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# DEPARTMENT OF ECONOMICS



## NEWSLETTER 2015/16\*

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### A Message from the Chair

The Economics Department at the University of Alberta continues to be a centre for outstanding teaching and research, and demand for our graduate and undergraduate degrees remains strong. To maintain and enhance the quality of our programs, we have introduced a number of initiatives this past year. Among these, the Department established an ECON 281/299 Tutor Centre to provide extra instruction for students in our key second year microeconomics and quantitative methods classes. We introduced a new small-enrollment course, ECON 110 *An Introduction to Writing for Economics Students* to promote communication skills. And to facilitate the transition from university to work, we are providing support for Economics students participating in the *Arts Work Experience* program.



**Constance Smith**

With the continued popularity of our programs, we are very pleased to have recruited three new Faculty members to the Department. Andrew McGee joins us from Simon Fraser University. He has expertise in labor economics and the economics of education. Xingfei Liu was previously at the *Institute for the Study of Labor (IZA)* in Bonn, Germany, and more recently at Ryerson University. Xingfei has expertise in econometrics, labour, and immigration. Pinar Gunes was awarded a PhD from the University of Maryland, and her research focuses on issues of health, education and economic development. We have short bios on these new colleagues later in the *Newsletter*.

On December 1, the Department gathered to celebrate the careers of three retiring colleagues: Professor Denise Young, *Executive Assistant* Charlene Hill, and *Graduate Advisor* Audrey Jackson. Colleagues and friends from across campus and across the country were in attendance, and speakers included former Economics Department Chair André Plourde (currently the Dean of the Faculty of Public Affairs at Carleton University). This *Newsletter* includes a piece on Denise's many contributions to the Department, and the *Administrative News* section provides some reminiscences of Charlene and Audrey.

This year the *Newsletter* profiles Professor Joseph Marchand. He has studied the labor market impact of natural resources, and more recently his research has focused on the controversial issue of minimum wages. An added feature in this year's *Newsletter* is a column by Professor

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\* Newsletter Production Team: Professor Constance Smith, Associate Professor Haifang Huang, and Brenda Carrier

Valentina Galvani on her marvelous experience teaching a course on Renaissance banking in Tuscany at the Faculty of Arts' school in Cortona, Italy.

We were privileged this year to have the *Eric J. Hanson Memorial Lecture* delivered by Kathryn Spier, from Harvard Law School. In her presentation, "Recent Developments in the Economics of Litigation" she talked about how private litigation arrangements may, or may not, be in the interest of society as a whole. The *Institute for Public Economics (IPE)* organized workshops delivered by Professors Dave Brown and Corinne Langinier, and a talk by Professor Emeritus Mel McMillan on capital spending in Alberta. *IPE* Fellow Bob Ascah moderated panel discussions of the new provincial government's widely-anticipated budgets in November and in April.

The names of this year's Scholarship and Award recipients appear later in this *Newsletter*. I thank our donors for making the awards possible, and for supporting the Hanson Lecture fund and the *Institute for Public Economics*. We greatly appreciate your generosity, and thank you for helping us to promote teaching and research excellence.

## New Colleagues

### Pinar Gunes

Dr. Pinar Gunes joined the Department in July 2016 as a tenure-track Assistant Professor of economics. She received her Ph.D. in Economics from the University of Maryland, College Park, in 2014. Her research focuses on development economics, labor and demographic economics, and health economics. Her recent research examines the role of various educational and health policies in human capital formation, fertility, health, and investment in children.



### Xingfei Liu



Dr. Xingfei Liu joined the Department in July 2016 as a tenure-track Assistant Professor of economics. He obtained his Ph.D in Economics from Concordia University in October 2012. His research interests are labor economics, economics of education and applied econometrics. Currently, he is working on policy evaluation methodologies and bridges between structural modeling and reduced form evaluation methods. He is also interested in skill formation and utilization in the labor market. Before joining the University of Alberta, Xingfei was at Ryerson University and Concordia University as an assistant professor. He was at the *Institute for the Study of Labor (IZA)* as a Research Associate and became an *IZA* Research Affiliate in December 2015.

## New Colleagues

## Andrew McGee

Dr. Andrew McGee joined the Department in July 2016 as an Associate Professor of economics. Andrew is a labor economist who studies issues related to job search, noncognitive skills, education, and employer learning using traditional econometric methods and lab experiments. He was previously a faculty member at Simon Fraser University, which he joined after receiving his doctorate from Ohio State University in 2010.



## Retiring Colleague

### Denise Young, Professor

Professor Denise Young retired as of December 2015. We are very pleased that she has agreed to a post-retirement appointment, so she will continue to teach in the Department over the next three years.

Denise completed a BA (Economics and French) and MA (Economics) at McMaster University before going to the University of Toronto for a PhD. She spent a year at Trent University before joining the Department in 1989. Among her many contributions to the Department, Denise helped to maintain the quality of the Department's econometrics course offerings. She supervised numerous graduate students and, given her expertise in applied economics, many students she was not supervising have sought her advice.

During her 26 years in the Department, Denise took on a greater than usual share of administrative responsibilities, including Associate Chair (Graduate), and Department Webmaster. She also served as Associate Director of the *Canadian Building Energy End-Use Data and Analysis Centre (CBEEDAC)*, which helped to fund research and our numerous Masters and PhD students.

Denise's research interests include applied econometrics, economic history and urban economics, but she has established an international reputation chiefly in the fields of natural resource and energy economics. Her famous beer fridge study has been widely cited in the media, from *New Scientist* to *Fox News* to the *Globe and Mail*. Denise shows that when a consumer buys a more energy efficient refrigerator, it does not necessarily lead to less energy use in the household, if the old fridge is retained and used — for example, for storing beer. This

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unexpected finding led to headlines like “Canadian Beer Drinkers contribute to Global Warming!” We thank Denise for striking a blow against the view that Economics is “dismal” and not interesting.

Starting 1 July 2016, Denise has taken on the role of Interim Academic Dean at St. Joseph’s College. So while Denise is officially “retired,” indications are that she will continue to be very active.

## Awards and Recognition



The *American Law and Economics Review* 2015 *Distinguished Article Prize* was awarded to **Professor Tilman Klumpp** (with H. Mialon and M. Williams) for “Leveling the Playing Field? The Role of Public Campaign Funding in Elections.”



The *Social Sciences and Humanities Research Council of Canada* awarded **Professor Joseph Marchand** a *Knowledge Synthesis Grant* to study “The Labor Market Impacts of Natural Resources: A Synthesis of the Literature.”



Economics instructor **Lorne Priemaza** received a Faculty of Arts *Contract Instructor Teaching Award* for outstanding teaching.



**Professors Dave Brown, Heather Eckert, and Andrew Eckert** received a research grant from the University of Ottawa for “Quantifying the Impacts of Carbon Pricing in Alberta’s Restructured Electricity Market: The Role of Market Power and Emission Allowance Allocation Methods.”



A Mitacs *Accelerate* grant was awarded to **Professor Valentina Galvani** to study “Stress Testing in the Alberta Business Environment.”



Economics Instructor **Andrew Wong** received a *Blended Learning Award* from the University’s *Center for Teaching and Learning*.



For a second year, the University of Alberta was ranked 37<sup>th</sup> in the world in Economics/ Business, and second in Canada, according to the *2015 Academic Ranking of World Universities* (also known as the *Shanghai Ranking*).

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## Research Profile

### Joseph Marchand

*This research profile describes some of the research being undertaken by Associate Professor Joseph Marchand.*



In the Spring of 2015, the newly-elected government of Alberta quickly committed to a \$15 minimum wage by 2018, from an initial rate of \$10.20 in 2014. My research investigates the possible effects of this policy. In my discussion paper [Thinking about Minimum Wage Increases in Alberta: Theoretically, Empirically and Regionally](#), I first describe the magnitude and time horizon of Alberta's policy, as compared with similar policies that were later passed in California and New York. While all three examples are of a \$15 minimum wage from similar starting points of roughly \$10, Alberta's time horizon is half of the other two which will both be phased in by 2022. In addition, Alberta's plan lacks the recession postponement or the geographic component of the California and New York plans, respectively, but did offer a unique pairing with a job creation tax credit to stimulate demand.

Second, I discuss the effects of a minimum wage in both theoretical and empirical terms. Theoretically, the neo-classical model of a competitive labor market predicts employment losses from a minimum wage, but if monopsonistic power is present, an employment gain could instead be possible. Empirically, while the U.S. evidence remains divided between the classical and revisionist ideologies, the existing Canadian evidence points to a particularly large employment loss from a minimum wage.

In my paper [Local Labor Market Impacts of Energy Boom-Bust-Boom in Western Canada](#) (published in the *Journal of Urban Economics*) I show that wages and employment follow the labor demand shock outward and inward with energy prices movements in resource-abundant Alberta, with the largest changes happening in energy extraction, but also significant spillovers occurring in other local industries. In fact, the largest spillovers happen in those industries that employ the most minimum wage workers, namely in services. In my *Canadian Journal of Economics* article [The Distributional Impacts of an Energy Boom in Western Canada](#), I find energy booms have their own distributional impacts of significantly reducing absolute poverty and modestly increasing inequality. That said, the inequality increase was very large in energy extraction, while inequality was instead somewhat reduced in services.

Lastly, I tie to these boom and bust regional movements to the policy parameters and previous research regarding the minimum wage. I propose that, if increases to the minimum wage were happening simultaneously with an outward shift in labor demand, due to an energy boom or other stimulus, then this would lessen the impact of any potential job loss and might additionally counteract any associated increase in inequality. I therefore argue that the pairing of labor demand stimulus with any minimum wage increase is the most balanced way forward for Alberta. Unfortunately, the current situation is that these unprecedented minimum wage increases are being implemented following an energy bust, meaning that labor demand has instead moved inward, and the proposed job creation tax credit to stimulate demand was recently scrapped, which are all likely to lead to the worst-case job-loss scenario. A recovery in energy prices in the short term would therefore help to ease the transition to a \$15 minimum wage by 2018.

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## Valentina Galvani in Cortona

You might not know it, but the Faculty of Arts has a campus in Italy, where the UofA offers courses (for credit) taught (in English) to UofA students by UofA professors or affiliated researchers. I taught in Cortona in the Spring 2016 term. As I left Canada, I was envisioning good pasta meals, but I did not expect that teaching would be the highlight of my Cortona experience. I am happy to declare that I was dead wrong (excellent pasta meals notwithstanding). More to the point, the students I taught were the highlight. Seeing them enjoy this unique experience constitutes my best memory of Cortona.



From an instructor's perspective, the extraordinary advantage of the Cortona program is that one teaches about a topic (half of my course covered Renaissance banking in Tuscany) while being immersed in related culture. As a result, course material becomes easy to communicate, and students use their knowledge as an interpretive key. I saw them building personal and deep connections between what they learned in class and what they observed in their everyday life in Cortona and during the field trips. We had four field trips (to Perugia, Siena, and Florence), which allowed us to tie into the sightseeing the concepts we had reviewed during the lectures.

Let me explain in what sense I think the interaction with my students was the highlight of the trip by using an analogy. To me, lecturing is like dancing: it is essentially bi-directional. During the lecture, the instructor must lead the students of course, but crucially she must also allow herself to be led by students' feedback. The feedback loop occurs even abstracting from verbal communication (e.g., questions). Students' bodies talk: slouching or alert, defensively cross-armed and cross-legged, or relaxed and at ease. Sudden puzzled looks tell the instructor that she has to clarify a concept, shifty eyes suggest somebody who is lost.

If lecturing is a dance, then my Cortona course felt, to me, like the top performance of an imaginary TV series "So you think you can teach." Class dynamics were graceful, thoroughly enjoyable, and totally fulfilling. Students were learning AND enjoying themselves at the same time, which is the jackpot of good teaching.

Yes, of course it was hard work. I found myself up at ungodly hours to prepare for the field trips, or cramming to summarize in a three-hour lecture (with NO math or formal model whatsoever) the analysis of the 2007-2009 financial crisis. But I did all this prep work without feeling it was a burden. I simply wanted to give the students the best I could, because they were transforming it into something that, to my eyes, was even better: shared knowledge. In short, class dynamics were at their absolute best, because students were at their absolute best. Such a teaching experience is exhilarating for any instructor.

In short, I can confidently say that teaching in Cortona was one of the most rewarding experiences of my professional life (and I am not a spring chick). Thanks to the UofA students. And thanks to all the people who made the program possible. I wish to end this piece with a strong recommendation, to students and instructors alike, to try the Cortona program. It is a wonderful perk of this University. Let's take advantage of it!

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## Institute For Public Economics Activities

It was a busy year for the *Institute for Public Economics (IPE)* under the directorship of Professor Claudia Landeo. This year's *Eric J. Hanson Memorial Lecture* was delivered by Dr. Kathryn E. Spier, the Domenico de Sole Professor of Law at the Harvard Law School. In her presentation "Recent Developments in the Economics of Litigation," Dr. Spier noted that there are many ways that private parties can gamble or speculate on civil litigation. Private contracting impacts the incentives of litigants to bring lawsuits, or settle them, and such contracts are featured in several state-sponsored alternative dispute resolution programs. However, Dr. Spier notes these private arrangements may, or may not, be in the interest of society as a whole. To see more on Dr. Spier's research, you can view the [video of her presentation](#).

There were two *IPE* workshops this year. On February 22, Professor Dave Brown presented "The Economics of Renewable Energy: Home Solar Power." You can view Professor Brown's [presentation](#) or read [an online story about his research](#). Professor Corinne Langinier discussed "The Economics of Patents" on April 4. The [video](#) of her talk is also available.

Professor Emeritus Mel McMillan spoke on "[Beyond Dodge -- Further Reflections on Alberta's Capital Spending and its Finance](#)". Comments were also provided by Professor Valentina Galvani. A [video](#) of this February 29 event is available.

*IPE* Fellow Bob Ascah moderated a panel discussion of the 2015-16 provincial budget on November 23, and of the province's 2016-17 budget on April 21. See the [online story](#) for more on the lively debate and the panel's policy insights during the April event.

## Administrative Staff News

After 35 years in the Department of Economics, Executive Assistant Charlene Hill resigned at the end of 2015. Charlene set a high standard for professionalism and collegiality, which made her a special member of the administrative team. Charlene's encyclopedic knowledge of university policies and Department history will be deeply missed, as will as her unflinching cheerfulness and willingness to help.



Within a few weeks of Charlene's departure, Audrey Jackson also retired. Audrey worked in the Economics Department for 26 years, with most of those years as Graduate Advisor. Audrey had a great talent for dealing with students, and she could be relied upon to understand and explain complicated university procedures. Her skills were much appreciated by Associate Chairs (Graduate) over the years.

We wish Audrey and Charlene all the best for long and happy retirements.

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In early 2016, we welcomed Ruby Sutton as our Executive Assistant, and Christina Smith as the new Graduate Advisor/Research Coordinator. Ruby comes to us from Alberta Health Services, and Christina from the Department of Surgery. Tim Khaner remains as Assistant Chair Administration, while Todd Smith continues as Associate Chair (Graduate), and Valentina Galvani as Associate Chair (Undergraduate). Stuart Landon moved from Associate Dean (Student Programs) to Acting Vice-Dean, and in July 2016 he begins a well-deserved administrative leave to catch up on his research.

## Economics Students

*This section outlines the achievements of our current students and alumni. It also includes letters from our alumni.*



## Awards And Scholarships

### UNDERGRADUATE STUDENTS

**Birer, Hasan**, Dr. Milton F Bauer Memorial Scholarship,  
and the KD Verveille Scholarship for Academic Excellence in Honors Economics

**Chang, Cheng**, Balder von Hohenbalken Memorial Prize in Economics

**Garane, Frank**, the Archibald Forster McGoun Memorial Scholarship in Economics

**Wasielewski, Katarina**, the Dr. Manmohan Singh Prize in Economics, and AN Angus Sinclair Abell Memorial Scholarship in Economics

**Yali, Ahmed**, Economics Society of Northern Alberta Scholarship, and the Emerson and Tang Family Scholarship

### Convocation – Undergraduate

Majors 160 ~~~ Honors 5

### GRADUATE STUDENTS

**Awotwe, Isaac**, Graduate Student Travel Award

**Chakrabarty, Agamani**, Queen Elizabeth II Graduate Scholarship – Masters

**Du, Shuang**, Economics Society of Northern Alberta MA Scholarship in Economics

**Min, Hyeck Ki**, Queen Elizabeth II Graduate Scholarship – Doctoral

**Nguyen, Trang**, Economics Society of Northern Alberta MA Scholarship in Economics

**Ning, Yuanyuan**, Maurice Mary and Max Stewart Graduate Scholarship in Economics

**Seburn, April**, Research Prize



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**Song, Yujiao**, Maurice Mary and Max Stewart Graduate Scholarship in Economics  
**Wang, Luyao**, Economics Society of Northern Alberta MA Scholarship in Economics  
**Wang, Luyao**, Core Prize  
**Zhao, Long**, Maurice Mary and Max Stewart Graduate Scholarship in Economics

## Recent Graduates

### FALL 2015

#### *PH. D. PROGRAM*

**Sehic, Eldar**, Essays of Trade, Inequality and Gravity  
**Yang, Jie**, Three Essays on Applied Microeconomics: Consumer and Employee Behaviour

### FALL 2016

#### *M.A. ECONOMICS PROGRAM*

**Ashraf, Zeeshan**, Modelling the effect of quality of education on the economic growth of a country  
**Bedrejo, Chelsea**, The indirect costs of anxiety disorder  
**Carlson, Justin**, Effect of human capital on economic growth in high-income OECD countries  
**Fu, ZhiJie**, The mechanism of imported iron ore pricing in China  
**Gao, Tong**, Are immigrants' job satisfaction different than Canadian-born?  
**Garrett, David**, Life expectancy differences between older men and women in OECD countries  
**Han, Miaoxu**, Factors that affect individuals' online shopping behaviors: A cross-sectional study in Canada  
**Kudinga, Benoit**, Modelling the cost determinants for older persons' transitions in care (OPTIC)  
**Li, Lianlong**, Determinants of the divorce rate in OECD countries from 1995 to 2014  
**Rahman, Shatila**, The determinants of female labor supply in Bangladesh  
**Rajan, Rahim**, Housing bubble: An empirical analysis of the Canadian housing market  
**Ren, Sijing**, FDI and income inequality: The effect of domestic investment  
**Seburn, April**, Have improvements in monetary policy helped to stabilize output? An investigation of the G-7 experience  
**Wang, Luyao**, Labor market outcomes and home ownership: Evidence from Canada  
**Wang, Pengyu**, The relationship between environmental quality and economic growth in G20, developing and OECD developed countries  
**Wei, Xiyuan**, Marital status, child effect and female labour force participation in Canada

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**Yang, Shuo**, The effect of education on stockholding in Canada

**Yin, Cong**, Determinants of retirement: A study of job satisfaction and job stress in Canada

**Zhang, Weiqi**, The birth order and family size effects on education and labor market outcomes: Evidence from Canada

**Zhou, Zhou**, Human capital composition and economic growth under a MRW Solow-Swan model

## **FALL 2016**

### **M.A. ECONOMICS AND FINANCE PROGRAM**

**Awotwe, Isaac**, Determinants of economic growth: Evidence from quantile regressions on panel data

**Carey, Thomas**, Further investigation of the forward exchange rate unbiased hypothesis

**Hossain, Md Mahsun**, Estimating the impact of digital communication drivers on economic growth

**Liu, Pingting**, Childbearing behaviors of Canadian females: A study based on the General Social Survey

**Song, Yujiao**, The effect of food insecurity on health status and indirect cost of healthcare in Canada

## **FALL 2016**

### **PH.D ECONOMICS PROGRAM**

**Tang, Ruotao**, Three Essays on the Economics of Innovation

**Wang, Lu**, Three Essays in Financial Intermediation

## **Thanks!**

The Department gratefully acknowledges all of our donors for their contributions towards helping the Department pursue its mandate of excellence in teaching. Donations may be designated for a particular purpose. The following are examples of active donation accounts:

A.D. O'Brien Graduate Scholarship in Public Finance ~ Institute for Public Economics  
Balder von Hohenbalken Memorial Book Prize in Economics ~ Eric J Hanson Memorial Lecture  
Education Endowment in Economics ~ Economics Society of Northern Alberta MA Scholarship

For information on donating to any of these or for further information on giving opportunities, please contact Constance Smith, Chair, Dept. of Economics, [economic@ualberta.ca](mailto:economic@ualberta.ca), 780-492-3406

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## Letters From Our Alumni

**Wing Chan** received his PhD in Economics at the University of Alberta in 2002.

*I started my graduate study in 1996 at the University Alberta and it was a very wonderful experience with small classes and a family-like environment. With a small pool of Ph.D. students, I had the opportunity to work on different research projects either as a research assistant or co-author. Working on research projects, such as liquor store competition and the effect of natural gas facilities on property values, allowed me to build a set of research tools that helped me greatly later in my academic career. The hands-on experience and expert advice given by the professors led me to understand the true value of economic analysis.*

*Studying to be an applied econometrician at the time, I benefited from a wide range of courses offered by other departments such as advanced time series analysis in Statistics and machine learning in Computing Science.*

*Auditing those courses strengthened my understanding of econometric theories learned in my course work. I had a unique opportunity to explore applications of economic theory because of the active and advanced research environment at the University of Alberta. Instead of struggling to come up with ideas for a thesis topic, my dissertation was successfully developed by constant exposure to all kinds of advanced research concepts through departmental seminars and regional conferences.*

*After teaching labs for courses in computer science and econometrics, the department gave me the opportunity to teach a third year econometrics class in my fourth year of Ph.D. study. With the guidance of supervisors and faculty members in this area, I was able to experience the fulfilment of teaching and solidify my ambition to pursue an academic career.*

*In 2002, I joined the department of economics at Wilfrid Laurier University (WLU) right after graduation and it was everything and more than I expected. The department is collegial and my chairman allocates administrative work in such a way that I can focus on my research program. Located across the street from the University of Waterloo, WLU is a perfect place for a junior econometrician to develop, with ease of access to advanced research in two institutions. I frequently attend department seminars in Applied Math, Statistics and Actuarial Science, and WatRISQ.*

*Visiting City University of Hong Kong in 2006 made me fully aware of the fast moving pace of teaching technology, such as tools to communicate with students efficiently. As for professional development, there were countless high quality academic conferences organized by the local universities situated within a short distance of each other. City U also gave me valuable experience supervising Ph.D. students for the first time.*

### *Alumni Please Drop Us a Line...*

*We are always glad to hear about our alumni from both our undergraduate and graduate programs. Please let us know what you are up to, and how your education here at the University of Alberta has served you in your life. We are also curious as to how our present students view their experience in our programs. If you drop us a line at [economic@ualberta.ca](mailto:economic@ualberta.ca) we may profile you in a future newsletter!*

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*I am taking full advantage of working in academia and having the freedom to do research on topics that I am interested in. It would not be possible without my education in graduate school at the University of Alberta.*

**Nathan Yang** received his Bachelor of Arts (Economics) degree from the University of Alberta in 2006.

*It is at the University of Alberta that I got the first taste of academic research, which ultimately set the path for where I am today. Although my major was in mathematics, I had opportunities to take economics courses, which I enjoyed very much. In fact, it is through the urban economics class that I met Professors Douglas West and Andrew Eckert, both of whom I eventually worked for as a research assistant in their project about liquor store chains. As their research assistant, I discovered the joys of research, which led me to believe that an academic career would be a nice fit for me.*

*To continue down the path towards a career in academia, I went to the University of Toronto to complete my Master's degree in economics, followed by my doctoral degree in economics (under the supervision of Professor Victor Aguirregabiria). My dissertation topic was largely influenced by the past experience working as a RA at the U of A, as my research was largely focused on studying the evolution of fast food chains in Canada. The experience I gained in working with the liquor store data transferred nicely towards my doctoral research.*

*Upon completion of my Ph.D, I began a 3-year post-doc/lecturer position at the Yale School of Management. I managed to complete a number of interesting projects while at Yale, and a couple of them have even been published in top journals in marketing and economics.*

*Beginning in August 2015, I began a new job as an Assistant Professor in Marketing at McGill Desautels Faculty of Management. It is wonderful to be back in Canada, and I've enjoyed my time at McGill so far. Even though a decade has passed since my time at the University of Alberta, I still recall my experiences here quite vividly as many of my new projects still make use of the research skills and insights I picked up while at this school.*