

# ECONOMICS UPDATE

A NEWSLETTER FOR ALUMNI AND FRIENDS

Issue 3 Fall 2013



## Bachelor of International Economics Launches

PROF. ASHOK KOTWAL (CENTRE) HOPES TO INSPIRE A NEW GENERATION OF GLOBAL ECONOMISTS AS THE NEW DIRECTOR OF THE BIE PROGRAM (SEEN HERE LEADING AN ECON 255 LECTURE). CREDIT: VARUN SARAN

### Creating the Next Generation of Economic Leaders

With more than 2,150 applications flooding in for 85 spots, competition was fierce for a seat in the first year of the Bachelor of International Economics (BIE) program. As a result, the inaugural cohort includes high-performing students from 23 different nations, including India, China, the U.S., Spain, and Pakistan.

The program's goal is to transform some of the world's best undergraduate students into the next generation of global economic leaders. It is designed to help students thrive in a wide range of global leadership roles in business, government, NGOs, and academia by offering small classes, global experiences and dedicated career counseling support.

"In this rapidly globalizing world, our leaders will need international educations, experiences and networks," says Ashok Kotwal, director of the new program and a professor in the Vancouver School of

Economics. "Our goal is to prepare graduates for these top roles, where they will be in a position to make real change in the world."

To better prepare students for global careers, the program is accepting a greater proportion of international students than any other undergraduate program at UBC—and possibly in Canada. Half of the program's 85 spots are reserved for international students. Kotwal adds, "International students don't take spots for Canadian students funded by taxpayers; rather, they pay for new spots to be created which wouldn't exist otherwise."

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**Vancouver School of Economics**

# ECONOMICS UPDATE

## Issue 3 Fall 2013

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**All comments and feedback  
are welcome.**

# Welcome

BY MICHAEL B. DEVEREUX,  
DIRECTOR OF THE VANCOUVER SCHOOL OF ECONOMICS

## WELCOME TO A NEW SCHOOL FOR THOUGHT

As Director of the Vancouver School of Economics, I am very happy to introduce the latest edition of our newsletter. Since the last newsletter, we have had many changes in our department, the most obvious one being that we have changed our name! The Vancouver School of Economics officially came into being in November 2012, following UBC Senate approval, and replaces the old Department of Economics. We remain part of the Faculty of Arts, but as a School of Economics, our status both within and outside the university is enhanced.



MICHAEL DEVEREUX  
CREDIT: MARTIN DEE

## WHY DID WE CHANGE OUR NAME?

The School was designed to capitalize on the remarkable achievements of UBC economics over the last decade, in its role as a top research department and a major centre of undergraduate and graduate teaching and learning. We have built a large and extremely successful group of researchers at both junior and senior levels, with a rapid growth of new research faculty in recent years. Many of our faculty are acknowledged world leaders in their areas of expertise. Our undergraduate majors and honours program is in constant excess demand, and is recognized as being among the top economics degrees in Canada. Our MA and PhD programs continue to be ranked as the top programs in the country. The aim of the new Vancouver School of Economics is to consolidate and build on this success.

## WHAT DIFFERENCE WILL BECOMING A SCHOOL MAKE?

Becoming the Vancouver School of Economics allows us to launch a series of major new initiatives that will propel the School to a higher level of excellence along many dimensions. Among the most important of these initiatives are:

- The new Bachelor of International Economics (BIE). Beginning in the fall of 2013, we will launch a new four-year degree program in International Economics. We're pleased to have the Sauder School of Business as a supporting partner for this exciting new initiative. This will be a relatively small program, with an intake of 80 to 90 students directly into first year, and will comprise an equal mix of Canadian and international students. It is a prestigious new degree, unique in North America with very high entry requirements, offering students unrivalled training in the fundamentals of international trade, globalization, and international business.
- As part of our agenda as a School, we will add a large number of new research faculty at junior and senior levels, in areas relevant to the BIE and in other fields of economics. This will consolidate and enhance our international stature as a world centre of research in economics.
- With the new resources available to us, we will make significant improvements in our undergraduate and graduate programs, offering a range of new courses in the undergraduate

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# The Economics of Sex and Love

## Faculty Focus: Marina Adshade

BY MARINA AD SHADE

*Dr. Marina Adshade teaches a popular new course at UBC on the Economics of Sex and Love (Economics 490). Here, Marina discusses how that course came into being.*

I have a confession to make. I have a Hollywood agent—or to be more precise, my research has a Hollywood agent. It's surprising, I know. As an economist, I don't see myself sitting on a film set, shouting "No, no, no! Demand shifts to the left and supply shifts to the right!" But at least one person in Los Angeles thinks my work is "Hollywood gold."

How could this research, originally intended for an academic audience, ever attract the interest of an agent?

There is a perception that economics is all about money and wealth creation. However, saying that economics is about money is like saying that engineering is about centimetres, and to argue that the role of economics is to create wealth obscures the power of economic reasoning to explain the human experience.



MARINA AD SHADE  
CREDIT: MARTIN DEE

In 2008, as the economy was crashing and taking the reputation of economics with it, I was thinking of new ways to teach students the tools of my trade in a way that convinced them that economic theory has

real life applications beyond forecasting GDP growth rates.

I needed to encourage students to apply economic thinking to their personal lives.

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<< "WELCOME" FROM PAGE 2

economics major, and offering new and separate MA and PhD courses in the graduate program.

- The School will be undertaking a series of initiatives to improve linkages with alumni and the non-academic community—locally, nationally, and internationally. We will play a bigger role in economic policy debates and foster closer ties with leaders in the local community, the corporate world, and the public sector. To this aim, we will be sponsoring and hosting more outreach events. The first one, our inaugural fall conference, will take place in Vancouver in September 2013. Also, we have launched a new website ([economics.ubc.ca](http://economics.ubc.ca)), which includes a new alumni section and expanded news and events section,

offering another medium for connection with you.

This sets out an exciting new agenda for the immediate future of the Vancouver School of Economics. I am delighted to form part of the team that will be spearheading these developments. We will keep you updated on our progress in upcoming editions of the newsletter.

While there are many changes underway, it is important to stress continuity as well. For many years, the economics department at UBC has been an outstanding research and teaching institution. More than this, it has always had a strong sense of collegiality and inclusiveness. None of this will change with the new developments.

Also, we have benefitted from the support of donors over the years, support that is

very much appreciated. They should all be thanked for leaving us in the strong position we are in today, giving us the opportunities we have for the future.

Finally, it is important to acknowledge the hard work of our predecessors. Many of our current and past faculty have devoted their careers to the department. Many generations of students, both graduate and undergraduate, have made major contributions to the teaching and research successes of our department. Each of them has contributed to our longstanding reputation for offering thought-provoking research and teaching; a foundation which has culminated in what we have become today... a new School for thought.



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# Jobless Recoveries and Disappearing Middle-Class Jobs

## How computers and robotics are hampering job growth

BY HENRY SIU

Economic recoveries aren't what they used to be. Since the end of the Great Recession in June 2009, U.S. Real GDP per capita has grown by 4.7%. That's the good news. By contrast, per capita employment has actually fallen by 1.4%. This is over and above the 5.5% that was lost during the recession. Canada hasn't fared much better: of the 3.9% of per capita employment that was lost during the last recession, essentially none of it has been regained in the four years since.

This malaise in North American labour markets has been the subject of countless economic policy debates. The fact that employment is recovering much slower than Real GDP is a relatively new phenomenon; *jobless recoveries* recently occurred after the recessions of 1991 and 2001. These last three recoveries represent a distinct break from previous episodes when both Real GDP and employment would rebound vigorously following recessions.

My current research, in collaboration with Nir Jaimovich of Duke University, indicates that jobless recoveries do not simply

represent an economy-wide delayed recovery in hiring. Instead, they can be traced to a lack of recovery in a subset of occupations: those that focus on "routine" or repetitive tasks that are increasingly being performed by machines.

**"The loss of routine jobs in recent recessions has given rise to jobless recoveries... Moreover, employment growth following recent recessions has been unevenly distributed across pay, concentrated in high- and low-wage occupations."**

The fact that employment in routine-oriented occupations has been disappearing has been dubbed *job polarization*, and is



HENRY SIU  
CREDIT: VARUN SARAN

documented extensively in the economics literature. This work finds that occupations focused on routine tasks tend to be middle-wage jobs; as such, the disappearance of routine occupations in the past 30 years represents a polarization of employment as middle-class jobs disappear.

As recently as the mid-1980s, about one in three Americans over the age of 16 was employed in a routine occupation; currently, that figure stands at one in four. The fact that polarization is occurring is not surprising to anyone who understands the influence of robotics and automation on machine operators in manufacturing and other workers "on the factory floor." Nowadays, the influence of robotics is increasingly being felt on other routine blue-collar jobs. For instance, the recent acquisition of Kiva Systems, an automated material handling company, by the retail giant Amazon.com will mean that forklift operators in Amazon's warehouses will be replaced by little orange robots.

Of equal importance is the disappearance of routine employment in white-collar jobs—think bank tellers being replaced by ATMs, secretarial staff by personal computers, and travel agents by websites like Expedia and Travelocity. As such, all of the per capita employment growth that



CREDIT: FLICKR\_EL FRIJOLE

# The Research Digest

Brief summaries of research by UBC economists

## RACIAL DISPARITIES IN THE U.S. JUSTICE SYSTEM

In the United States, black men are incarcerated at more than six times the rate of white men. In recent years, the average federal prison sentence for a black male was 90 months compared to 55 for the average white male. Yet, are these racial disparities the result of differences in criminal conduct, or differences in treatment in the U.S. Federal Justice System? Professor Marit Rehavi partnered with Sonja Starr, a criminal law professor at the University of Michigan, to answer this question. They brought an innovative new dataset—one that follows all U.S. federal cases from arrest through to sentencing—to answer this longstanding question.

They find that differences in arrest offenses and criminal histories explain the majority of the gap in the average length of prison sentence. However, not all of the gap can be explained. Rehavi and Starr found black defendants received sentences that were approximately 10% longer than white defendants even after accounting for differences in the circumstances of the case and characteristics of the defendant.

But in order to address such racial disparities, one must know not only whether such disparities exist, but where they emerge in the justice process. Do they stem from differences in how prosecutors charge cases or how judges sentence defendants? To answer this question, Rehavi and Starr directly tested for evidence of racial disparity in the decisions made by prosecutors and judges.

The U.S. Criminal Code contains overlapping definitions for criminal offenses and requires prosecutors to decipher

often-ambiguous facts when deciding how to charge a defendant. The result is a wide range of potential criminal charges that a prosecutor can choose among in any given case. Do otherwise-comparable black and white defendants arrested for the same crime get charged in a similar manner by prosecutors? According to Rehavi and Starr, the answer is “no.” They find that prosecutors charge black defendants with crimes that are 7% to 10% more severe. In particular, black defendants are nearly twice as likely to be charged under statutes that carry a mandatory minimum prison sentence. This disparity in mandatory minimum charges explains the majority of the remaining racial disparity in sentences.

“But in order to address such racial disparities, one must know not only whether such disparities exist, but where they emerge in the justice process.”



MARIT REHAVI  
CREDIT: VARUN SARAN

These findings have important policy implications for the U.S. and Canada. They suggest that those concerned about racial disparities in the administration of the law should pay at least as much attention to the way prosecutors exercise discretion in charging defendants as they do to the way judges come to sentencing decisions. They are also an important reminder that mandatory minimum sentencing statutes and other policies meant to eliminate judicial discretion on sentence length only serve to shift discretion to earlier stages of the judicial process where it is less visible.



CREDIT: FLICKR\_CITIZENSHEEP



# Alumni Notes



For the past six years, **Katherine Howitt** (MA, 2005) has been shaping U.S. national health care reform ("ObamaCare"). She is a Senior Policy Analyst at

Community Catalyst, a Boston-based national non-profit organization working to improve access to high-quality health care for all Americans, especially low-income and vulnerable families. Katherine works in states across the country to help implement the new health care law. She was recently selected to take part in the Massachusetts Institute for Community Health Leadership, a ten-month program designed to develop the next generation of leadership in the Massachusetts health care field.

When she's not working on health reform, Katherine can rarely be seen without a bicycle (a habit she picked up at UBC). She serves on her city government's citizens' bicycle committee, working to make her community more bike friendly. And she completed her first half-ironman triathlon in New Hampshire last year.



While a student, **Jonathan Zee** (BA, 2009) completed rigorous internships at Morgan Stanley and UBS to savour the investment banking world. The experi-

ences and networks developed there led to his current position in Tokyo as a Management Consultant at L.E.K. Consulting, a boutique business strategy consulting firm. He has been involved with multiple high-impact strategy projects for market entry and growth opportunities for both Japanese and world-wide healthcare companies.

In his free time, Jonathan is a passionate traveler. He has finally completed his dream of reaching all seven continents by setting a foot on Antarctica in early 2012, and has so

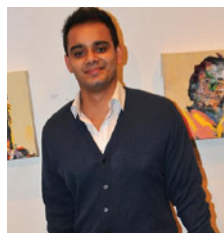
far traveled to more than 50 countries. In the near future he plans to pursue his career in poverty reduction, in Asia with his beautiful new wife.



**Hillary Cheung** (BA, 2013) completed two internships during her studies at UBC. During her four months as a Research Assistant at Asia Pacific

Foundation of Canada, she researched on Canada-Asia trade relations and contributed to the National Conversation on Asia project by drafting the issue background and contributing an opinion piece on Canada asbestos exports. Her six months as the Communication and Special Events Intern at BC Civil Liberties Association allowed her to help with the 50th Anniversary Gala and the Annual General Meeting.

After graduation, she took a position as the Economic and Finance Intern at the Canadian Embassy in Beijing under the Department of Foreign Affairs and International Trade. In September 2013, Hillary will be pursuing her Master of Arts in Economic Policy at McMaster University.



After graduation, **Jeet Chatterjee** (BA, 2012) took a few months of vacation working as a bartender at the Blarney Stone Pub in Vancouver. After

that he started working as an economic analyst with the Ontario Ministry of Finance in Toronto. He works in the Provincial-Local Finance division, with a primary focus on property tax analysis, municipal funding policy, and the province's overall financial relationship with municipalities. Jeet works in a dual role at the Ministry, working on quantitative modelling projects as well as providing strategic policy advice and analysis to senior government officials. He worked on

the Ontario Municipal Partnership Fund (OMPF), which is a \$600 million annual transfer payment from the province to 443 municipalities across Ontario. Jeet's interests in the role of public sector finance in promoting economic development is exemplified through the OMPF, which is targeted toward rural and northern Ontario municipalities with challenging economic circumstances.

In his spare time, Jeet enjoys exploring his new home city of Toronto, particularly during the long-awaited summer. Next on the travel list is Brazil (and South America, generally) during the 2014 FIFA World Cup. He is examining the possibilities of attending graduate school part-time as well as a possible move to the private sector.



After graduating from UBC (BA, 1992), **Jason Tse** worked briefly for two years at Ledcor before going on to the University of Saskatchewan, where

he graduated with an MBA in 1996. Upon graduation, he joined TD Bank in their Commercial Banking training program in Vancouver where he was able to complete his Chartered Financial Analyst designation. However, as Jason has been impassioned by the aviation sector since childhood, he joined the Vancouver Airport Authority. His first position was in Corporate Finance, and he has since transitioned to his current role in Aviation Marketing where he develops business cases to attract new air services to YVR.

**Do you want to share your story with your fellow alumni?**

Drop us a line and fill us in on your family, career, interests, and accomplishments.

Don't forget to include a photo!

**Contact us:**

[econ.alumni@ubc.ca](mailto:econ.alumni@ubc.ca)

# Alumni Profile

## Byron Shaw, BA (Hons) 2005

*Economics Update recently caught up with Byron on life after UBC and where his Econ degree has taken him.*

### What other degrees have you received?

I completed my LLB at UBC in 2008.

### Why did you choose to do economics at UBC?

I started in Commerce at Sauder but took microeconomics and macroeconomics in first year and really enjoyed them both. I continued to dabble in economics in second year, loading up my electives with economics classes. After second year, I decided to switch faculties and major in Econ.

### What are you doing now, work-wise?

I am a litigator at McCarthy Tétrault LLP, a large law firm in Toronto. My practice includes corporate and commercial litigation and medical defence work for the Canadian Medical Protective Association.



BYRON SHAW

### How has your economics training proved useful to you in your work life?

My economics degree was an extremely useful stepping stone for law school and my career. Economics teaches you how to think critically and analytically, more than any other undergraduate degree, in my view. Also, if you are interested in law

school, Econ prepares you well for the 100% final exam!

### What do you enjoy doing when you're not working?

I enjoy hiking, scuba diving, snowboarding, and I play tennis whenever I can. In my "spare time" I dabble in academia and publish in the areas of constitutional law, conflict of laws and extraterritoriality.

### What was your most memorable class?

My most memorable economics class was Economic Development with Professor Mukesh Eswaran. He is a brilliant and engaging lecturer (although he questioned why I would go to law school to become a "rent seeker"!).

### What are your favorite memories from your time at UBC?

Living with my best friends in Fairview Crescent and drinking pints and singing karaoke (badly) at The Gallery.

## GIDEON ROSENBLUTH MEMORIAL LECTURE OCTOBER 23, 2013

CO-SPONSORED BY THE CANADIAN CENTRE FOR POLICY ALTERNATIVES  
AND THE VANCOUVER SCHOOL OF ECONOMICS

### What, Me Worry!? Dismal Science, Cheerful Practitioners and the Limits to Economic Faith Speaker: Dr. Bob Evans

Forty years ago, many economists were dismissive of then-current concerns that resource scarcity would limit economic growth. Market incentives, they believed, provide sufficient pressures to innovate around shortages. Today, the greater challenge is not shortages but surpluses—of our waste products and of ourselves. The planet is heating up; the first big bills are coming in. What are the political incentives to respond? On this and other major public issues, faith in "the market" is unhelpful, or worse.

*Bob Evans, Professor Emeritus at UBC and founding member of the Centre for Health Services and Policy Research, is an internationally esteemed health economist who has received numerous accolades, including the Order of Canada.*

A reception for all attendees will follow the lecture at 8:30 PM

Admission is free. To register, please go to <https://rosenbluthlecture.eventbrite.ca>

**October 23, 2013 7:00-8:30 PM**

Harbour Centre (515 West Hastings Street, Vancouver, BC), Room 1400-1410



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# New and Noteworthy

## SCHOOL WELCOMES AWARD-WINNING FACULTY MEMBER

We are pleased to welcome Joshua Gottlieb as Assistant Professor in the 2012/13 academic year. Josh recently obtained his PhD from Harvard University. His work is in the field of public finance, with an emphasis on issues in health care, urban economics, and real estate. Josh is also the winner of the prestigious National Tax Association Outstanding Dissertation Award in 2012 for his research contributions to the field of public finance.



JOSHUA GOTTLIEB  
CREDIT: VARUN SARAN

in the School, Matilde is also a Fellow of the Canadian Institute for Advanced Research, and a Research Associate of the National Bureau of Economic Analysis. Her research covers various aspects of international trade and political economy.



MATILDE BOMBARDINI  
CREDIT: VARUN SARAN

## CRAIG RIDDELL WINS NATIONAL AWARD

Congratulations to Professor Craig Riddell, who has been awarded the prestigious 2012 Mike McCracken Award for Economic Statistics, presented by the Canadian Economics Association. The award recognizes important contributions to the development or use of official economic statistics. Craig is the Royal Bank Faculty Research Professor in the VSE, and also serves as Academic Director of the Canadian Labour Market and Skills Research Network. He is also a Research Fellow of the Institute for the Study of Labor and the Centre for Research and Analysis of Migration, and serves on Statistics Canada's Advisory Committee on Labour and Income Statistics.



CRAIG RIDDELL  
CREDIT: VARUN SARAN

## CONGRATULATIONS TO BRIAN COPELAND

Professor Brian Copeland's article "Is Free Trade Good for the Environment?," published in 2001 in *American Economic Review*, has been recognized with the Publication of Enduring Quality Award by the Association of Environmental and Resource Economists. Brian's paper, which has well over 1,000 citations on Google Scholar, is co-authored with Scott Taylor and fellow UBC faculty member Werner Antweiler.



BRIAN COPELAND  
CREDIT: MAURICIO DRELICHMAN

FALL 2013

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ECONOMICS UPDATE

## MATILDE BOMBARDINI WINS HARRY G. JOHNSON PRIZE

Professor Matilde Bombardini, along with her co-authors Chris Kurz and Peter Morrow, are the 2013 winners of the Harry G. Johnson Prize. The prize recognizes the best paper published in the *Canadian Journal of Economics* in the preceding year. In addition to her role



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## JOSEPH HENRICH AWARDED KILLAM FELLOWSHIP

Professor Joseph Henrich is a recipient of the 2012 UBC Killam Faculty Research Fellowship in recognition of his exceptional work at the intersection of economics and psychology. Joe holds one of the prestigious Canada Research Chairs at UBC, and is a Senior Fellow of the Canadian Institute for Advanced Research. In 2004 he was awarded the Presidential Early Career Award, the highest award bestowed by the United States upon scientists early in their career.



JOSEPH HENRICH  
CREDIT: VARUN SARAN

## SCHOOL STAFF CELEBRATES MILESTONE

An Keylock celebrates her 25th anniversary with UBC Economics this year. An joined the department in 1988, after immigrating from England that same year. She became Department Administrator in 1990 and has excelled in that position ever since. In recognition of her work, An won the Dean's Award for Staff Excellence in 2009.

Over the years, An has worked with eight different department heads and school directors. An's dedication, outstanding professional attitude, and unfailing sunny temperament are deeply appreciated by all her colleagues at the UBC.

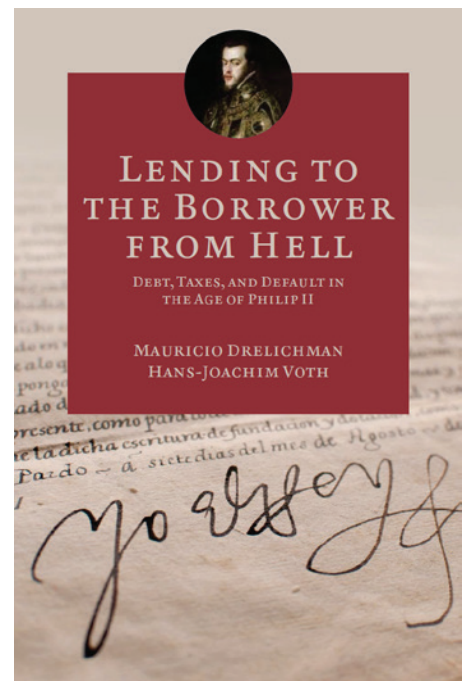


AN KEYLOCK

## NEW BOOK EXPLORES SOVEREIGN DEBT AND DEFAULT

Why do lenders time and again loan money to sovereign borrowers who promptly go bankrupt? When can this type of lending work? As the United States and many European nations struggle with mountains of debt, historical precedents can offer valuable insights. In their book, *Lending to the Borrower from Hell*, Professor Mauricio Drelichman and co-author Hans-Joachim Voth look at one famous case—the debts and defaults of Philip II of Spain. Ruling over one of the largest and most powerful empires in history, King Philip defaulted four times. Yet he never lost access to capital markets and could borrow again within a year or two of each default. Exploring the shrewd reasoning of the lenders who continued to offer money, Drelichman and Voth

analyze the lessons from this important historical example. A fascinating story of finance and empire, *Lending to the Borrower from Hell* offers an intelligent model for keeping economies safe in times of sovereign debt crises and defaults. The book will be published by Princeton University Press in January 2014.



## CONGRATULATIONS TO OUR 2013 ECONOMICS GRADUATES!

All of us at the Vancouver School of Economics extend a hearty "Congratulations and Best Wishes!" to this year's graduating students. In addition, we want to congratulate Hyunkyong Lee for winning the Joesph A. Crumb Prize and Danielle Jessica Norman for winning the W. Erwin Diewert Prize in Applied Economics. Well done, everyone!



CREDIT: ISTOCKPHOTO\_URBAN COW

"In this rapidly globalizing world, our leaders will need international educations, experiences and networks. Our goal is to prepare graduates for these top roles, where they will be in a position to make real change in the world."

In an orientation session in August, some of the students and Kotwal discussed the Eurozone crisis in Greece, Spain and Ireland. BIE student Cristina Blanco Iglesias, 19, is from Spain, and provided first-hand observations on her country's housing bubble. Iglesias has studied in India for the past two years and wants to work for a global NGO.

Kotwal notes that this type of learning from each other is why the program was designed as it was. "You can imagine these students sitting in class, and they move forward as a cohort, making connections, friendships, relationships across different parts of the world," says Kotwal. "They are soaking in experiences from these other people, so they are learning not just from curriculum, but also from the perspective

that each person from a different corner of the globe brings."

"It's a rapidly globalizing world," adds Kotwal. "What happens in one place, affects every place. We thought it would be very advantageous to have a student body from all sorts of different countries. There are huge benefits for the Canadian students because they get to learn from this diverse body of students who are going to be their friends."

One of those Canadian students is Victoria, B.C.'s Anjali Vyas, 19. "In North America, we're so caught up in our own world and our own economy that we don't see the social and economic situations

going on in other countries," says Vyas. "I was so happy when I heard that there are students from 23 different countries. It's going to be such a great learning experience."

Kotwal, who entered economics "to understand how to improve economic conditions for poor countries," calls the incoming class refreshingly idealistic. Students may complement their studies with international fieldwork, exchange programs, work placements and research projects abroad.

"Our representative student is not someone who just wants to manage a hedge fund," he says. "These students are interested in global issues and making the world a better place—and have already started down this path."

"The problems of economic inequality, slow economic growth and unemployment are critical global issues," says Professor Michael Devereux, Director of the Vancouver School of Economics. "These problems require creative thinking and fact-based policy. This is what the discipline of economics can provide—and precisely the strengths of the group of top economic researchers we have at our School."

*This article contains excerpts from "UBC aims to create global leaders with new undergraduate program," Tracy Sherlock, Vancouver Sun, August 29, 2013.*

## MEET SOME OF THE OTHER NEW BIE STUDENTS:

**Beni Habarugira**, 18, from Burundi—one of the world's poorest countries—wants to return to his home after he completes his university degree to work within government to make improvements and develop the country. He has already spent a couple of years in China, where he became fluent in Mandarin.

**Sindhu Jawed**, 20, from Pakistan, has already founded a non-governmental organization that provides orphans with educational and recreational opportunities. She is in Vancouver on a full scholarship and says she feels very lucky to be here.

**Milena Khalil**, 18, is from Belgium, but she spent several years in Panama, where she attended an international school. She says going from a developed country to a developing country opened her eyes to the issues of development—the field she wants to work in, possibly for the United Nations.



has been experienced in the past 30 years has been in non-routine occupations that are either high-paying jobs (professional and technical occupations such as software engineers and economists), or—and this has been especially true in the past decade—low-paying jobs (service occupations such as restaurant wait staff, janitors, and home health aides).

While none of this may be particularly surprising, what is surprising is the link between job polarization and the business cycle. In particular, the fall in routine, middle-class jobs has not happened gradually over time. The decline is concentrated in economic downturns: essentially all of the disappearance has occurred within a one-year time window of recessions.

**“The loss of routine jobs in recent recessions has given rise to jobless recoveries... Moreover, employment growth following recent recessions has been unevenly distributed across pay, concentrated in high- and low-wage occupations.”**

Following each of the 1991, 2001, and 2009 recessions, per capita employment in routine occupations fell and never recovered. This lack of recovery in routine employment accounts for the jobless recoveries experienced in the economy as a whole. Indeed, prior to job polarization, routine job losses in recessions were accompanied by strong routine job recoveries. And, not surprisingly, prior to job polarization jobless recoveries did not occur. Moreover, jobless recoveries cannot be traced to the business cycle behavior of non-routine jobs: employment in these occupations experience only mild contractions (if at all) during recessions, and have experienced essentially no change in the nature of their recoveries over the past half century.

Structural change in the labour market is manifesting itself clearly over the business cycle. The long-term decline in middle-class routine occupations is occurring in spurts: employment in these jobs is lost during recessions, never to be recovered in the boom times to follow. And to be clear, the reach of job polarization is wide. Automation and the adoption of computing technology are leading to the decline of middle-class jobs of many stripes: both blue-collar jobs in production and maintenance occupations, and white-collar jobs in office and administrative support. It is affecting both male- and female-dominated professions, and it is happening broadly across industries—manufacturing, wholesale and retail trade, financial services, and even the government sector.

The loss of routine jobs in recent recessions has given rise to jobless recoveries. Economy-wide employment has struggled to rebound following recessions since middle-class jobs no longer recover. Moreover, employment growth following recent recessions has been unevenly distributed across pay, concentrated in high- and low-wage occupations. A recent study by the National Employment Law Project indicates that the U.S. recovery from the Great Recession has been particularly lopsided, with the majority of jobs added being low-paying jobs.

The pace of job polarization was greatly accelerated in this last recession, and the pace of automation and progress in robotics and computing technology is not slowing down either. If the past 30 years is any guide, we should expect future recessions to continue to spur job polarization, and jobless recoveries may be the new norm.

*Henry Siu is an associate professor at UBC's Vancouver School of Economics, a Faculty Research Fellow with the National Bureau of Economic Research, Cambridge, MA, and the inaugural recipient of the Bank of Canada Governor's Award for macroeconomic research.*

And so, with the help of hundreds of published academic papers, the economics of sex and love was born.

**“It has been a long time since I thought about my work simply as a fun way to engage students in learning... Economists are among the academics who bring an important and at times quirky perspective to that conversation.”**

When this led to my blog, I was able to reach a much wider and more academically diversified audience. That exposure (and, I should say, the learning that goes along with researching and writing for a heavily trafficked blog) led to a book deal and, apparently, the need for a Hollywood agent.

It has been a long time since I thought about my work simply as a fun way to engage students in learning. Topics related to sex and love, such as the effects of free access to contraceptives, the increase in births to single women, and the change in the way we think about marriage, have become an important part of the public discourse in recent years. Economists are among the academics who bring an important and at times quirky perspective to that conversation.

*In addition to teaching at the School, Marina Adshade writes regularly for the The Globe and Mail and Canadian Business. She has had numerous TV appearances on CTV and CBC, interviews on CBC Radio and National Public Radio (U.S.), international and domestic print media (including Daily Mail (U.K.) and Reuters), and podcasts in Canada and the U.S. Her first book, Dollars and Sex: How Economics Influences Sex and Love, launched in February 2013. Find more about her work at [marinaadshade.com](http://marinaadshade.com)*



# Student Life

## News from the Economics Student Association

The ESA seeks to foster camaraderie amongst the School's student population, provide exceptional experiences as economics students, and strengthen relationships both inside and outside of UBC. Throughout the year, an array of academic, social, and career-related events are organized by the ESA Team. Here are some of this year's highlights.

**ESA Career Night** is one of the ESA's signature events. It invites UBC Economics alumni to talk to current students about their experiences and provide post-graduation career planning advice. This year's Career Night included a question and answer period with our panelists, as well as a speed networking session. The panelists addressed some general inquiries during the Q+A period and then invited students to ask more specific questions during the one-on-one sessions. Guests from the fields of law, forestry, engineering, banking, accounting, and financial services were present, demonstrating the diversity of career paths available to economics graduates. The discussions were both inspiring and practical for students preparing to enter the job market.

This year's **ESA Career Workshop** was led by Dr. Clive Chapple, an instructor at the UBC Vancouver School of Economics. Tailored specifically to economics students, the in-depth workshop included résumé and cover letter writing skills, interview skills, networking skills, and a special section on attaining faculty references. Student response to the workshop was very positive.

**Talk(onomics)** was revamped this year, forming a hybrid between itself and one of our previous events, EconCafé. The Talk(onomics) "open house" is now a bi-monthly event, featuring a guest speaker that leads discussion on different issues and current events. This year's Talk(onomics) was well attended, featuring topics such as the Enbridge pipeline, the AMS



ECONOMICS STUDENT ASSOCIATION

Microbrewery, and UBC housing allocation. Students from Economics, Political Science, and International Relations departments engaged in in-depth discussions with knowledgeable speakers from the field to generate some great ideas and gain a better understanding of the practical applications of economics.

The **Year End Celebration** is a formal dinner that celebrates the graduation of Economics students. This year's event took place at the Law Courts Inn, located in downtown Vancouver. Our director, Professor Michael Devereux, gave a speech and delivered his wishes to the class of 2013. With over 100 attendees, including 15 professors, it was a great night that many of us will never forget.

We are always interested in hearing suggestion on how can we serve the Vancouver School of Economics' student community better. If you have any ideas on how we can improve our work, please contact us. We welcome you to get involved anytime. Please find us on Facebook: <https://www.facebook.com/ubcesa>



CONGRATULATIONS, GRADUATES!

# We want to hear from you!

**Do you have an idea for a future article in Economics Update?**

Please send us your suggestions, or submit your own article for potential publication.

**Do you want to share your thoughts on something featured in Economics Update?** Send along your comments, reactions, or opinions.

**Are you interested in learning about opportunities to support the School?** Drop us a line, we'd love to hear from you!

**Do you want to get involved in alumni events or volunteer your time with current students?** Please let us know and we'll help you connect with your old classmates or the Economics Student Association.

**Contact us:**  
[econ.alumni@ubc.ca](mailto:econ.alumni@ubc.ca)