Universität Hamburg
DER FORSCHUNG | DER LEHRE | DER BILDUNG

FAKULTÄT
FÜR WIRTSCHAFTS- UND
SOZIALWISSENSCHAFTEN

Fachbereich VWL / Department of Economics

EconNewsletter

Editorial Contact: Michael Paetz
tel: +49 40 42838-5561; e-mail: econ.newsletter.Wiso@uni-hamburg.de

JUNE 30 – JULY 4, 2025 **NEWSLETTER 2025-16**

SEMINAR CALENDAR

HCHE Research Seminar
Daniel Wiesen, Universität zu Köln:
On the Stability of Social Preferences
Monday June 30
16:30-17:45
Esplanade 36, R. 4011/13

Quantitative Economics
Gauthier Vermandel, École Polytechnique, Université Paris-Dauphine:
The New Keynesian Climate Model
Tuesday July 1
12:15–13:30
R. 0079 (VMP 5)

Hamburg Lectures in Law and Economics
Kobi Kastiel, Tel Aviv University:
Opting Out of Court? Reputation and Informal Norms in Private Equity
Wednesday July 2
18:15–19:45
The lecture will take place ONLINE. Registration is required. To register for online participation via Zoom, please send an E-Mail by 11:30 AM to lectures-ile@uni-hamburg.de .

Labour and Applied Economics
Basit Zafar, University of Michigan:
Moral Hazard and the Sustainability of Income-Driven Repayment Plans
Thursday July 3
14:30–16:00
R. 4011/13 (Esplanade 36)

Interdisciplinary Research Seminar
Manuel Bagues, University of Warwick:
Gender Segregation in Childhood Friendships and the Gender-Equality Paradox
Thursday July 3
17:15–18:45
R. 0079 (VMP 5)

ABSTRACTS

HCHE Research Seminar
Daniel Wiesen, Universität zu Köln:
On the Stability of Social Preferences

Abstract:
Altruism is the fundamental aspect of medical professionalism and is shaped in future physicians during their medical education. We study the stability of patient-regarding altruism using data from a longitudinal behavioral experiment with German medical students (N=1,413 observations). We find that patient-regarding altruism remains rather stable over time. However, we observe substantial between-subject heterogeneity which is largely due to a large unexplained variance component.

Quantitative Economics
Gauthier Vermandel, École Polytechnique, Université Paris-Dauphine:
The New Keynesian Climate Model

Abstract:
Climate change confronts economies with two inflationary challenges: climateflation, driven by physical climate impacts, and greenflation, arising from mitigation efforts. This paper develops and estimates a nonlinear New Keynesian Climate model that merges the long-term dynamics of Integrated Assessment Models with the business cycle fluctuations captured by DSGE frameworks. This unified framework enables a systematic analysis of how climate change and mitigation policies influence inflation, output, and interest rates. We find that nominal rigidities are crucial for determining optimal carbon pricing: neglecting them leads to miscalibrated carbon taxes, excessive inflation, and reduced consumption. Simulations also reveal that Paris-aligned mitigation paths generate higher inflation than laissez-faire approaches. Nonetheless, central banks can counter these inflationary pressures by adapting policy to a rising natural interest rate and accepting short-term GDP losses. These results highlight the need to align monetary frameworks with climate policy goals to ensure macroeconomic stability during the net-zero transition.

Hamburg Lectures in Law and Economics
Kobi Kastiel, Tel Aviv University:
Opting Out of Court? Reputation and Informal Norms in Private Equity

Abstract:
Private equity, an industry characterized by high-stake investments and complex contractual arrangements, operates almost entirely outside of courts. Despite the substantial financial stakes involved—billions of dollars locked in for years—and the potential for fiduciary conflicts, litigation between limited partners (LPs) and general partners (GPs) who manage the investment is exceptionally

rare. In stark contrast to public markets, where shareholder litigation plays a prominent role in deterring misconduct and shaping corporate norms, the private equity world is largely defined by its absence. The puzzle, then, is this: In an industry where fiduciary breaches or misaligned incentives are not uncommon, why do LPs almost never turn to courts to enforce their rights? Drawing on proprietary documents, public records, and qualitative interviews with market players, this article provides the first account of the rarity of litigation in private equity and the ecosystem of extralegal relations and informal norms that serve as a substitute for formal legal channels.

This article makes three contributions to the literature on private equity. First, using hand-collected data, the article provides an empirical account of the non-litigious private equity landscape and its underlying causes. It also highlights how opting out of court is a result of reputational concerns, contractual barriers, and institutional disincentives. Second, the article investigates how private equity resolves disputes and enforces norms without recourse to courts. Based on a unique set of interviews with LPs, GPs, and legal advisors, this article sheds light on the alternative mechanisms that dominate the private equity landscape. Third, the article explores the implications of this non-litigious environment for investor protection, market efficiency, and regulatory oversight, questioning whether reliance on reputation and extralegal mechanisms is sustainable in the face of growing industry complexity.

Labour and Applied Economics

Basit Zafar, University of Michigan:

Moral Hazard and the Sustainability of Income-Driven Repayment Plans

Abstract:

Income-Driven Repayment (IDR) plans tie student loan repayment to income and forgive unpaid debt after certain years of repayment. We investigate how these features affect one's career choices through a survey where the same student is asked to select job profiles under various repayment plans. Consistent with our Ben-Porath style model, the survey results reveal that IDR is a double-edged sword. On the one hand, 36% of students underinvest in their human capital under the standard repayment plan relative to their would-be choices in a debt-free scenario; an IDR resembling the Saving on a Valuable Education (SAVE) plan reduces this fraction to 20%. On the other hand, IDRs induce moral hazards: Under a SAVE-like plan, 22% of students choose job profiles with lower initial wages and higher wage growth than their choices in a debt-free scenario, leaving part of their debt forgiven. A simple calculation indicates that this type of moral hazard alone would render SAVE-like plans inviable were they carried out by private lenders; however, government-run IDRs are sustainable due to the government's capacity to collect individuals' lifetime income taxes.

Interdisciplinary Research Seminar
Manuel Bagues, University of Warwick:
Gender Segregation in Childhood Friendships and the Gender-Equality Paradox

Abstract:
Men and women continue to cluster in different academic fields in higher education. Counterintuitively, this educational segregation is stronger in wealthier, more gender-equal societies. Using data from 500,000 children across 37 Western countries, we show that this segregation pattern originates earlier than previously thought. Already at age 11, children tend to have fewer opposite-sex friends in countries that are richer and more gender equal. Longitudinal data from 7,000 British individuals also show that those lacking opposite-sex friends in childhood are significantly more likely to select gender-segregated educational choices at age 17. These patterns seem to reflect the effect of economic prosperity rather than a backlash against gender equality. While children from wealthier households report fewer cross-gender friendships, children whose parents hold more gender-egalitarian views tend to have more opposite-sex friends. We identify two mechanisms through which prosperity inadvertently increases segregation: structured activities that enable gender-typical choices and delayed transition into adolescence.

The next EconNewsletter will be published **on Monday, July 7, 2025.**

Editorial deadline: **Friday, July 4, 2025.**

EconNewsletter
Department of Economics
University of Hamburg
Von-Melle-Park 5, 20146 Hamburg

To un/subscribe from/to this newsletter, please
send an e-mail to econ.newsletter.Wiso@uni-hamburg.de