
Spring semester 2025 (SP 25)**Dates: Wednesday, 12.15 - 16.00****Classroom: Pérolles 17, 001****Credits: 4.5 ECTS**

1. Content

The global economic order is in upheaval. The trade wars instigated during the first Trump presidency in the US, the pandemic with its stressed supply chains, and the Russian invasion of Ukraine have shaken up a world order that has existed since the fall of the Soviet Union in 1991. As trade wars are likely to become more virulent in the second Trump presidency, an even more critical challenge is looming: the rivalry between the US and China is coming to a dangerous head: from a trade war to a technology war, and from a new cold war to possibly a hot war.

The rules-based system of the post-war era is disintegrating. International relations are increasingly based on unilateral power and recklessness instead of legality and multilateral cooperation. In this reality, economic policy instruments are used for geopolitical objectives—this is the field of geoeconomics.

These developments are particularly challenging for a small, open economy like Switzerland. So far, Switzerland has been an undisputable globalization winner, relying heavily on the rules-based order. Today, foreign trade accounts for 40 percent of Switzerland's economic activity. The big question is how a small country should adapt to such a new world order, where might and power replace rules and due process. Whereby, small country is relative: Switzerland is currently the 20th largest economy in the world, even in terms of its nominal gross domestic product.

We discuss these geoeconomic developments from a Swiss perspective. What are the major challenges for the Swiss economy, society, and politics? What are the major opportunities? What are the major policy options? We discuss topics such as conflict, trade, money and finance, public finance, regulation, institutions, and politics. Hence, geoeconomics is not a field within economics but rather the economic approach to understanding the implications of geopolitical dynamics; in this course, applied to the case of Switzerland.

Part I introduces various topics and discuss recent research. This part requires the active preparation of the literature and emphasizes class discussions.

Part II considers the Swiss case. Students choose a topic, prepare “policy briefs” discussing specific challenges for Switzerland, and present their evaluations in class.

2. Preliminary Program

	Subject	Literature/Contributors
19.02.	Introduction Recent history and fragmentation	<i>Clayton et al. (2024), Mohr & Trebesch (2024), Campos et al. (2023), Fernández-V. et al. (2025)</i>
26.02.	Trade and industrial policy	<i>Autor et al. (2024), Bloom et al. (2024), Chakrabarti et al. (2024), Evenett et al. (2024), Gopinath et al. (2025)</i>
05.03.	Money and finance	<i>Behn et al. (2025), Mitchener & Wandschneider (2024)</i>
12.03.	Fiscal and regulatory policy	<i>Mitchner & Trebesch (2023), Draghi (2024)</i>
19.03.	Sanctions and embargos	<i>Hufbauer & Jung (2020), Morgan et al. (2023)</i>
26.03.	Conflict and war	<i>Federle et al. (2025), Fenske & Voigt (2024), Mazarr (2018)</i>
02.04.	<i>No lecture</i>	
09.04.	Policy briefs	<i>tba</i>
16.04.	Policy briefs	<i>tba</i>
23.04.	<i>Easter break</i>	
30.04.	Policy briefs	<i>tba</i>
07.05.	Policy briefs	<i>tba</i>
14.05.	Policy briefs	<i>tba</i>
21.05.	<i>Reserve</i>	
28.05.	<i>Reserve</i>	

3. Teaching assistance

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4. Sources

a) Online Resources

[Autor, Dorn, and Hanson – China Shock](#)

[Brookings Institution – Geopolitics of AI](#)

[Draghi Report](#)

[Global Trade Alert](#)

[Handbook of the Economics of Conflict](#) – [Access via UniFr VPN](#)

[Oxford Handbook of Geoeconomics and Economic Statecraft](#) – [Access via UniFr VPN](#)

b) Literature

General

Aggarwal, Vinod K. and Tai Ming Cheung (eds.) (2025). *The Oxford Handbook of Geoeconomics and Economic Statecraft*. Oxford University Press, forthcoming

Aiyar, Shekhar, Andrea F. Presbitero and Michele Ruta (eds.) (2023). *Geoeconomic Fragmentation. The Economic Risks from a Fractured World Economy*. CEPR Press

Clayton, Christopher, Matteo Maggiori, and Jesse Schreger (2024). A Framework for Geoeconomics. *NBER Working Paper* 31852

Clayton, Christopher, Matteo Maggiori, and Jesse Schreger (2025). The Political Economy of Geoeconomic Power. *NBER Working Paper* 33353

Dube, Oeindrila, Massimo Morelli, Debraj Ray (eds.) (2024). *Handbook of the Economics of Conflict* (1), 1-414

Mohr, Cathrin and Christoph Trebesch (2024). Geoeconomics. *CESifo Working Paper* 11564

Thoenig, Mathias (2024). Trade in the shadow of war: A quantitative toolkit for geoeconomics. *Handbook of the Economics of Conflict* 1(8), 325-380

Fragmentation

- Campos, Rodolfo G., Julia Estefania-Flores, Davide Furceri, and Jacopo Timini (2023). Geopolitical fragmentation and trade. *Journal of Comparative Economics* 51(4), 1289-1315
- Campos, Rodolfo G., Benedikt Heid, and Jacopo Timini (2024). The economic consequences of geopolitical fragmentation: Evidence from the Cold War. *CESifo Working Paper* 11057
- Conteduca, Francesco Paolo, Simona Giglioli, Claire Giordano, Michele Mancini, and Ludovic Panon (2025). Trade fragmentation unveiled: five facts on the reconfiguration of global, US and EU trade. *Journal of Industrial and Business Economics*, forthcoming
- Fernández-Villaverde, Jesús, Tomohide Mineyama, and Dongho Song (2024). Are We Fragmented Yet? Measuring Geopolitical Fragmentation and Its Causal Effect. *NBER Working Paper* 32638

Trade

- Autor, David, Anne Beck, David Dorn, and Gordon Hanson (2024). Help for the Heartland? The Employment and Electoral Effects of the Trump Tariffs in the United States. Working Paper, University of Zurich
- Borin, Alessandro, Gianmarco Cariola, Elena Gentili, Andrea Linarello, Michele Mancini, Tullia Padellini, Ludovic Panon, and Enrico Sette (2023). Inputs in Geopolitical Distress. A Risk Assessment Based on Micro Data. Bank of Italy, *Questioni di Economia e Finanza* 819.
- Chakrabarti, Anindya S., Kanika Mahajan, and Shekhar Tomar (2025). Trade Disruptions and Reshoring. *American Economic Journal: Applied Economics* 17(1), 239–270
- Fotak, Veljko, Hye Seung (Grace) Lee, William L. Megginson, and Jesus M. Salas (2025). The Political Economy of Tariff Exemption Grants. *Journal of Financial and Quantitative Analysis*, forthcoming
- Gopinath, Gita, Pierre-Olivier Gourinchas, Andrea F. Presbitero, and Petia Topalova (2025). Changing global linkages: A new Cold War? *Journal of International Economics* 153, 104042
- Mattoo, Aaditya, Michele Ruta, and Robert W. Staiger (2024). Geopolitics and the World Trading System. *NBER Working Paper* 33293
- Irwin, Douglas A. (2025). Trade Policy, Exchange Rates, and the Globalization Surge of the 1990s. *NBER Working Paper* 33426

Industrial policy

- Bloom, Nicholas, John Van Reenen, and Heidi Williams (2019). A Toolkit of Policies to Promote Innovation. *Journal of Economic Perspectives* 33(3), 163-184
- Bombardini, Matilde, Andres Gonzalez-Lira, Bingjing Li, and Chiara Motta (2024). The Increasing Cost of Buying American. *NBER Working Paper* 32953
- Evenett, Simon, Evenett, Adam Jakubik, Fernando Martin, and Michele Ruta (2024). The return of industrial policy in data. *The World Economy* 47 (7), 2762-2788

Flynn, Joel P., Antoine Levy, Jacob Moscona, and Mai Wo (2025). Foreign Political Risk and Technological Change. Working Paper

Money and Finance

Behn Markus, Jan Hannes Lang, and Alessio Reghezza (2025). 120 years of insight: Geopolitical risk and bank solvency. *Economics Letters* 247, 112168

Mitchener, Kris James, and Kirsten Wandschneider (2024). Currency Wars and Trade. *NBER Working Paper* 33313

Berg, Tobias, Jan Keil, Felix Martini, and Manju Puri (2024). CBDCs, Payment Firms, and Geopolitics. *NBER Working Paper* 32857

Fiscal and regulatory policy

Mitchener, Kris James, and Christoph Trebesch (2023), Sovereign Debt in the Twenty-first Century. *Journal of Economic Literature* 61(2), 565-623

Draghi, Mario (2024). *The Future of European Competitiveness*. European Commission.

Larsen, Benjamin Cedric (2022). The geopolitics of AI and the rise of digital sovereignty. Brookings Institution, December 8, 2022

Sanctions

Eichenberger, Reiner, and David Stadelmann (2022). Sanctions are Costly for Citizens but Beneficial for Autocrats: A Political-Economic Perspective. *The Economists' Voice*, December 2022

Hufbauer, Gary Clyde, and Euijin Jung (2020). What's new in economic sanctions? *European Economic Review* (130), 103572

Morgan, T. Clifton, Constantinos Syropoulos, and Yoto V. Yotov (2023). Economic Sanctions. *Journal of Economic Perspectives* 37(1), 3-30

Peksen, Dursun (2019). When Do Imposed Economic Sanctions Work? A Critical Review of the Sanctions Effectiveness Literature. *Defence and Peace Economics* 30(6), 635-647

Conflict and war

Bachmann, Rüdiger, David Baqaee, Christian Bayer, Moritz Kuhn, Andreas Löschel, Benjamin Moll, Andreas Peichl, Karen Pittel, and Moritz Schularick (2024). What if? The macroeconomic and distributional effects for Germany of a stop of energy imports from Russia. *Economica* 91(364), 1-44

Garicano, Luis, Dominic Rohner, and Beatrice Weder di Mauro (eds.) (2022). *Global Economic Consequences of the War in Ukraine Sanctions, Supply Chains and Sustainability*. CEPR Press

Gorodnichenko, Yuriy and Vladyslav Rashkovan (eds.) (2023). *Supporting Ukraine: More critical than ever*. CEPR Press

Fenske, James, and Hans-Joachim Voigt (2025). Conflict in economic history. *Handbook of the Economics of Conflict* 1(3), 105-163

Federle, Jonathan, Dominic Rohner, and Moritz Schularick (2025). Who wins wars? *Kiel Working Paper* 2280

Klinger, Janeen M. (2019). The Science of Strategy: Deterrence and Coercion Theory. *Social Science and National Security Policy Deterrence, Coercion, and Modernization Theories*. Palgrave Macmillan

Mazarr, Michael J. (2018). Understanding Deterrence. *RAND Corporation, Perspectives*, PE295.

Myerson, Roger B. (2009): Learning from Schelling's Strategy of Conflict. *Journal of Economic Literature* 47(4), 1109-1125