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## The Effects of Imprecise Probabilities and Outcomes in Evaluating Investment Options.

This paper investigates whether small countries gain relatively more than large countries from an 'expansion' of their market through the creation of a single currency. The introduction of the euro offers a particularly valuable source to test this hypothesis, which we motivate using the theoretical model by Casella of the year 1996. Our results from a panel data analysis, using both aggregate and disaggregated trade data, point to a statistically significant but quantitatively moderate small country bonus. On average, the euro has led to an improvement of the small euro area's relative export performance by 3–9%.