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Fachbereich VWL / Department of Economics

EconNewsletter

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JUNE 9 – JUNE 13, 2025

NEWSLETTER 2025-13

SEMINAR CALENDAR

Quantitative Economics

[Magnus Irie, Princeton University:](#)

Innovations in Entrepreneurial Finance and Top Wealth Inequality

Tuesday June 10

12:15–13:30

R. 0079 (VMP 5)

Hamburg Lectures in Law and Economics

[Petros Milionis, University of Groningen:](#)

The Gradual and Heterogeneous Effects of European Trade Integration

Wednesday June 11

18:15–19:45

The lecture will take place in person in Marion Gräfin Dönhoff Senatsraum 0.59 at Bucerius Law School (Jungiusstraße 6, 20355 Hamburg). No registration is required.

As an alternative, we offer online participation for those who are unable to attend in person. To register for online participation via Zoom, please send an E-Mail by 11:30 AM to

lectures-ile@uni-hamburg.de.

Microeconomics

[Michał Krawczyk, Warsaw University:](#)

How Europeans look at the asylum system: an experiment on the role of self-interest, fairness, and communication

Thursday June 12

17:15–18:45

R. 0079 (VMP 5)

ABSTRACTS

Quantitative Economics

Magnus Irie, Princeton University:

Innovations in Entrepreneurial Finance and Top Wealth Inequality

Abstract:

How does improved risk sharing for entrepreneurs affect top wealth inequality? On the one hand, better entrepreneurial financing allows entrepreneurial firms to scale up, which tends to raise top wealth inequality. On the other hand, better risk sharing allows entrepreneurs to reduce their idiosyncratic risk exposures. This risk reduction effect tends to lower top wealth inequality by making extreme wealth trajectories for entrepreneurs less likely. In equilibrium, which of these two effects dominates depends on how much economic activity is reallocated to entrepreneurial firms from elsewhere in the economy when entrepreneurs try to scale up. When this reallocation is large, Pareto inequality can increase rapidly as risk sharing improves on the margin.

Hamburg Lectures in Law and Economics

Petros Milionis, University of Groningen:

The Gradual and Heterogeneous Effects of European Trade Integration

Abstract:

We use a theory-consistent empirical gravity framework to compare the effect of Eurozone membership on trade flows relative to that of participating in the European common market as well as other EU and non-EU bilateral and multilateral trade arrangements or institutions. We conduct this analysis based on different bilateral trade data sets which capture both gross and value-added trade at different levels of aggregation. The data allow us to compare these effects across pairs of countries, economic sectors and sub-national regions at the NUTS-2 level. Overall we find that participation in the European common market has a large positive effect on bilateral trade flows while participation in the European monetary union leads typically to weak and statistically insignificant effects. At the same time we document substantial heterogeneity in these effects across sectors and regions. Across sectors we find the effects of the common market and the common currency to be larger for trade in manufacturing goods. Across regions we find both effects to be larger for regions that are geographically close and regions that share a common language. Exploiting further the timeline of EU integration, we demonstrate that the two effects increase in magnitude the longer a given pair has been part of both the common market and the common currency. The findings suggest that European trade integration is gradual and it builds on pre-existing ties.

Microeconomics

Michał Krawczyk, Warsaw University:

How Europeans look at the asylum system: an experiment on the role of self-interest, fairness, and communication

Abstract:

This pre-registered study, an extension of Bansak (2017), explores perceptions of the asylum system, focusing on the role of self-interest, fairness, and communication. We ask the participants – representative samples in eight EU countries – to rank fairness of three methods of allocating asylum seekers: no relocation, allocation proportional to each country's GDP, allocation proportional to each country's population. We find that nearly three-quarters of participants find some form of relocation most fair. However, there are important country differences. These are consistent with a self-serving bias: the tendency to judge the method that results in relatively few asylum seekers in one's own country as fair. Moreover, communication strategies randomised as treatments significantly moderate this tendency. Explicitly spelling out the consequences of implementation of each method in absolute terms (how many thousands of asylum seekers are to be expected in participant's country per year) significantly strengthens the self-serving bias. The same information presented in relative terms (per 100 thousand local inhabitants), showing that the number of asylum seekers is generally small, has a weaker effect.

The next EconNewsletter will be published on Monday, June 16, 2025.

Editorial deadline: Friday, June 13, 2025.

EconNewsletter

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