

# 8<sup>Th</sup> Annual Acadia Economics Conference

9:00am - 9:30am

## Registration and Networking

---

9:30am - 9:55am

Coner Beer

Dalhousie University

Undergraduate

Presentation:

Fixed Contract Switching Costs and Salary Determination: Evidence from Major League Baseball

Abstract:

Switching costs are a common feature of contracts in the labour market. For example, a firm may have to pay a severance package when it lays off long-term employee, or an employee who quits her job may lose her benefits package. Several major league sports leagues, including the NHL, NFL and MLB feature a unique type of switching cost in which a team which wishes to sign a player to a new contract in the open market must compensate the player's previous team with a first round draft pick. I will refer to these policies as 'draft pick compensation' systems. Whether draft pick compensation systems have an effect on player salaries has not previously been studied. I test whether draft pick compensation decreases free agent player salaries in Major League Baseball (MLB), using a time-fixed effects regression analysis. By understanding the effects of draft pick compensation systems on player salaries, I add to a growing body of literature which estimates the determinants of the salaries of professional athletes. Since draft pick compensation is a common feature in many sports leagues, properly understanding the effect of these type of switching costs will contribute to the understanding of the labour market for professional athletes.

---

10:00 - 10:25

Xuezhou Feng

Acadia University

Undergraduate

Presentation:

Predicting People's Wealth Using Online Data Set

Abstract:

My data is retrieved from page UCI, the data package which named "adult". Here is the URL:<http://archive.ics.uci.edu/ml/machine-learning-databases/adult/>  
In this data package, it is composed with two distinct groups, a training group called "adult data" includes 13714 observations and 15 predictors; and a test group called "adult test", which includes 16281 observations and 15 predictors. Both of training set and test set include only one classification response variable: income. And there are two classes in the response variable "greater or equal to 50K" or "less than 50K." The model is therefore trying to apply these variables to predict a random individual's income class to be whether greater or equal to 50K or less than 50K, based on this individual's characteristics.

---

10:25 - 10:40

## Quick Morning Break

---

10:45 - 11:10

Petr Kocourek

Memorial University

Undergraduate

Presentation:

Origins, Status and a Possible Way Out of Newfoundland and Labrador's Fiscal Difficulties

Abstract:

The province of Newfoundland and Labrador currently suffers severe fiscal difficulties that stand in direct contrast to the recent unprecedented economic growth of the

---

---

province. Contrary to popular belief, the situation has a complex character. It entails a close intertwining of the unique provincial development in 1990s and the province's strategy in handling the new offshore royalties' revenues, particularly through provincial budgets. It also originates in the dependency of provincial budgets on equalization payments from the federal government. Equally, Newfoundland and Labrador's fiscal crisis is situated in the context of the rising of public sector shared among the Atlantic Provinces. Any possible resolution to these difficulties has to take in consideration this multi-faceted character and combine multiple methods of improving the fiscal situation: among the most important are varieties of traditional and alternative taxes, reconsideration of expenditure strategies and collaboration with the federal government, as well as with other Atlantic provinces.

---

**11:15 - 11:40**

**Fiona McGuinty**  
Acadia University  
Undergraduate

Presentation:

**The Impacts of CETA on the Nova Scotia Fish and Seafood Industry**

Abstract:

The current fish and seafood industry in Nova Scotia is subject to various free trade agreements (FTAs) that have significantly reduced tariffs for these exported goods to other countries. The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) promises to reduce tariffs in a similar fashion for many products, including fish and seafood. In terms of value, Nova Scotia currently exports the most fish and seafood products internationally out of all Canadian provinces and territories. Furthermore, as the European Union is one of the largest importers of fish and seafood, it thus evidently presents itself as a valuable trading partner for Canada, and especially for Nova Scotia. However, despite the many benefits of a trade agreement with the EU, the depletion of stocks and the increasing difficulties faced by both wild and farmed fish and seafood industries pose a threat to the long-term sustainability of CETA. The delicate nature of the fish and seafood industry, as well as its unpredictable volatility makes it difficult to grasp the future effects of CETA on Nova Scotia. I examine current trade agreements and their effectiveness on the province, as well as past stock records to determine whether CETA will in fact be beneficial or will cause further depletion and environmental damage.

---

**11:45 - 12:10**

**Zongming Ma**  
Dalhousie University  
Masters

Presentation:

**A Dynamic Option Pricing Model with Economic Regime Shifts**

Abstract:

This paper develops a dynamic option pricing model with economic regime shifts. Assuming the one-period logarithmic returns of the underlying asset follows a simple hidden Markov model, we derive analytical pricing formula for European options. It is found that option prices are highly dependent on the likelihood of the current economic regime, with additional price premium spelled out for the regimes with high volatilities. The so-called volatility smile or smirk observed from the market activities are well explained by our model. To elaborate the versatility of our model, we compare our model analysis to the findings developed by Hardy (2001), which is a special case of our general setting.

---

**12:10 - 1:15**

**Lunch**

---

**1:15 - 1:40**

**William Kluska**

Presentation:

**Effects of Government Regulation of Payday Loans in Canada**

---

---

Acadia University  
Undergraduate

Abstract:

The Payday Loans market is different from a traditional loan market. Usury laws do not hold as the loans are meant to be for short-term emergency funds and are to be paid back within a 62 day period. Because of this, the market for Payday loans is lacking in consistent legislation and has been left to each Province to determine the specificities of their respective legislations. Additionally, usage of payday lending is more heavily centered around low income families and individuals who lack traditional access to credit. I am trying to answer whether or not access to payday loans is welfare-enhancing, or whether behavioural explanations and market failures dominate. I am analyzing this statistically, utilizing data from a number of Canadian household surveys and combining this with personally collected data on the nature of the payday loans industry to try and cleanly identify the effect of access to credit by exploiting political discontinuities in payday loans regulation across provinces.

---

1:45 - 2:10

Sil Gjoka

St. Mary's University  
Masters

Presentation:

Religiosity and Household Finance in Canada

Abstract:

Exploiting the detailed religious and household finance data of the Canadian General Social Survey of 2011 (N=22,435), I intend to investigate how religious preference and degree of religious observance associate with saving behaviour and financial resilience of Canadian households. Canadian religious landscape allows for the comparative examination of behaviour and outcomes, across a large number of Christian denominations and non-Christian faiths, such as Islam, Judaism and Buddhism. The teaching and tenets of religions differ from each other, in important financial matters such as endorsement of saving and proscription of interest-rate. Little is however known about how the devotees of these faiths differ from one another, when they share the same socioeconomic environment. This paper will be the first produce quantitative evidence regarding this issue. Moreover, I intend to examine how religious preference and degree of religious observance impact the distribution of financial tasks within a household, between men and women, using the same data.

---

2:15 - 2:40

Boer Chen

Dalhousie University  
Masters

Presentation:

The Effect of Unemployment Benefits on Unemployment Duration in Europe: A Comparative Study

Abstract:

Work-related social security programs in Europe make a distinct contribution in improving people's standard of living, but meanwhile spark intensive controversies among economists in a global context. The existing literature argues that generous employment insurance systems of European countries act as an obstacle in the labour market: increasing long-term (more than 1 year) unemployment rates and impeding economic growth in a long run. Is the generosity of UI benefits that increases the proportion of long-term unemployed workers? In this study, I estimate the effects of UI benefits on long-term unemployment rate in 16 European countries from 1995 to 2013 using OLS regressions. This paper analyzes EI benefits from three dimensions: EI coverage rate, EI replacement rate, and benefits duration respectively. The results suggest that there is no evidence to state the European UI systems make the unemployed too lazy to work, and the government has no reason to motivate people to be hard working by blindly curtailing its UI benefits, which might be the only source of unemployed workers to survive during their hard time.

---

2:40 - 3:00

Awards and Closing Remarks

---