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FAKULTÄT  
FÜR WIRTSCHAFTS- UND  
SOZIALWISSENSCHAFTEN

Fachbereich VWL / Department of Economics

# EconNewsletter

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JUNE 2 – JUNE 6, 2025

NEWSLETTER 2025-12

## SEMINAR CALENDAR

### HCHE Research Seminar

[Michael Kuhn, IIASA, Austria:](#)

*Explaining the Increasing Inequality in Life Expectancy Across Income Groups*

Monday June 2  
16:30-17:45  
Esplanade 36, R. 4011/13

### Quantitative Economics

[Yuri Tserlukevich, Arizona State University:](#)

*Corporate Hedging, Contract Rights, and Basis Risk*

Tuesday June 3  
12:15–13:30  
R. 0079 (VMP 5)

### Hamburg Lectures in Law and Economics

[Ritwik Banerjee, IIM Bangalore:](#)

*Cognitive Consequences of Insecure National Belonging*

Wednesday June 4  
18:15–19:45  
R. 223 (ILE)  
Alsterterrasse 1

This seminar is held in a hybrid format. To register for online participation via Zoom, please send an E-Mail by 11:30 AM at the latest on the day of the lecture to [lectures-ile@uni-hamburg.de](mailto:lectures-ile@uni-hamburg.de).

### Interdisciplinary Research Seminar

[Dominik Hangartner, ETH Zurich:](#)

*Birthright Citizenship Closes Second-Generation Immigrants' Political and Social Integration Gap to Native Citizens*

Thursday June 5  
17:15–18:45  
R. 0079 (VMP 5)

## ABSTRACTS

### **HCHE Research Seminar**

Michael Kuhn, IIASA, Austria:

*Explaining the Increasing Inequality in Life Expectancy Across Income Groups*

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#### *Abstract:*

Dr Michael Kuhn from Institute for Applied Systems Analysis (IIASA) will present a novel life-cycle model, grounded in demographic principles, to examine the influence of medical progress, technological progress, and the reduction in age-independent mortality on the rise in life expectancy across socioeconomic groups. Their findings indicate that the expanding disparity in life expectancy across income groups, as well as the growing income inequality among educational groups in the US, can be attributed to a selection process that changes the composition of the initial characteristics (learning ability, schooling effort, and health frailty) of the income groups. This selection process is triggered by the rising income and medical advancements that emerged with the cardiovascular revolution in the 1970s.

### **Quantitative Economics**

Yuri Tserlukevich, Arizona State University:

*Corporate Hedging, Contract Rights, and Basis Risk*

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#### *Abstract:*

A hedging contract can be terminated by a counterparty following a firm's event of default, such as a credit downgrade, covenant violation, or bankruptcy. This right is often exercised. Our model shows that although the termination right reduces hedging costs, it can reduce firm value because the counterparty exercising it does not consider the externality imposed on the firm. Consequently, firms hedge less, especially when facing high bankruptcy costs, and are more likely to enter liquidation. Using detailed hedging data, we confirm the model's predictions and provide an explanation for low hedging during financial distress.

## **Hamburg Lectures in Law and Economics**

Ritwik Banerjee, IIM Bangalore:

*Cognitive Consequences of Insecure National Belonging*

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### *Abstract:*

Ethnonationalist governments frequently adopt policies that challenge the status of ethnic minorities as equal members of the nation. We propose that such policies – even when purely symbolic – have tangible consequences for the groups they target through a previously understudied psychological channel. Exposure to exclusionary policies may reduce the cognitive bandwidth of individuals belonging to marginalized groups, leading to worse economic decisions. We test this hypothesis in India, where the party in power promotes a nationalist ideology that favours Hindus over Muslims. In a field experiment involving close to 2,000 workers performing data entry and information processing tasks, we randomize exposure to factual social media content referencing either symbolic or material exclusionary policies. Workers then chose between two types of payment contracts. We find that exposure to exclusionary policies reduces productivity and significantly increases the likelihood of selecting an economically suboptimal (‘wrong’) contract. These findings highlight how exclusionary policies can impact economic decision-making, exacerbating economic marginalization through cognitive channels.

## **Interdisciplinary Research Seminar**

Dominik Hangartner, ETH Zurich:

*Birthright Citizenship Closes Second-Generation Immigrants' Political and Social Integration Gap to Native Citizens*

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### *Abstract:*

The awarding of citizenship to immigrants' children born in the host country is widespread but increasingly contested; however, empirical evidence on whether birthright citizenship shapes long-term social and political outcomes in adulthood remains scarce. We exploit a natural experiment in Germany, where a birthright citizenship reform on January 1, 2000, allows comparing immigrants' children born just before and after the cutoff. Using a targeted survey of 1,060 second-generation immigrants born between November 1999 and February 2000, we use a regression discontinuity approach to estimate the impact of birthright citizenship on a range of social and political attitudes ~24 years later. This includes the extent to which birthright citizenship affects integration into the host society, and well as the extent to which such citizenship shapes democratic preferences. Our findings show that eligibility for birthright citizenship significantly enhances both inter-group integration and attitudes towards democracy among adult children of immigrants. These results are driven by increased levels of social integration, whilst political incorporation also rose in line with a range of pro-democratic attitudes. These gains effectively close the integration gap between second-generation immigrants and native citizens, primarily among those with parents from Muslim-majority countries. In addition, they speak to the wide-ranging beneficial effects of granting birthright citizenship at a time when such policies are coming under threat.

*The next EconNewsletter will be published on Tuesday, June 10, 2025.*

*Editorial deadline: Friday, June 6, 2025.*

**EconNewsletter**

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