

# Western Undergraduate Economics Review

## 2013

The *Western Undergraduate Economics Review* is an annual publication containing papers written by undergraduate students in Economics at Western. First published in 2002, the *Review* reflects the academic distinction and creativity of the Economics Department at Western. By showcasing some of the finest work of our students, it bestows on them a lasting honour and a sense of pride. Moreover, publication in the *Review* is highly beneficial to the students as they continue their studies or pursue other activities after graduation. For many, it is their first publication, and the experience of becoming a published author is a highlight of their undergraduate career. The *Review* is a collaborative effort of the students, faculty, and staff of the Economics Department. All papers submitted to the *Review* are essays written for courses taken in the Department. Some are by students in the early stages of their Economics studies, while others are papers written by senior students for the Department's unique thesis course, Economics 4400. Selections are made by the edition editors, in consultation with a faculty advisor, based on creativity, academic merit, and the written quality of the article.

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## Editors' Comments

It gives us great pleasure to present the 2013 edition of the *Western Undergraduate Economics Review*.

The articles, originally written as essays in designated Economics courses, have been selected from papers submitted by undergraduate students. The essay requirement varies from a relatively short piece in a one semester course to a full-fledged thesis in the final year capstone course, Economics 4400, and that is reflected in the choice of topics as well as the length and depth of the various contributions.

The ongoing financial turmoil in many countries, which almost became a global crisis some years ago, continues to interest economists. Not surprisingly, three of the four papers here deal with some aspects of banking, including the role of central banks, and financial markets. Morgan MacInnes considers the case for central bank independence, Jie Ren attempts to explain the high profitability of China's major state-owned banks, and Dai Li deals with liquidity risk and asset prices. Zachary Nash examines how salary caps and shared revenue systems affect competitive balance in professional sports leagues, another timely topic given the recent history of collective bargaining in hockey and other sports.

We'd like to thank all the students who shared their work with us. Thanks are also due to Jennifer Hope for her expert help and persistence, and to our faculty advisor, Professor Kul Bhatia.

*Marc Corbeil*  
*Anna Zhu*  
London, Ontario  
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