

Masterseminar: Economics of Disintegration

Sanctions, trade wars and political tensions

Session 1 — May 7, 2025

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ABOUT THIS SEMINAR

Overview

- Aim: Review and discuss important papers on the topic of sources and outcomes of (economic) disintegration
 - sanctions, (trade) wars, political tensions
- How: Everyone reviews one paper in detail, writes and presents a “referee report”
 - Two deliverables: 5 – 8 pages report and 10 – 15 min presentation

Referee Report

Two purposes:

Summarize and offer **comments and suggestions** to improve the paper

Referee Report

Summary:

- Contributions of the paper relative to the literature:
 - Question and goals of the paper
 - Theoretical model
 - Empirical methodology
 - Data being used
 - Main results

Referee Report

Comments / Criticisms / Suggestions:

- provide (at least four) suggestions to improve the paper
 - general question addressed: most interesting question given the data? How well do the results answer the question?
 - model: are assumptions reasonable or realistic?
 - empirical methodology: are the econometric assumptions reasonable or realistic?
 - results: do they answer the stated question? Are the author's interpretation of the results correct?
 - What other results would you like to have seen?

Referee Report

Alternatives:

- Using the author's dataset, what other interesting economic questions can be answered?
- Describe an alternative way to answer the same question (perhaps using another dataset, or exploring a different economic setting)

In real life: "Recommendation"

PAPERS

Suggested topics

- Sanctions
- Trade wars
- Wars and political tensions
- Trump tariffs
- ...

Sanctions

- “The Sword and the Shield: The Economics of Targeted Sanctions,” Rod Ludema and Daniel Ahn. *European Economic Review*, Volume 130, November 2020.
- “International Isolation and Regional Inequality: Evidence from Sanctions on North Korea,” Yong Suk Lee. *Journal of Urban Economics*, Vol. 103, 2018.
- “(Trade) War and Peace: How to Impose International Trade Sanctions,” Gustavo de Souza, Naiyuan Hu, Haishi Li, and Yuan Mei. WP 2022-49, Federal Reserve Bank of Chicago.
- “Sanctions and Misallocation. How Sanctioned Firms Won and Russians Lost.” Dzhamilya Nigmatulina. CEP discussion paper, 23 November 2022, Paper Number CEPDP1886.
- ...

Trade wars

- “The Return to Protectionism,” Pablo Fajgelbaum, Pinelopi Goldberg, Patrick Kennedy, and Amit Khandelwal. The Quarterly Journal of Economics, Volume 135, Issue 1, February 2020.
- “Tariffs and Politics: Evidence from Trump’s Trade Wars,” Thiemo Fetzer and Carlo Schwarz. The Economic Journal, Volume 131, Issue 636, May 2021.
- “Illuminating the Effects of the US-China Tariff War on China’s Economy,” Davin Chor and Bingjing Li. NBER WORKING PAPER 29349, October 2021.
- ...

Wars and political tensions

- “This Mine Is Mine! How Minerals Fuel Conflicts in Africa,” Nicolas Berman, Mathieu Couttenier, Dominic Rohner and Mathias Thoenig. *American Economic Review*, Vol 107, No. 6, June 2017.
- “Make Trade Not War?,” Philippe Martin, Thierry Mayer and Mathias Thoenig. *The Review of Economic Studies*, Volume 75, Issue 3, July 2008.
- “Casualties of border changes: Evidence from nighttime lights and plant exit,” Behrens, K and M Kuznetsova. CEPR Press Discussion Paper No. 17528, August 2022.
- “When trade stops: Lessons from the Gaza blockade 2007–2010,” Haggay Etkes and Assaf Zimring. *Journal of International Economics*, Volume 95, Issue 1, January 2015.
- ...

Where to look for papers

- Top journals: Econometrica, Quarterly Journal of Economics, Journal of Political Economy, Review of Economic Studies, Journal of International Economics, Review of Economics and Statistics, ...
- Working papers: NBER, CEPR, cesifo, ...
- ...

NEXT STEPS

Next steps

- Choose a paper within 7 days
- Write report and prepare presentation
- Deadline: 1 week before second session
- Second and possible third sessions dates to be discussed
 - Presentation of term papers and discussion