



UNIVERSITY OF
ALBERTA

DEPARTMENT
OF ECONOMICS

FACULTY OF ARTS

NEWSLETTER

2006

Chair's Introductory Remarks

2005-06 was quite an eventful year in Economics! What I try to do in the next few paragraphs is to give you some indication of the range and scope of developments that have occurred since the previous edition of the *Newsletter* reached you.

New faculty appointments are highly valued since these allow Departments to renew their areas of expertise and explore new teaching and research directions. Last year, we were particularly fortunate on this front: the Department's recruitment efforts paid off handsomely as **Vera Brenčič** and **Dmytro Hryshko** joined us during the summer of 2006. Welcome, Dima and Vera! We were also very pleased to welcome back **Paul Boothe** who returned to the Department after serving as Associate Deputy Minister with the federal Department of Finance.

Other Department members reached career milestones in the past year. I am pleased to inform you that **Andrew Eckert** was granted tenure and nomination as Associate Professor, and that **Noxy Dastoor** was promoted to the rank of Full Professor. Noxy was also named a fellow of the *Journal of Econometrics*. Congratulations, Andrew and Noxy!

The past academic year also witnessed the launch of the Institute for United States Policy Studies – a joint venture of four University of Alberta faculties under the leadership of the Faculty of Arts. **Constance Smith** was appointed the Institute's Acting Director and has invested much time and energy in developing and implementing a presence – on campus and externally – and a program of activity for the Institute.

This was also the year during which the report of the federal Expert Panel on Equalization and Territorial Formula Financing was released. Chaired by Institute for Public Economics fellow **Al O'Brien**, this panel produced a comprehensive set of recommendations to the federal Minister of Finance dealing with changes to these two important aspects of fiscal federalism in Canada. A number of Economics faculty members were also involved in the work of the Expert Panel, either through participation in roundtable meetings or by providing background research reports on related topics.

Our success in securing outside financial support continued in 2005-06, with **Andrew Eckert** and **Douglas West** securing an SSHRC standard research grant, and **David Ryan** overseeing the renewal of the support for the Canadian Building Energy End-use Data and Analysis Centre.

Following a hiatus of a few years, the Department and the Institute for Public Economics hosted two Eric J. Hanson Memorial Lectures in 2005-06. In the Fall of 2005, Ronald McKinnon

CONTENTS

Chair's Remarks	1
New Faces	2
Students in the World	3
Faculty in the World	6
Research Activities	7
Professional and Public Activities	9
Faculty Grants	10
CBEEAD	11
IPE	12
IUSPS	14
Hiring	14
Scholarships and Awards	15
Student Program Information	15
Convocations	16

(Stanford University and a former student of Eric Hanson's) addressed us on China and its place in the world economy. Later in the academic year, Geraint Johnes (Lancaster University, UK) came to talk to us about the economics of education. Thanks to the IPE for taking over the organization of these events!

Shortly after being confirmed in her role, President Indira Samarasekera initiated a process aimed at producing an academic plan, based on her vision for a great university, as outlined in *Dare to Discover*. Our contribution to this exercise identifies priorities and directions for the coming five years, and outlines how the Department intends to manage its available resources. This document is posted on our website (www.uofaweb.ualberta.ca/economics/) and I would invite you to take a look at it.

All of this occurred in an environment of continued growth in student enrolments, especially at the graduate level, where both MA and PhD registrations grew in 2005-06. As a result, the past academic year was very rewarding...and very busy! My thanks to all those – faculty members, sessional instructors, support staff, students – who contributed to making 2005-06 such a successful year!

André Plourde

NEW FACES

Vera Brenčič

Vera Brenčič, a native of Slovenia, received her doctorate degree from Purdue University. Upon serving one semester as a Visiting Assistant Professor at Purdue, she joined the Department of Economics at the University of Alberta in July 2006.

In her research, Vera tries to contribute to our understanding of the matching process that takes place between job seekers and job openings. The emphasis of her work is on the decisions taken by employers that affect the way matches are formed. In her thesis, she used a novel vacancy dataset to ask questions with regards to the role that employer's costs of continued search for a worker play in determining the employer's optimal search strategy.

In the last two years, she has been involved in compiling new vacancy datasets by using the Internet as her source. Based on the collected data, Vera is currently exploring the Internet's implications for labor market performance in the U.S.

In her spare time, Vera enjoys reading and attending theater performances. She is currently switching her reading between Bret E. Ellis' *Less Than Zero* and Martin Meredith's *Fate of Africa: A History of Fifty Years of Independence*.

Dmytro Hryshko

Newly appointed Assistant Professor Dmytro Hryshko completed his PhD in Economics at the University of Houston. He also holds a Master's degree in Economics from Kiev-Mohyla Academy in Ukraine. His current research is focused on micro-foundations for macroeconomics (formation of individual risk preferences and identification of income risk perceived by households), and estimation of learning models in experimental games. His research interests are in macroeconomics and dynamic choice under uncertainty.

STUDENTS IN THE WORLD

Chad Hudson

Shortly after I finished my MA coursework I moved to Ottawa to pursue an interest in Industrial Organization, more specifically Competition Policy. Given this preoccupation I was fortunate to land my first job with the Mergers Branch of the Competition Bureau. The Bureau was anxious to hire students of two very reputable economists in the Competition Policy realm, Dr. D.S. West and Dr. A. Eckert.

When I arrived in Ottawa, I was an eager Competition Law Officer, one who couldn't wait to dig into my first real file after having studied so many past cases in Dr. West's courses. My new job was more than exciting as I had the opportunity to work intimately with some of Canada's most renowned competition policy practitioners (both lawyers and economists) and get involved with the large corporate acquisitions of the day. I can't imagine a better work environment or a better opportunity to gain exposure to a wide variety of markets.

After a couple of years in Ottawa, the promise of opportunity brought me to Calgary, where I am currently a Real-Time Electricity Trader. Basically, I trade physical and financial electricity derivatives.

No job has challenged my knowledge of economics more than trading. It's a stark departure from my first bureaucratic posting in Ottawa which afforded time for contemplation and consultation. My time in Calgary has allowed me to put economic theory to practice. It's a great feeling to understand a market (or at least think you do), implement a strategy, and have things unfold in the manner expected (i.e., make money!). Unfortunately, things don't always work that way and I am humbled daily, giving me an appreciation for markets that can only be achieved by being submersed in one.

I have my time in the Department of Economics to thank (or curse) for making my perception of life to be one very complex constrained multivariate optimization problem after another. What I believed at the time to be a Draconian workload proved to be the best life training I could have hoped for. Not being a very spiritual person, I'm sincerely thankful for the tools I've been given to help me answer the larger questions in life. I've yet to encounter a situation that can't be handled by a little economic theory!

Ron McMorran

A native of Edmonton, Canada, I hold an MA in Economics (1990) and a BA in Mathematics and Economics (1987) both from the University of Alberta. Since finishing my MA coursework in 1988, I have had the opportunity to work on a number of different aspects of domestic and international public policy with the Government of Canada and with the International Monetary Fund. At this point, I have spent about two-thirds of my career in Ottawa and about one-third in Washington, DC.

Since August 2003, I have been the Federal Department of Finance representative at the Canadian Embassy, Washington, DC. In this role, I provide information, analysis and advice on developments in Congress, the Administration, and Regulatory Agencies in the areas of financial sector, tax, fiscal and macroeconomic policy to senior management in the Department of Finance, the Bank of Canada, and the foreign ministry. An important element of my work here is to meet and engage policy experts from the Washington, D.C. based think tank community on a broad spectrum of domestic and international economic policy issues. For a while, I even had the opportunity to work with Paul Boothe, my undergrad macroeconomics professor, while he served as Canada's G-7 Deputy, a role in which he, and his granola bars, visited Washington, DC frequently.

From September 1997 to July 2003, I was a member of the senior management team in the federal Department of Finance responsible for developing the Canadian federal government's annual budget plans and strategy. In this role, I led a team of professional economists that provided analysis, information, and advice on budgetary revenue and employment insurance matters. I also had the opportunity to work with staff from CRA, the Office of the Auditor General, and the Office of the Comptroller General on the project to ensure the Government of Canada's smooth transition to a full accrual basis of accounting. This was a great position that allowed me to contribute to Canadian public policy at the highest levels.

From September 1993 to August 1997, I was an Economist at the IMF in the Fiscal Affairs Department. In this capacity, I provided advice to member countries on tax and tax administration policy and taught courses on tax policy and tax analysis. I also undertook research on the fiscal and tax policy aspects of environmentally sustainable development policies. This position was a great adventure. I had the opportunity to see parts of South Asia, South East Asia, and Africa that I wouldn't have otherwise seen and I had the chance to positively contribute to public policy debates in a number of countries at a very high level.

From July 1988 to August 1993, I held a number of positions in the Tax Policy Branch of the Federal Department of Finance. I was responsible for matters ranging from the treatment of the financial sector under the GST, the tax treatment of income in the oil and gas sector, general business income tax issues, and contributing to the design of the federal Large Corporations Tax.

In May 1993, I married Lesley Boucher. We have two children—Jamie age 11 and Megan age 7. We reside in Bethesda, MD.

Paul Tsounis

I moved to Edmonton to pursue my Masters Degree in Economics and Finance at the University of Alberta in 1998, and (finally) finished my degree in 2000-01. My first job upon graduating was a one-year internship position with the Oil Sands Business Unit at the Department of Energy, Government of Alberta, where I utilized both my financial and economics skills to conduct economic and financial analysis of oil sands related projects in Alberta. I was even involved in developing large economic models that were used in forecasting oil sands revenues. I then moved on to Alberta Finance where I worked in the Economics and Public Finance and Budget and Business Planning divisions over a course of 3 years, doing plenty of economic forecasting and policy analysis, and was involved in putting together three provincial budgets. I then moved on to become Senior Economist with the City of Edmonton's Planning and Development Department, where I did economic forecasting and impact analysis for three years before obtaining my current position as Senior Economist in the newly created Corporate Business Planning Department with the City of Edmonton.

Looking back at my career and educational experiences, I can truly say that the most important keys to my success have been to develop and maintain friendships through school. Chances are that you will end up working with your peers at some point in time in your career, and having a well-established relationship will only prove to be beneficial to your productivity and reputation.

Another key element to my success was to read the newspaper every day. I believe that an economist in western Canada does more policy and business planning related work which requires a greater understanding of current events issues and their potential impacts on your organization. In the case of public sector economists, excellent communication and written skills are essential to be able to translate complicated economic issues into something easy to understand for the general public and for your supervisors, who may not be economists. I reported directly to an economist in only two of the previous five positions that I have held.

Finally, I cannot emphasize enough the importance of networking. I used to believe that the only benefit to networking was to try and get a job. As a matter of fact, over 40% of my time at work involves networking and meeting various business stakeholders and industry representatives in the Edmonton region so I can get a better understanding of the Edmonton economy and produce more prudent forecasts and analysis— something no economic model could ever do.

Alumni Please Drop Us a Line...

We thank Chad, Ron and Paul for taking the time to share with us their career experiences. We are curious about our alumni, both undergraduate and graduate. Please let us know what you are up to, and how your education here has served you in your life. We are also curious as to how our present students experience our program. We may profile you in a future newsletter!

Contact information: <http://www.ualberta.ca/economics>

FACULTY IN THE WORLD

David Feeny

David Feeny, Professor of Economics and Adjunct Professor of Public Health Sciences is currently on leave from the University of Alberta for the period July 2006 through June 2008. David is spending his leave as a Senior Investigator at the Kaiser Permanente Northwest Center for Health Research in Portland, Oregon. David is involved in a variety of research projects at Kaiser and is also involved in developing proposals for additional research funding. His research program includes investigations of the determinants of population health, developing and applying summary measures of population health, and assessing the effects of using preference-based measures (based on utility theory) of health-related quality of life in routine clinical practice settings. While on leave David continues to supervise two PhD students at the University of Alberta so will be back in Edmonton from time to time.

Claudia Landeo

Claudia Landeo is visiting Carnegie Mellon University, H. John Heinz III School of Public Policy and Management, as a Visiting Associate Professor of Economics, from May 2006 until June 2007. During this period, Claudia will be working on the University's main campus in Pittsburgh and on its new campus in Adelaide, Australia. Claudia's activities during her visit to CMU will involve research and teaching. She will conduct research on behavioral and experimental economics at the CMU Center for Behavioral Decision Research. Her teaching activities include a course in Microeconomic Analysis, a course in Organizational Architecture, Game Theory and Information Economics, and a seminar in Negotiations, Game Theory, and Behavioral Economics.

Max Nikitin

Since September 2005, Maxim Nikitin has been teaching and performing research at the International College of Economics and Finance (ICEF), Moscow. The ICEF is a joint program of State University – Higher School of Economics, (a large Russian university), and the London School of Economics. ICEF graduates are awarded two degrees; Russian and British. An opportunity to obtain two simultaneous degrees attracts many bright students. At ICEF, tuition is based on academic performance with students paying approximately \$3,500 to \$11,000 per year. Currently the ICEF only carries a BA program but plans to launch a master's program next September.

Rick Szostak

Rick Szostak will be teaching two courses in the Faculty of Arts School in Cortona, Italy in Winter term, 2007. The first is ECON 212 European Economic History. Rick will begin with the fall of the Roman Empire, discuss the pre-industrial economy (including the Golden Age of Venice), examine the Industrial Revolution and its transfer to countries such as Italy, and finish with an overview of postwar developments. The second course is INTD 225 Globalization: An

Italian Perspective. This course integrates economic, political, and cultural analysis, and counts as an option in both Economics and Political Science. This will be the first year in which a faculty member from Economics has taught in Cortona. More information on the Cortona program is available on the Faculty of Arts website, and Rick hopes to post tentative course outlines on the Economics website soon.

RESEARCH ACTIVITIES

FACULTY PUBLICATIONS

(Selected from staff annual reports for academic year 2004-05.)

Dahlby, B.G. "The Marginal Cost of Funds from Public Sector Borrowing", *Topics in Economic Analysis and Policy*, forthcoming.

Dahlby, B.G. "Review of the Canadian Equalization and Territorial Funding System", prepared for the Expert Panel on Equalization and Territorial Formula Financing, July 2005.

<http://www.eqdff-pfft.ca/english/submissions.asp>

Dahlby, B.G. "A Framework for Evaluating Provincial R&D Tax Subsidies", *Canadian Public Policy* Vol. 31, (March 2005): 45-58.

Dastoor, N.K. "On the Arbitrariness of Some Asymptotic Test Statistics Based on Generalized Inverses", *The Econometrics Journal*, forthcoming.

Eckert, A. and West, D. "Rationalization of Retail Gasoline Networks in Canada", *Review of Industrial Organization*, Vol. 26 (2005): 1-25.

Eckert, A. and West, D. "Predation in Airline Markets: A Review of Recent Cases," *Advances in Airline Economics, Volume 1, Competition and Antitrust*, Darin Lee (ed.), Amsterdam: Elsevier, 2006.

Feeny, D. "The Multi-Attribute Utility Approach to Assessing Health-Related Quality of Life," Chapter 34 in Andrew M. Jones (ed.), *The Elgar Companion to Health Economics*, Cheltenham: Edward Elgar Publishing Ltd., 2006.

Feeny, D. "The Roles for Preference-Based Measures in Support of Cancer Research and Policy," Chapter 4 in Joseph Lipscomb, Carolyn Cook Gotay, and Claire Snyder (eds.), *Outcomes Assessment in Cancer: Measures, Methods, and Applications*, New York, Cambridge University Press, 2005, pp 69-92.

Feeny, D. "Comparing and Contrasting Utilities and Willingness to Pay," Chapter 20 in William R. Lenderking and Dennis A. Revicki (eds.), *Advancing Health Outcomes Research Methods and Clinical Applications* (McLean, VA, International Society for Quality of Life Research, Degnon Associates, 2005), forthcoming

Babcock, L., Landeo, C., and Nikitin, M. "Split-Awards and Disputes: An Experimental Study of a Strategic Model of Litigation," *Journal of Economic Behavior and Organization*, forthcoming.

Landon, S.K. and Reid, B.G. "The Impact of the Centralization of Revenues and Expenditures on Growth, Regional Inequality and Inequality", Working Paper 2005(4), Institute for Intergovernmental Relations, Queen's Univ.

http://www.iigr.ca/pdf/publications/363_The_Impact_of_the_Centra.pdf

De Palma, A., Kilani, M., and Lindsey, C.R. "Congestion Pricing on an Urban Road Network: A Study Using the Dynamic Traffic Simulator METROPOLIS", *Transportation Research A*, 39A, 588-611.

De Palma, A., Kilani, M., and Lindsey, C.R. "A Comparison of Second-best and Third-best Tolling Schemes on a Road Network", *Transportation Research Record*.

De Palma, A., Lindsey, C.R., and Picard, N. "Urban Passenger Travel Demand", in R. Arnott and D. MacMillen (eds.), *The Blackwell Companion to Urban Economics*, Oxford: Blackwell Publishing, forthcoming.

Boxall, P., Chan, W. and McMillan, M.L. "The Impact of Oil and Natural Gas Facilities on Rural Residential Property Values: A Spatial Hedonic Analysis," *Resource and Energy Economics*, forthcoming.

Chan, W. and McMillan, M.L. "Comparing University Efficiency Using Stochastic and Non-stochastic Methods: The Case of Canadian Universities," *Education Economics*, forthcoming.

Duffy, J., Nikitin, M., and Smith, R. T. "Dollarization Traps," *Journal of Money, Credit and Banking*, forthcoming.

Plourde, A. and Ryan, D.L. "Modelling Sluggish Price Responses in Energy Demand Models: A Critical Evaluation of Alternative Specifications", in M. Filippini, E. Jochem, and D. Spreng (eds) *Modelling in Energy Economics and Policy*, Proceedings of the 6th European Conference of the International Association for Energy Economics 2004 (Zurich: Swiss Association for Energy Economics).

Plourde, A. "The Changing Nature of National and Continental Energy Markets," in G. Bruce Doem (ed.), *Canadian Energy Policy and the Struggle for Sustainable Development*, Toronto: University of Toronto Press, 2005.

Smith, C. E. Review of "Global Capital Markets: Integration, Crisis, and Growth" by Maurice Obstfeld and Alan M. Taylor, *Journal of International Trade and Economic Development*, Vol. 14 (March 2005), 137-143.

Smith, R.T. and van Egteren, H. "Environmental Regulations Under Simple Negligence and Strict Liability", *Environmental and Resource Economics*, Vol. 21 (2002), 367-394.

Reinhart, C. and Smith, R. T. "Temporary Controls on Capital Inflows", *Journal of International Economics*, Vol. 57 (2002), 327-351.

Cross, G. and Szostak, R. *Technology and American Society: A History*, 2nd Edition, Prentice-Hall Publishers, October 2004.

Szostak, R. "The Historiography of the Great Depression: Explanation or Theory-Driven?" *Journal of Economic Methodology*, Vol. 12 (2005), 35-61.

Szostak, R. "Economic History as It Is and Should Be; Toward an Open, Honest, Methodologically Flexible, Theoretically Diverse, Interdisciplinary Exploration of the Causes and Consequences of Economic Growth," *Journal of Socio-Economics*, forthcoming.

Smith, R. T. and van Egteren, H., "Inflation, Investment Financing, and Economic Activity", *European Economic Review*, Vol. 49 (2005), 1283-1303.

Wilson, L.S. "Key Questions on Equalization: A Discussion", a paper prepared for the Expert Panel on Equalization and Territorial Formula Financing, July 2005, 29 manuscript pages.
<http://www.eqtf-pfft.ca/english/submissions.asp>

Xu, Y. "Energy Demand and Economic Growth in China." In *Proceedings of the 2005 CES International Conference on Sustainable Economic Growth in China*, Vol. I, Gordon Liu (ed.), 425-433.

Chan, W.H. and Young, C.D. "Jumping Hedges: An Examination of Movements in Copper Spot and Futures Markets", *Journal of Futures Markets*, forthcoming.

PROFESSIONAL AND PUBLIC ACTIVITIES (Selected from staff annual reports for academic year 2004-05.)

Dahlby, B.G.: Member of the Board of Directors, Centre for Constitutional Studies, University of Alberta; Member of the Executive Council, Canadian Economics Association

Feeny, D.: Member Alberta Heritage Foundation for Medical Research Conference Grant Advisory Committee, 2003-2004; President-Elect, The International Society for Quality for Life Research, 2003-2004; President, 2004-2005.

Landeo, C.: Visiting Scholar of Behavioral Law and Economics, H. John Heinz III School of Public Policy and Management, Carnegie Mellon University, U.S.A., January-August 2005.

McMillan, M.L.: Member (since March, 2002) of the Board of Directors of the Van Horne Institute, Calgary. (A University representative to this transportation oriented research/policy group.); Alberta Capita Region Alliance (ACRA) - University of Alberta Partnership Council, Member

Plourde, A.: Vice President and Treasurer, International Association for Energy Economics (IAEE; 2003-04; re-elected for 2005 & 2006); President, Canadian Association for Energy

Economics; Member, President's Advisory Board, United States Association for Energy Economics (USAEE; 2004).

Reid, B.G.: Director, Institute for Public Economics; President, University of Alberta Faculty Club (2004-05); Invited Participant: Roundtable with the Minister of Finance, Government of Canada regarding economic outlook and issues associated with budget preparation (Ottawa, November 2, 2004).

Szostak, R.: University Appointee to the Board of the Alberta Gaming Research Institute, since May, 2001; Vice President, Association for Integrative Studies, 2004-06; Elected to the Board of the Edmonton Social Planning Council in May of 2004. Elected to the Executive Committee, Sept, 2004.

West, D.S.: Invited participant at the Competition Bureau's Vancouver Roundtable on the Treatment of Efficiencies under the Competition Act, January 24, 2005.

Wilson, L.S.: Participated in a workshop to inform the Expert Panel on Equalization and Territorial Formula Financing on issues in equalization, June 3, 2005, Ottawa.

FACULTY GRANTS

(Selected from staff annual reports for academic year 2004-05.)

Dahlby, B.G.: Office of the Vice-President, SSHRC 4A, 2005-06; Donner Canadian Foundation, 1998-2006.

Eckert, A. and West, D.S.: UofA, SSHRC 4A, 2005-06.

Eckert, H.: SSHRC Standard Research Grant, 2003-2007.

Dennis Fryback, Ron D. Hays, Robert Kaplan, Theodore Ganiats, David Feeny, and Paul Kind, "Norms and Performance Comparisons for Five Health Indexes," 1P01-AG020670-01A2, National Institute of Aging, 2004-2008; Richard Meenan, David Feeny, David Labby, and Mark Spofford, "Feasibility Study of Health Utilities Index Implementation," Community Benefit Initiative, Kaiser Permanente Northwest, 2005-06.

Fung, P.: Support for the Advancement of Scholarship (SAS) Research Fund, 2005-06.

Landeo, C.: Russell Sage Foundation, Roundtable on Behavioral Economics, Small Grants Program, New York, U.S.A., 2005-06.

McMillan, M.L.: SSHRC Major Collaborative Research Initiatives – Multilevel Governance and Public Policy in Canadian Municipalities, 2004-2007.

Ryan, D.L.: Government of Canada, Department of Natural Resources, Office of Energy Efficiency, 2005-06.

Smith, C.E.: SSHRC 4A, Office of the Vice-President (Research), 2005-06.

Smith, R.T.: SSHRCC 4A Award, 2005-06.

Szostak, R.: SSHRC, 2005-2008.

Young, C.D.: SSHRC, 2005-07.

THE CANADIAN BUILDING ENERGY END-USE DATA AND ANALYSIS CENTRE (CBEEDAC)

CBEEDAC, supported largely by funding from Natural Resources Canada, works with data providers and users within the residential and commercial sector, as well as in the research community, to provide a forum for strategic data collection and analysis, and to facilitate an integrated approach to energy-efficiency improvements in these sectors.

David Ryan continues as director of the Centre, with associate directors, Denise Young, Joseph Doucet and André Plourde, as well as research associates Heather Eckert and Mel McMillan.

In the past year CBEEDAC has provided financial assistance for nine graduate students. CBEEDAC provides part-time assistance during the summer months to enable students to work on energy topics that fit in with the Centre's mandate, and which may form the basis of their MA, PhD, or certain other projects. This summer, **Ronggui Lui**, **Nigel Fish**, and **Jevan Cherniwchan**, provided research assistance on a variety of projects ranging from methods of disaggregation of total household energy consumption, to potential savings in standby power usage associated with office and household equipment replacement, and energy use and potential energy savings associated with programmable thermostats.

Throughout the preceding winter term, the Centre provided direct financial support as well as training opportunities, access to data, and computing resources to students interested in working in the area of energy economics. **Alan Wesley** investigated the potential energy savings of Compact Fluorescent Lights in a project that forms part of the requirements of the Economics Masters Program. **Samuel Gamtessa** continues to pursue research in energy modelling as part of his doctoral studies. He spent two weeks at the Canadian Industrial Energy End Use Data and Analysis Centre (CIEEDAC), located at Simon Fraser University, learning the structure of the Buildings Module of the Canadian Integrated Modelling System (CIMS). This year **Junaid Jahangir** successfully completed his doctoral candidacy exam and is currently working toward completing his thesis which deals with the effects on consumers of electricity market restructuring in Alberta.

In addition to providing internal reviews for its funding partners, CBEEDAC produces reports on building sector technology and economics. This year research has also been completed on standby power consumption of household appliances, the analysis of energy usage patterns in commercial retail buildings based on whether an activity is the sole activity or subsidiary activity, as well as in shopping centres. The Centre also collects price and data from Canadian utility providers for all major fuel sources and maintains an international energy statistics collection.

CBEEDAC also produces tri-annual newsletters that document the activities of the Centre and contain articles on current topics in energy economics. Recent articles have covered such topics as minimum energy performance factors, domestic water heating, and standby power.

Copies of previous newsletters can be accessed from www.ualberta.ca/~cbeedac. Should you be interested in being added to the mailing list to receive future newsletters, or if you wish to find out more about CBEEDAC or to become involved with its activities, the Executive Director, Donna White, can be contacted by mail through the Department of Economics, or directly by phone at 492-4134 or by email to cbeedac@ualberta.ca.

INSTITUTE FOR PUBLIC ECONOMICS (IPE)

The pace of IPE activity quickened in the first term of 2006. The Institute organized two Public Policy Workshops sponsored jointly with Alberta Finance. The first featured Dr. Tiff Maklem, Deputy Governor of the Bank of Canada and G7 Deputy. He spoke to an overflow crowd in the Telus Centre in April on the emergence of China as a global trading nation and the implication for international financial institutions. The second, held in Lister Convention Centre in June, featured IPE Fellow, Al O'Brien, who spoke on the report of the Expert Panel on Equalization and Territorial Financing which he headed.

A joint conference (with CIRANO from the University of Montreal) on the Report of the Expert Panel was held in Ottawa in June and included academics from across Canada and international financial institutions. In August, together with Calgary's Van Horne Institute, the IPE organized an international conference on Funding Transportation Infrastructure.

Summary of transportation conference

The First International Conference on Funding Transportation Infrastructure was held in Banff on August 2-3, 2006 (<http://www.uofaweb.ualberta.ca/ipe/transportationconference2006.cfm>). The Department of Economics, the Institute for Public Economics, and the Van Horne Institute in Calgary served as hosts, and sponsorship was provided by Alberta Infrastructure and Transportation, Partnerships British Columbia, KPMG, and the new Institute for United States Policy Studies at the University of Alberta.

The conference was motivated by growing concern around the world about insufficient capacity and poor condition of transportation infrastructure. Traditional revenue sources such as fuel taxes are unlikely to suffice in the future either to pay for adequate maintenance or to fund necessary investments in new infrastructure. Support is mounting for an increased role for direct user charges such as highway tolls and airport fees. Increasingly, the private sector is being called upon to help finance, build and operate infrastructure through Public Private Partnerships. And governments are investigating mechanisms such as transportation funds and earmarking of revenues that facilitate efficient pricing and investment decisions.

Delegates from academia, government agencies and the private sector attended the conference. Robin Lindsey chaired the local organizing committee while André de Palma (Université de Cergy-Pontoise) and Stef Proost (Katholieke Universiteit Leuven) served as co-organizers. The Second International Conference on Funding Transport Infrastructure is planned for 2007 in Leuven, Belgium.

Three more Public Policy Workshops are planned for the fall of 2006.

Equalization Panel Releases Report

Chaired by IPE Fellow, Al O'Brien, the Expert Panel on Equalization and Territorial Formula Financing released its report in Ottawa on Monday, June 5th, 2006. The document, which quickly became known as the O'Brien Report, was the result of a year-long process of consultation and analysis. As well as O'Brien, the panel included University of Alberta Dean of Business Mike Percy, former federal Finance Deputy Minister Fred Gorbet, and past presidents of the University of Montreal, Robert Lacroix and University of New Brunswick, Elizabeth Parr-Johnston. The Panel met with political leaders, government officials, and academics from across the country and commissioned a number of studies by leading academic researchers, including Bev Dahlby, André Plourde, and Sam Wilson.

The report advocates a return to a principles-based, formula driven approach to equalization and territorial formula financing. Major reforms include the use of a national average rather than a five-province standard to determine eligibility for equalization transfers, partial inclusion of natural resource revenues, significant simplification, and a cap to ensure that equalization does not result in transfers that give recipient provinces fiscal capacity that exceeds that of non-recipients.

The panel presented its report to provincial premiers in early June and federal-provincial finance ministers later in the month. The equalization issue is likely to be discussed at a First Ministers' meeting in the fall of 2006 and addressed by the federal government in its 2007 Budget.

Summer Visitors from Thailand

As it has in each of the last two years, this summer the IPE again hosted an intensive econometrics research training session for a small group of visitors from the Thailand Development Research Institute (TDRI) in Bangkok, Thailand. The training, provided by David Ryan with the assistance of graduate student Allan Wesley, was designed to improve the technical skills of researchers at TDRI who work with a variety of data sets and economic models. Although most of the visitors have Masters degrees in economics, or related advanced degrees, their quantitative skills often require upgrading to enable them to deal with the types of modelling and estimation issues that they encounter in their empirically-based economic research in Thailand. The training this year dealt with specification and estimation of qualitative and limited dependent variable models.

THE INSTITUTE FOR UNITED STATES POLICY STUDIES (IUSPS)

The Institute for United States Policy Studies (IUSPS) was established at the University of Alberta in November 2005 to encourage and facilitate informed analysis and discussion of the policies and policy processes of the United States. An understanding of policies implemented in the US is important for enlightened policy development in Canada, given the strong economic and other connections between the two countries. As well, an understanding of US approaches to policy issues may provide a useful comparison for Canadian policy debates.

The IUSPS encourages cross-disciplinary research and is a joint initiative of the Faculty of Arts, Faculty of Law, Faculty of Agriculture, Forestry and Home Economics, and the School of Business. The Institute's acting director, Dr. Constance Smith, is a member of the Department of Economics.

The IUSPS promotes the study and dissemination of research results on US policy issues through lectures, conferences, and publications. To support collaboration with scholars from the US, the Faculty of Arts has committed to the annual funding of a Fulbright scholar who will affiliate with the IUSPS.

The IUSPS would like to make students aware of a new scholarship available for study in the area of Canada-United States relations: the John Garrett Graduate Scholarship in United States Studies. The scholarship will be awarded in odd-numbered years to a student registered full-time in a graduate degree program in the Department of Economics, and in even-numbered years to a graduate student registered full-time in the Department of Political Science. The inaugural scholarship will be offered in fall 2007.

The Institute was a sponsor of the First International Conference on Funding Transportation Infrastructure. In November 2006, the IUSPS will host a campus workshop, Research on US Policy, which will involve researchers from across the four participating faculties.

HIRING

As mentioned earlier in this newsletter, the Department is pleased to announce the appointment of Vera Brenčič and Dmytro Hryshko. The Department is recruiting to fill two academic positions: Associate Professor – Chair in the Economics of Gaming (with support from the Alberta Gaming Research Institute); and Assistant Professor – Economic Development.

SCHOLARSHIPS & AWARDS

Congratulations to the Department of Economics 2006 Scholarship and Prizewinners:

- Mark Maxson - AD O'Brien Graduate Scholarship in Public Finance. Value: \$5500.
- Althea Chia - Dr Milton F Bauer Memorial Scholarship. Value: \$1750.
- John Negropontes - The Economics Society of Northern Alberta Scholarship. Value: \$1500.
- Brendan Campbell - The KD Verville & DM Lowtan Scholarship for Academic Excellence in Honors Economics. Value: \$500.
- Chun Sing Lee - The Archibald Forster McGoun Memorial Book Prize in Economics. Value: \$400.
- Rong Gui Liu – Core Prize in Economics. Value: \$250.
- Feng Qu – Research Prize in Economics. Value: \$250.
- Matthew Enright - The Balder von Hohenbalken Memorial Book Prize in Economics. Value: \$100 and the Duncan Alexander MacGibbon Gold Medal.

STUDENT PROGRAM INFORMATION

We hope it will be of interest to our alumni and those outside the Department of Economics to see a summary of the past ten years of graduate and undergraduate convocations and of ten years of undergraduate registrations. The following tables illustrate the growth in enrolments and the interest in our programs that the Department has been experiencing in the past ten years.

Graduate Convocations July 1-96 to Jul 1-06					
Year	Fall		Spring		Total
	MA	PhD	MA	PhD	
2005-06	5	0	7	0	12
2004-05	11	0	5	1	17
2003-04	5	0	9	0	14
2002-03	8	1	2	0	11
2001-02	5	0	5	0	10
2000-01	3	0	5	1	9
1999-00	4	1	1	0	6
1998-99	5	2	3	0	10
1997-98	4	1	1	0	6
1996-97	5	0	1	1	7

Undergraduate Convocations July 1-96 to Jul 1-06			
Year	Fall	Spring	Total
2005-06	34	125	159
2004-05	26	133	159
2003-04	32	105	137
2002-03	23	108	131
2001-02	36	85	121
2000-01	21	104	125
1999-00	14	50	64
1998-99	3	34	37
1997-98	14	39	53
1996-97	12	40	52

Ten-Year History of Majors and Honors			
Year	# of Majors	# of Honors	# of Registrations
2005-06	600	30	7349
2004-05	613	28	7285
2003-04	532	23	6989
2002-03	354	20	6541
2001-02	327	10	6088
2000-01	298	15	6165
1999-00	288	14	6257
1998-99	275	12	5989
1997-98	238	11	5250
1996-97	275	11	5321

CONVOICATIONS

MA degrees conferred:

Spring 2006

BUCK, Jonathan: *Student Achievement in Mathematics: An Inter-Provincial Examination of Canada*

HUANG, Wenhong: *Proximity to Frontier, Financial Structure, and Economic Growth*

IVANOVA, Natalia: *Subjective Well-Being: An Empirical Study Based on Canadian Data*

LIU, Xiangbo: *Financial Structure, Investment, and Economic Development: Industry Evidence*

TAYLOR, Janene: *Academic Achievement in Alberta: An Analysis of the Fiscal Inequity Solution*

XU, Nan: *Social Welfare Systems in East Asian Countries*

YAN, Xiao: *Uncovered Interest Rate Parity and the Time Horizon*

Fall 2006

BIRN, Kevin Joseph: *Observations from the BC Liquor Market: Price Rigidity and Price Uniformity*

BRAATEN, Aaron: *The Socio-Economic Differences Between Bloggers and Blog Readers*

KELLERT, Candace: *Time Saving Devices and Their Impact on Electricity Use in the Home*

RUSSELL, Brad: *Estimating Retail Liquor Store Ownership: A Spatial Analysis*

SCHNEIDER, Tobias: *Causes for Asymmetric Price Adjustment in the Canadian Retail Gasoline Market*

SENKIW, Annamarie: *How Do Transfers Affect Municipal Revenues and Expenditures in Alberta?*

THANKS

The Department of Economics would like to express its thanks to all of the individuals, agencies, and corporations that have made donations to support the Department's scholarships, student awards, and research activities over the years. The Department would like to encourage all of its students, alumni, staff, and past donors to continue supporting the Department's teaching and research activities. Donations may be designated for a particular purpose (e.g., to support the A.D. O'Brien Graduate Scholarship in Public Finance or the Balder von Hohenbalken Memorial Book Prize in Economics), or to provide general support to the Department (i.e., the Education Endowment Fund for Economics). For alumni who would like to contribute to the Education Endowment Fund for Economics, you may send your donation to the Development Office of the University of Alberta, 6th Floor General Services Building, Edmonton, AB T6G 2H1. For information about undergraduate awards available to students majoring in Economics, visit <http://www.uofaweb.ualberta.ca/economics>.

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VISIT OUR WEB SITE

The department web site at <http://www.ualberta.ca/economics> provides information on our undergraduate and graduate programs, the teaching and research interests of faculty, and links to faculty web sites. The Department posts news items that are current as they happen throughout the year. We also post course outlines for all courses to the web. Those of you who may be curious about what is being taught in a course you once took may find it interesting to read some of the course materials posted on the web. We would appreciate feedback on our website in general and on what you would like to see added. Please keep in touch – we love to hear from you!