

# UCLA ECONOMICS

## Undergraduate Newsletter

Editors: Charles Qian & Adithya Kumar



### Econ Summer Courses at UCLA: There's No Better Way to Graduate Early!

Reminder to all students that the UCLA Department of Economics is offering courses during Summer Session A (June 25—August 3) and Session C (August 6—September 14). Please visit the following link for a complete list of courses available:

<http://economics.ucla.edu/undergraduate/course-information/econ-summer-courses>

### Professor Till von Wachter becomes new Associate Dean for Research

We are delighted to announce the appointment of Professor Till von Wachter to the position of Associate Dean for Research for the Division of Social Sciences. He will lead the newly created Dean's Forum, a faculty advisory board representing the Division's academic units.

### Have Questions? Visit our counselors in Bunche 2263

- UCLA  
Department of Economics  
8283 Bunche Hall  
Los Angeles, CA 90095

### Featured in this Issue

2-3	<b>Interview with Professor Moritz Meyer-ter-Vehn</b>
4	<b>Available Labor Diminishes, Opens Doors for Those Often Ignored</b>
5	<b>The Unprecedented Rise of eSports</b>

### Find us at:

- Department of Economics website: <http://economics.ucla.edu/undergraduate/>
- Facebook: UCLA Economics Counselors
- Like and follow us on Facebook for up to date department and career information

Published by the Undergraduate Economics Society. Email: [roundtable@econ.ucla.edu](mailto:roundtable@econ.ucla.edu)

## Interview with Professor Moritz Meyer-ter-Vehn

Contributed by Ng Xiang Yang, UCLA Undergraduate Economics

*Professor Moritz Meyer-ter-Vehn is a microeconomic theorist with research interests in both pure and applied economic theory. His research agenda in pure theory focuses on robust mechanism design. On the applied side, he studies dynamic games with incomplete information and has written papers on labor market competition, firm reputation, and information aggregation.*



**Interviewer:** Having studied mathematics during your undergraduate years, was there any reason you chose to pursue a Ph.D. in Economics instead?

**Professor Meyer-ter-Vehn:** Although I have a strong affinity for mathematics and the tools we developed, I wanted to apply these tools to solve problems of social relevance. Understanding economic theories require application of such tools and moreover, the field is highly dynamic. My background has led me to teach many applied classes such as Game Theory & Organizational Economics, allowing me to connect formal rigorous mathematical arguments to real-world economic scenarios.

**Interviewer:** What motivated you to become a researcher? How do you feel about your work?

**Professor Meyer-ter-Vehn:** Research gives me the privilege of deciding what topics and interests I can work on. I don't have an authority figure dictating how my work should be done and I am free to decide the research framework and teams I work with. The intellectual values, sense of novelty, and creativity in exploring unforeseen areas of economics make this job enticing to me. As for how I feel about my work, I have a lot of faith that the work I do is relevant to everyday life. Often, academia is criticized as being too abstract and detached. If you share that view then it would be difficult to pursue a life in research!

**Interviewer:** What did you enjoy the most when you were an undergraduate outside of classes?

**Professor Meyer-ter-Vehn:** I enjoyed meeting up with friends outside of class. I forged many important friendships from those years and I still keep in touch with them. Many of them ended up taking the academic route as well and became professors in fields such as mathematics, physics, and philosophy. I look at this as a testament to the richness that mathematics provides to different academic careers.

**Interviewer:** Can you tell us about one of your recent research projects?

**Professor Meyer-ter-Vehn:** One recent paper that I am working on is titled *Recruiting Talent*. Effective recruitment is crucial to any firm's success. The UCLA Economics Department itself recruits many researchers and it is a daunting task to identify talent amongst hundreds of applicants. It requires predicting who would have the most impactful research in the future. As such, the paper I am working on describes means of identifying talent and how organizations can better improve recruiting.

**Interviewer:** What challenges does such recruiting pose?

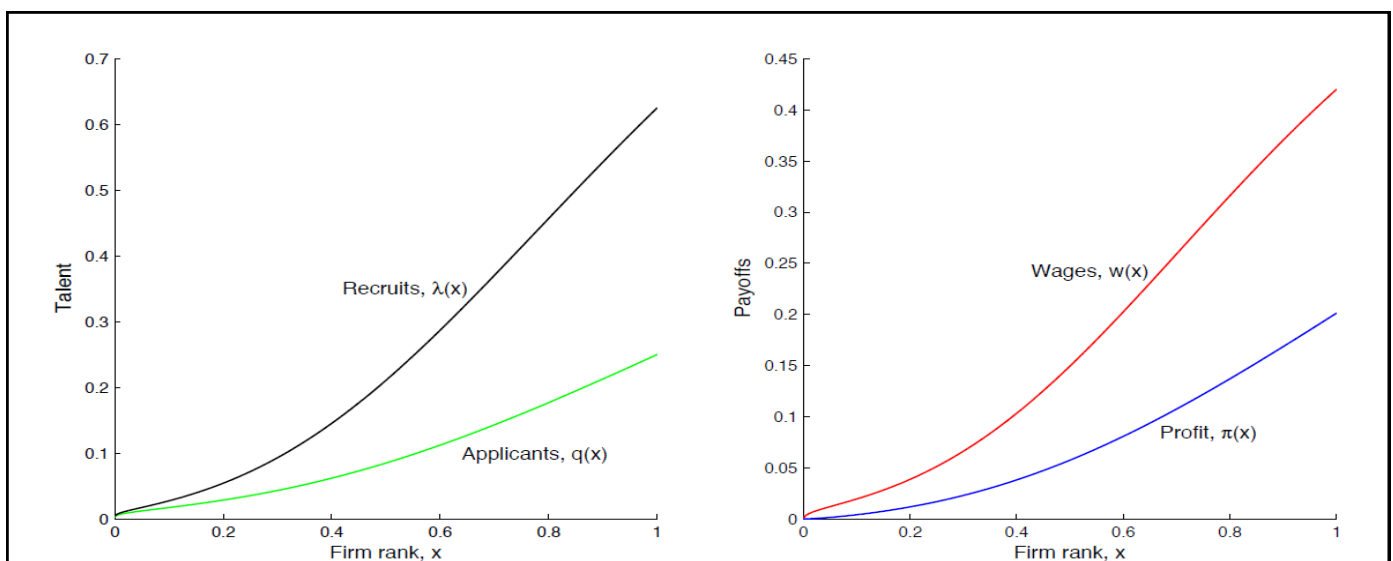
**Professor Meyer-ter-Vehn:** In retrospect, it is much easier to work with people in fields related to mine since I have a good grasp of their research at a deep, technical level. At the same time, however, we want to hire applicants who are specialized in certain fields that the department lacks, such as behavioral economics. Since I oversee recruiting this year, one issue is that as a non-expert in those fields, I find it hard to judge their work as it is unfamiliar territory for me. Even with recommendation letters, which are often inflated, I have to read between the lines to determine the true quality of a research candidate.

**Interviewer:** How does this competition for acquiring talent affect the higher education industry?

**Professor Meyer-ter-Vehn:** If you look at the higher education industry, you would notice universities are fiercely competitive when it comes to rankings. These rankings confirm the common view that there is heterogeneity among universities, but it also tells us that there is persistence in the heterogeneity as some universities manage to remain in the top ranks for extensive periods of time. For instance, UCLA Economics is always outside of the top 15 in these rankings despite our department's efforts to rise through the ranks. My point is that there is a persistence to rising through the ranks despite our best efforts since other universities are also doing their best to stay on top. In short, our paper describes this dynamic of firms & industries at large to compete for talent over time and explains why the good ones tend to stay on top of other firms, making it hard for others to catch up.

**Interviewer:** What advice would you give to undergraduates?

**Professor Meyer-ter-Vehn:** My first piece of advice is to think for yourself. Everyone is different and therefore they have to set their own goals. Another piece of advice is that students should not be too stressed about their grades and job prospects. This is not to say that you should regard your classes as trivial, but some students take it too far when it comes to increasing their grades and their job prospects. When I'm asked about my college experience, I think that the intellectual experience is important, but the social and personal experiences are also dear to me. So, I would say don't reduce college to the grades and the job prospects, because if you do that you would lose out on the rest university has to offer.



*Professor Meyer-ter-Vehn's Recruiting Talent*

## Available Labor Diminishes, Opens Door For Those Often Ignored

*Contributed by Bailey Brann, UCLA Undergraduate Economics*

People who have traditionally experienced difficulty when trying to enter the job market—such as those with past criminal records and without high school diplomas—are suddenly being presented with new opportunities for employment. As the labor pool continuously shrinks, many businesses across the nation are feeling the pressure to hire whatever laborers they can afford. Lawrence H. Summers, a Harvard economist and former Treasury secretary, describes how “when the unemployment rate is lower, employers will adapt to people rather than asking people to adapt to them.” In fact, the American economy has not seen this kind of intense competition for workers since the late 1990s and early 2000s, the last time the unemployment rate—currently 4.1 percent—was this low. Hopefully, this signals that the bargaining power is finally shifting from companies back to workers.

Take the modern-day example of Dane County, Wisconsin, a town where the unemployment rate was down to a mere two percent in November of 2017, resulting in an astonishingly high demand for workers. Manufacturers have now been pushed to their limits, going as far as hiring inmates at full wages to work in factories even while they serve their sentences. Statistics readily prove that businesses are increasingly willing to consider candidates with criminal records. Data from Burning Glass demonstrated that while 8.9 percent of online job postings in 2014 required a criminal-background check, it is currently down to only 7.9 percent. Moreover, take the example of Emerge Community Development, a Minneapolis nonprofit that helps people with criminal records or other difficulties find jobs. Yet, with the unemployment rate in the Minneapolis area down to 2.1 percent, companies are now seeking out Emerge as a source of labor. Mike Wynne, Emerge’s owner, declared how he has encountered “employers knocking on the door of [his] organization in a way that [he] hasn’t seen in probably 20 years.”

In addition, unemployment rates have fallen sharply in recent years for people with disabilities or without a high school diploma, as displayed in the graph on the above. Amy Glaser, a senior vice president for Adecco, a staffing firm, said that there was a recent surge in demand for warehouse workers. Two years ago, Adecco required warehouse workers to have a high school diploma and experience with the scanners used to track merchandise. Now, they require neither.

It is probable to be thinking how this information applies to you. Still, I believe it is imperative to not ignore those who are usually shunned and kept out of the public eye. With these new job opportunities acting as second chances for past inmates and non-high school graduates, I remain hopeful for the future.

### Less Education, but Still Gaining

In the past five years, employment rates have grown the most among those who have not earned a high school diploma.

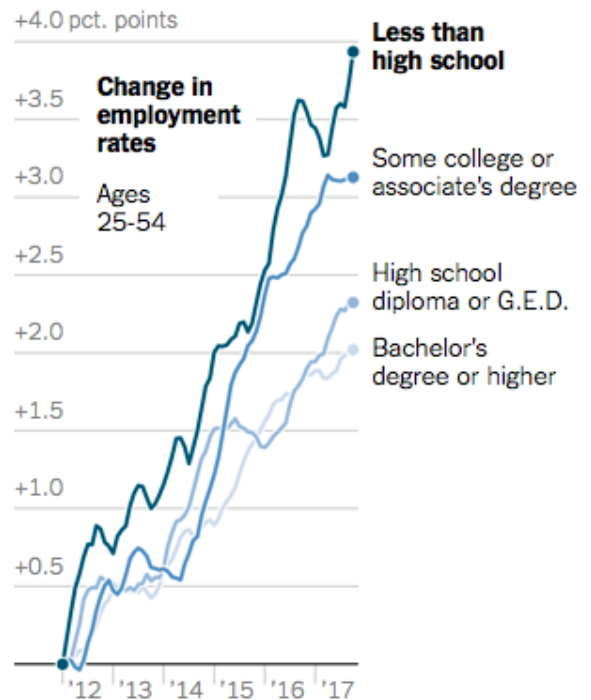


Image Citation: <https://www.nytimes.com/2018/01/13/business/economy/labor-market-inmates.html?rref=collection%2Fsectioncollection%2Fbusiness-economy>

## The Unprecedented Rise of eSports

*Contributed by Eric Liu, UCLA Undergraduate Economics*

The video game industry is a multi-billion dollar industry. Competitive gaming at a professional level, known as eSports, has existed for decades. However, investors and other sports organizations have only recently taken note. For most of the history of eSports, sports organizations and those involved in traditional sports scoffed at the idea that teenagers playing video games could be considered athletes. In 2013, this changed when the U.S. State Department enabled pro-gamers outside the United States to move in under specific visas that were granted for traditional sports players.<sup>2</sup> However, even with the legal recognition of eSports as a sport, the industry still faced prejudice and skeptics questioning their legitimacy.

The eSports industry has grown tremendously over the years, to the point where ESPN has started covering many of the biggest games in eSports. That's right, ESPN, the worldwide leader in sports, once resistant to recognizing eSports and once had its president publicly denounce eSports as "not a sport" in 2014 has given in. In early 2016, ESPN gave eSports a whole vertical covering the world of competitive gaming.<sup>1</sup> Not only has the media coverage of eSports increased but professional sports teams, particularly owners of the NBA and MLB have started pouring millions of dollars into professional gaming leagues. For instance, in this past October, Golden States Warriors majority owner Jacob Lacob paid \$13 million for a franchise spot in the competitive league, League of Legends.<sup>5</sup> League of Legends is currently the most popular eSports title and opened its competitive gaming league, North American League of Legends Championship Series, for 10 permanent franchise spots this past year. The Golden State Warriors were not the only traditional sports team involved in investment into eSports. Other teams such as The Cleveland Cavaliers, Houston Rockets, Milwaukee Bucks, Texas Rangers, and even the New York Yankees have also invested millions into the industry in hopes for a share of the profits.<sup>5</sup>

Overwatch, another popular video game, recently announced its formation of the Overwatch League, a professional eSports league. The Overwatch League offered spots in its league for a franchise fee of \$20 million. This did not deter investors, particularly sports-affiliated investors, as the Overwatch League saw investments from various sports owners including those affiliated with the NFL, NBA, NHL, and MLS.<sup>6</sup> These enormous investments into an industry of people playing video games competitively seem absurd at first glance, however, upon further analysis, it is quite evident why investors have flocked to the eSports industry. In 2016, the eSports industry generated \$493 million. The industry is projected to be worth almost \$1.5 billion by 2020. The fan base in eSports is massive, with viewership in the U.S. projected to exceed all professional sports leagues but the NFL by 2020.<sup>4</sup>

For all these reasons, eSports is here to stay. Whether or not people accept eSports as an actual sport is not important. More than 30 colleges have already started to offer scholarships for gamers. Regardless of society's opinion on eSports, the hundreds of millions of dollars the industry has already generated has subsequently attracted countless sports organizations to pour millions into the professional gaming scene. Sports and eSports are becoming more intertwined with the increasing involvement of sports into the competitive gaming industry. There are critics who question the growth potential of an industry predicated on watching gamers play video games, however, I'm confident eSports will continue its rapid growth as the industry sincerely connects and appeals with many Millennials and I'm confident eSports will soon appear on mainstream media.

Citations:

<sup>1</sup><https://espnmediazone.com/us/press-releases/2016/01/espn-com-launches-new-esports-vertical-covering-the-world-of-competitive-gaming/>

<sup>2</sup><https://www.forbes.com/sites/insertcoin/2013/07/14/the-u-s-now-recognizes-esports-players-as-professional-athletes/>

<sup>3</sup><https://newzoo.com/insights/articles/esports-revenues-will-reach-696-million-in-2017/>

<sup>4</sup><https://onlinebusiness.syr.edu/blog/esports-to-compete-with-traditional-sports/>

<sup>5</sup><http://variety.com/2017/digital/news/league-of-legends-north-america-league-teams-esports-1202619230/>

<sup>6</sup><https://www.wsj.com/articles/overwatch-league-backers-come-from-football-baseball-1499860800>

**Note: The views expressed in this newsletter are those of the authors and do not necessarily represent or reflect the views of the UCLA Department of Economics**