scholarly research of Institute Associates is published in major refereed journals, monographs, and books. To expedite early dissemination of these research findings, the Institute co-sponsors with the Department of Economics a working paper series that is now available on the Internet. In addition, we sponsor five workshops that meet regularly during the year--in econometrics, industrial organization, labour economics, monetary and macroeconomics, and public economics--where local and visiting academics present their research papers.

The Institute and its Associates contribute to graduate education here at the University in a number of ways. Institute Associates offer graduate courses in their respective departments, serve on dissertation committees, actively participate in the Institute workshop program, and attend and organize conferences. As well we offer research assistantships to graduate students who serve on research programs we sponsor and co-ordinate--18 graduate students from the Department of Economics, Faculty of Law, and the Faculty of Management are currently working in this capacity. We also allocate office space to a limited number of Ph.D students--10 in the current year--who are at the dissertation stage of their graduate studies.

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The Malim Harding Visitor--Professor James Heckman

Our Malim Harding visitor for fall 1997 was Jim Heckman, the Henry Schultz Distinguished Service Professor at the University of Chicago. The Harding family sponsors a yearly visitor to the economics and political science departments. In this year's visit, Professor Heckman gave a series of talks to the university community on his research in labour economics.

In his public lecture to the University, he surveyed a vast amount of social science research which showed that the social return to human capital accumulation falls as a person ages. In particular, he showed that job-retraining programs have very little social return. Over 80 percent of the participants of job-retraining programs advance so little that they still remain eligible to participate in similar programs upon graduation. On the other hand, early pre-school intervention programs have large social returns. Children from disadvantaged backgrounds who participate in these programs acquire substantial skills which aid them for the rest of their lives.

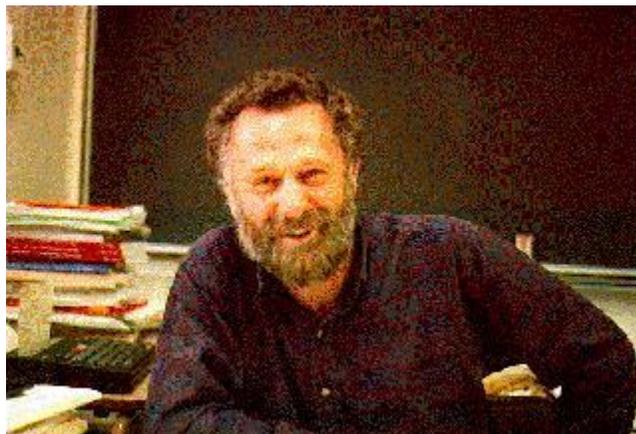
In his lecture to the department of economics, Heckman showed that the labor earnings of college graduates have risen relative to that of non-college graduates. Some observers have suggested that the government should therefore increase its subsidies to universities so as to increase the number of college graduates. But Jim showed that current estimates of an individual's financial return to attending college overestimate the return that college graduates would earn if government were to reduce university tuition costs. This overestimation arises because more individuals will go to college if tuition costs fall--as the supply of college graduates rises relative to non-college graduates, the financial returns to a college education fall. He concluded that tuition subsidy programs are not particularly effective in reducing earnings inequality.

Aside from these substantive findings, Professor Heckman also provided insights on the policy role of empirical social science research. He demonstrated that although the contribution of each piece of empirical social science research is small, the accumulated knowledge from many independent studies provide policy makers with reasonably accurate estimates of the costs and benefits of different policy interventions. It is always exhilarating to learn that work in economics and the other social sciences is socially productive!

by Aloysius Siow

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Profile--Gerry Helleiner



Gerry joined the Department in 1965 after receiving his Ph.D from Yale and spending three years doing research in development economics--one in Nigeria and two at the Yale Economic Growth Center. He was no stranger to Toronto. His father, Karl Helleiner, was also a distinguished academic who served many years as Professor of Economic History in the Department, and Gerry did his undergraduate degree here.

Gerry is well known throughout the world for his work on international trade and development issues. He has written five major books, edited a further seven volumes and contributed nearly forty articles in scholarly journals. He has been on the editorial boards of 15 journals and has had visiting fellowships at Queen Elizabeth House, Oxford, and the Institute of Development Studies at the University of Sussex.

Beyond these scholarly achievements, Gerry has had a major impact as an institution builder. In Canada he played an active part in discussions leading to the creation of the International Development Research Center (IDRC) in 1970 and was on its Board of Governors for two terms. He was the founding spirit of the North-South Institute, serving as Vice-Chairman from 1976 to 1990, and chairman from 1990 to 1992. In Africa he was the founding director of the Economic Research Bureau in Dar-es-Salaam and in 1991 led the IDRC Mission on Economic Policy in post-Apartheid South Africa. He now sits on the advisory council of the Macro-Economic Research Group that the IDRC mission helped create. In 1990 at a time of crisis for the International Food Policy Research Institute (IFPRI) in Washington he became chairman of its Board of Trustees and led the Institute's recovery.

Gerry has also served on several advisory teams sent to aid less developed countries during severe crises: in Uganda (1979), Tanzania (1981-82), Guyana (1988-89) and Nicaragua (1989-90). He also led a Danish-sponsored independent working group on the Ugandan economy in 1993. In addition to serving on four commissions created by the Commonwealth, Gerry has at various times worked on specific projects for UNCTAD, the UN Centre on Transnational Corporations, UNICEFF, the South Commission, the UN Secretary-General and the Association of African Central Banks.

The Ph.D students in development economics that Gerry has supervised during his long career are too numerous to mention--they constitute a significant fraction of the total Ph.D's produced by the Department and are now found in important academic and policy positions around the world.

Two years ago the North-South Institute organized a conference on major issues in the world economy in Gerry's honour. It brought together an impressive group of development specialists from around the world and a set of papers reflecting Gerry's areas of expertise. The resulting

estschrift volume *Global Development Fifty Years After Bretton-Woods* has just been published, with a book launch in Ottawa chaired by Diane Marleau, Minister of International Cooperation and Francophony.

Last year Gerry received the University of Toronto Alumni Association annual faculty award for excellence. And, to top it off, he then received an honorary doctorate from the University of the West Indies.

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Research Profile--Michael Baker and Dwayne Benjamin

The labour market is the source of many of the most pressing public policy issues in Canada. And the important questions are often empirical in nature--that is, answers to them must be constructed on a factual basis. Michael Baker and Dwayne Benjamin have tackled a number of these questions, providing background for public policy debate in Canada, and contributing more broadly to the field of labour economics. Dwayne arrived at the Department in 1989 from Princeton, while Michael came the following year from the University of Michigan. Both were undergraduates at the University of Toronto. Their collaboration has led to published research in areas as diverse as immigration, pensions and retirement, minimum wages, and discrimination against women and minorities.

In the area of immigration, their research has focused on immigrants' labour market success on arrival in Canada. They have studied how (and if) immigrants' earnings catch up to those of the Canadian born, and whether there have been systematic changes in how new immigrants fare over time. They also investigated immigrants' use of welfare programs and other social transfers as compared to use by native born. In another branch of their research they examined differences in the assimilation of male and female immigrants and the importance of "family" in their economic adaptation. To address these questions, Baker and Benjamin draw on recent advances in econometrics and use a wide variety of data including census data collected by Statistics Canada. Their results confirm suspicions that immigrants now find it more difficult to adjust than was the case in the early 1970s. That said, they also find that immigrants use Canadian social programs less than the native born. Other research findings help dispel the myth that ethnic minorities fare better in Canada than the U.S. Most of these groups face earnings levels that are comparable to or below those south of the border.

More recently Michael and Dwayne have turned their attention to the challenges of an aging labour force, and the interactions between public pensions plans and the labour market. They exploit differences in the Quebec and Canada Pension plans, for example, looking for corresponding differences in retirement decisions in the two jurisdictions. They find only limited evidence that these national pension schemes can be used to induce changes in the age of retirement. They are now investigating the contribution of Canada's old age security programs to the improving living standards of the elderly. Each of these projects draws heavily on the resources of the University of Toronto data library, and Statistics Canada. There are growing

public demands for review and reform of the income security system, and this research should inform the debate.

Since joining us less than a decade ago, Michael and Dwayne have contributed enormously to the Department's research output. Their work has just begun!

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Alumni Profile--Ira Gluskin



Ira Gluskin graduated from the Department with a Bachelor of Commerce degree and joined the investment department of Canada Life in 1964. Five years later he joined MFG Management, a mutual fund company with around \$200 million in assets. He then moved to Brown Baldwin Nisker (now HSBC James Capel Canada Inc), a Bay Street institutional brokerage firm, becoming president in 1983. During these years he developed an international reputation as one of Canada's leading securities analysts. In 1984 he co-founded Gluskin Sheff & Associates Inc., of which he is now president and chief investment officer.

Ira has been an advisor to many of Canada's major corporations and is active in community and cultural organizations. He is currently on the Board of Governors of Mount Sinai Hospital and a director of the Toronto Symphony. He is noted for his outspoken and provocative views on all aspects of business, especially the securities and real estate sectors. Ira has been a regular columnist for both the FINANCIAL TIMES and the FINANCIAL POST and is a frequent guest speaker at various business forums in Canada and abroad.

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Confessions of an Alumnus--Janet Currie



Like many an economics major, I began my undergraduate education with the goal of becoming a lawyer. To this end, I enrolled in a variety of liberal arts courses, one of which was economics. Even in 1978, the class was large--I believe it had 200 students. Professor Donald Dewees was however, consistently entertaining and strove to make the class relevant by bringing in examples from the newspaper virtually every class. I found to my surprise that whereas I could not effectively analyze a Shakespearean sonnet or come up with the plus-perfect version of a French verb, I seemed to be relatively good at economics. Moreover, I found that I actually enjoyed many of my economics classes. Highlights include listening to Professor Samuel Hollander rail against Mark Blaug (I do not now recall Blaug's errors, but they were apparently legion), and several courses taught by Professors David Foot and Gerry Helleiner. Adonis Yatchew also succeeded in making the compulsory

introduction to statistics course sufficiently exciting that I have spent most of my subsequent professional career analyzing numbers.

My biggest regret when I graduated in 1982 was that although I now knew something about economics, I felt that I was not yet an economist. There seemed no alternative but to sign up for more courses, and I earned a masters degree in Economics at U of T in 1983. Still unsatisfied, and with the support of my U of T professors, I became a Ph.D student at Princeton that year. I intended to become a development economist, but was soon adopted by the labor economics group at Princeton. A fellow Canadian, David Card, had just joined the faculty there and was to prove an invaluable mentor. Under the direction of David Card and Orley Ashenfelter, I wrote a thesis about collective bargaining in the public sector using largely Canadian data.

I pursued this line of work for several years after taking a position at the University of California, Los Angeles. By 1990, I had decided it was time for something completely different and that what I most wanted to do was to analyze the effects of welfare programs on children. Two years at the Massachusetts Institute of Technology in Cambridge (that hotbed of American liberalism) cemented this change of direction and I have been engaged in this effort ever since. Besides the fact that I think the question is intrinsically important, I enjoy working in an area that requires me to keep abreast of developments in fields as diverse as early childhood education and pediatrics.

Although I have focused on American programs to date, there are several conclusions that may generalize to programs in Canada. First, if the aim is to affect a specific outcome, such as child health, then a program specifically targetted at that outcome is more likely to have a measurable effect than a cash program of equivalent size. Second, the effects of programs are mediated by many factors, so that the same program may prove much more effective for some groups than for others. Therefore it pays to tailor programs to the needs of particular groups rather than adopting a "one size fits all" approach.

While as a social scientist one strives to be as objective as possible, the questions that people find interesting are shaped by their upbringing and training. Certainly the questions I have pursued owe much to my background as a Canadian and to my introduction to Economics at the University of Toronto.

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Retirees

Mel Watkins

Mel has taught at the University of Toronto for nearly forty years, having done both undergraduate and graduate work here and graduate work at M.I.T. His career has bridged economics and political science and his work has made him well-known in Canadian public policy circles. Of special note is the two years he spent in Yellowknife advising the Dene Nation on organizing their land claims and on other issues. Mel's most famous publication was the *Report of the Task Force on the Structure of Canadian Industry*, popularly known as the Watkins Report. He has also written or edited several other books and published over 50 articles on Canadian political economy issues.

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New Colleagues

Rajeev Dehejia

Rajeev joined us this year from Harvard University where he has just received his Ph.D. His fields of specialization are Applied Microeconomics and Econometrics and his current research focuses on the methodological issues involved in evaluating social programs.

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Distinguished Short-Term Visitors

The Department's short-term visitor program enriches our Ph.D offerings by week-long lecture series and enlivens the intellectual atmosphere with new ideas and research directions. Last fall's distinguished visitors were Randy Wright, Professor of Economics at the University of Pennsylvania and Martin Eichenbaum, Professor of Economics at Northwestern University. Both are expatriate Canadians, Randy from Winnipeg and Marty from Montreal. It is our hope that this is the beginning of a continuing series of visits by Randy and Marty as well as other top people in the field.

Professor Randy Wright

Randy visited the department in the week of November 3-7. During this time, he gave a mini-course (2 lectures) to the graduate students and two faculty seminars. During his visit he also presented a paper to the Canadian Macroeconomics Study Group. In addition to new research perspectives, Randy brings a great deal of enthusiasm for economics.

All of Randy's presentations developed themes originating in a series of papers he wrote with Nobuhiro Kiyotaki in the late 1980s and early 1990s. One of the main goals of this research is to construct model economies in which money arises naturally in equilibrium as the result of well defined transactions costs rather than, as is often the case, being imposed on the analysis. The approach is nicely illustrated by one of the papers Randy gave in the faculty seminars, "A Model of Commodity Money, with Applications to Gresham's law and the Debasement Puzzle." This was written jointly with Francois Velde and Warren Weber.

Gresham's Law is the proposition that if there are two circulating moneys, "bad money drives out good". Taken as an empirical proposition, the law is controversial; the theoretical problem is to understand the conditions under which two monies of different well defined qualities will or will not circulate together. Wright and his co-authors examine a model economy in which specific search costs exist and in which heterogeneous transactors have imperfect information about a money's quality. They show that several possible equilibria exist according to whether trade cannot occur at all, or trade takes place using a single currency, or trade takes place with both currencies circulating. And the case where both currencies circulate is divided into situations in which the currencies exchange for each other at a ratio dictated by their quality and situations in which they exchange one-for-one. These alternatives are not arbitrary but depend in a well defined way on parameters governing transactions costs and the availability of information. The theoretical results are then applied to the interpretation of historical episodes where governments have attempted to extract seigniorage revenues by issuing money.

Many attractive features of this useful class of models are illustrated in the paper. Trade is decentralized and not modelled in a context of organized abstract markets. And the existence of monetary equilibria depends on parameters that summarize specific information and transactions frictions. These models represent an important step in the establishment of proper theoretic foundations for monetary economics, a long-standing research agenda that has thus far progressed very slowly. Moreover, the models provide a framework within which the emergence of a larger class of institutional arrangements can be studied. The work by Wright and his

collaborators demonstrates that questions that have been addressed thus far with only informal references to transactions costs can be given more precise answers.

by Allan Hynes

Professor Martin Eichenbaum

Marty visited us during the period November 24-26, presenting two workshops for faculty and graduate students and an additional seminar exclusively for the graduate students. The two faculty workshops were closely related. In the first, Marty presented a paper entitled "Monetary Policy Shocks: What Have We Learned and to What End", written jointly with Lawrence Christiano and Charles Evans of Northwestern University and the Federal Reserve Bank of Chicago. He surveyed recent econometric work on the identification and analysis of the effects of monetary policy, carefully outlining the problems with the various approaches in the literature. The main thread of his presentation was a vector autoregression analysis of the effects of shocks to the U.S. Federal Funds Rate (the rate at which commercial banks borrow reserves from each other overnight) and to reserve holdings of the commercial banks in excess of those borrowed from the Federal Reserve System. After recognizing the problems with his approach he defined monetary shocks as movements in the above mentioned time-series that could not be forecasted using the variables the Federal Reserve System observes and responds to in implementing its policy. His results confirmed the generally accepted view about the effects of tight money: the money supply and output fell rather quickly, and the price level much more slowly in response to upward shocks to the federal funds rate and downward shocks to non-borrowed reserves.

Marty's second workshop presented a further analysis of the same problem in a paper with the same co-authors entitled "Modelling Money". This paper constructed a simple theoretical model of the monetary policy process and tested it against the actual effects of monetary shocks identified by a vector autoregression analysis of the sort outlined in the previously presented paper.

In his seminar for the graduate students, Marty presented some work, again joint with Christiano and Evans, that put forward and compared alternative explanations for the facts, also evident from the vector autoregression analysis, that both profits and real wages fall in recessions.

In addition to giving the workshops and the seminar for graduate students Marty spent three full days in discussion and debate with those of us in the Department that do work in this and related areas.

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Long-Term Visitors

Wolfgang Keller

Wolfgang is visiting from the University of Wisconsin at Madison. His specialty is International Trade and Economic Development.

David Love

Dave is visiting us in the Fall Term from Brock University. He specializes in Monetary Economics and Econometrics.

Neil Shephard

Neil is here for the second term from Britain. He is regularly Official Fellow in Economics at Nuffield College, Oxford University. Neil is an active scholar in the field of Econometrics.

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What's Happening in the Department of Economics

The Canadian Macroeconomics Study Group Conference

Over 100 economists from all over North America and beyond converged on the University of Toronto for the annual meeting of the Canadian Macroeconomics Study Group, held November 6-7. The Study Group had its origins in the old Toronto-Western-Queens Macro Workshop which met here several times a year in the late 1970s but this is the first time that the Department has hosted the expanded Canadian group. This year's meeting was organized by Martin Boileau, Huw Lloyd-Ellis, Walid Hejazi, Angelo Melino and Xiaodong Zhu.

The organizers would like to thank SSHRC, the Institute for Policy Analysis, Prentice-Hall Publishers, Addison-Wesley-Longman Publishers and the Department for funding. Thanks also go to the Fields Institute for allowing us to use their beautiful new building as the conference site.

The conference featured an eclectic collection of 16 papers (each with a formal discussant). Highlights included a keynote presentation by Olivier J. Blanchard (MIT), and a luncheon featuring a talk by Chuck Freedman (Deputy Governor, Bank of Canada). The complete program and many of the papers can be accessed via the Web at www.chass.utoronto.ca/eco/cmsg.

A New Masters Program in Finance

The Department, together with the Rotman School of Management, has launched a new innovative Masters program in Financial Economics. The program is unique in offering students a combination of instruction in economic and finance theory together with a hardy dose of applied finance, both in the classroom and through an internships with financial institutions. Enthusiasm for the Program is running strong among students, colleagues and prospective employers.

[Visit our Web site for further infomation](#) or contact the Program Director, Prof. Michael Berkowitz at (416) 978-2678 (email: fineco@chass.utoronto.ca).

Scarborough Campus

The Scarborough economists are having a good year. We are pleased that

- Sue Horton has been appointed the Discipline Representative for International Development Studies in the Division of Social Sciences.
- Al Berry has been elected to the Royal Society of Canada.
- Sue Howson has received a Connaught research fellowship in social sciences.

Erindale Campus

A committee has been appointed by the Principal of Erindale College to assess the quality of the faculty and programs in the Division of Social Sciences and to search for and recommend a new Associate Dean for the Division to replace the incumbent whose term expires at the end of this year. The Erindale Economists are making every effort to contribute to this process.

Other News

Dan Trefler has been elected Research Fellow at the *CANADIAN INSTITUTE FOR ADVANCED RESEARCH* [Colloquially known as Fraser Mustard's "University Without Borders"].

Ed Safarian and Wendy Dobson, through the Center for International Business, are editing a five-volume series of papers on Canada's economic relations with the Asia-Pacific Region. The series is financed by the Hong Kong Bank of Canada and will be published by the University of Toronto Press.

Ed Safarian and Walid Hejazi have received research grants from the Center for International Studies (Ford Foundation) to study the links between U.S. exports and U.S. outward foreign direct investment to Latin America, and from Industry Canada to study the economic impact on Canada of the recent surge of Canadian foreign direct investment abroad.

The Department is supporting the creation of an Economics Undergraduate Alumni Association, the intended objectives of which are to facilitate communication between the faculty and graduates of the Department and to support networking opportunities for current and former

students. Anyone with suggestions or an interest in becoming part of this project should contact the Economics Course Organization, Rm 107 Sidney Smith, or call (416)-978-6396.

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From the Editor

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

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I would like to thank Professor Ken Rea for help with the graphics.

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