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**Spring semester 2025 (SP 25)**  
**Dates: Wednesday, 12.15 – 16.00**  
**Classroom:**  
**19.02.-19.03.: Pérolles 17, 001**  
**26.03.-28.05.: Perolles 21, A303**  
**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 goeconomics.

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 20<sup>th</sup> largest economy in the world, even in terms of its nominal gross domestic product.

We discuss these global goeconomic developments and assume a Swiss perspective. What are the main global challenges and scenarios? What are the major challenges for the Swiss economy, society, and politics? What are the major opportunities? What are policy options? We discuss topics such as conflict, trade, money and finance, public finance, regulation, institutions, and politics. Hence, goeconomics is not a field within economics but rather the economic approach to understanding the implications of geopolitical dynamics.

*Part I* introduces various topics and discusses recent research. This part requires the active preparation of the literature.

*Part II* establishes the global goeconomic situation in a laboratory and discussion format.

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

## 2. Program

	<b>Subject</b>	<b>Literature/Contributors</b>
19.02.	Introduction to Geoeconomics Fragmentation	<i>Clayton et al. (2024, 2025), Mohr &amp; Trebesch (2024), Gopinath et al. (2025), Broner et al. (2024)</i>
26.02.	Trade and industrial policy	<i>Amiti et al. (2020), Autor et al. (2013, 2024), Chakrabarti et al. (2024), Evenett et al. (2024), Juhász et al. (2024), Juhász &amp; Steinwender (2024)</i>
05.03.	Money and finance	<i>Behn et al. (2025), Gopinath &amp; Itskhoki (2021), Mitchener &amp; Wandschneider (2024)</i>
12.03.	Sanctions and war	<i>Federle et al. (2024, 2025), Fenske &amp; Voigt (2024), Hufbauer &amp; Jung (2020), Morgan et al. (2023), Mazarr (2018)</i>
19.03.	Fiscal and regulatory policy	<i>Bloom et al. (2024), Mitchner &amp; Trebesch (2023), Draghi (2024)</i>
26.03.	Lab	Group work, class discussion
02.04.	<i>No class</i>	
09.04.	Lab and guest input	<i>Guest: Prof. Dr. Simon Evenett, IMD</i>
16.04.	Lab and guest input	<i>Guest: Dr. Gerald Hosp</i>
23.04.	<i>Easter break</i>	
30.04.	Policy briefs and guest input	<i>Guest: Dr. Stefan Legge, UniSG</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

##### **Textbook**

Krugman, Paul R., Maurice Obstfeld, and Marc Melitz (2023). *International Economics – Theory and Policy*. Pearson, 12<sup>th</sup> edition (9<sup>th</sup> edition on Moodle).

##### **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**

- Broner, Fernando, Alberto Martin, Josefin Meyer, and Christoph Trebesch (2024). Hegemonic Globalization. Manuscript.
- 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
- 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

### **Trade**

- Amiti, Mary, Stephen J. Redding, and David E. Weinstein (2020). Who's Paying for the US Tariffs? A Longer-Term Perspective. *AEA Papers and Proceedings* 110, 541-546
- Autor, David, David Dorn, and Gordon Hanson (2013). The China Syndrome: Local Labor Market Effects of Import Competition in the United States. *American Economic Review* 103(6), 2121-2168
- 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
- 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
- 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**

- 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

Juhász, Réka, Nathan Lane, and Dani Rodrik (2024). The New Economics of Industrial Policy. *Annual Review of Economics* 16, 213-242

Juhász, Réka, Claudia Steinwender (2024). Industrial Policy and the Great Divergence. *Annual Review of Economics* 16, 27-54

### **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

Clayton, Christopher, Amanda Dos Santos, Matteo Maggiori, and Jesse Schreger (2025). Internationalizing like China. *American Economic Review* 115(3): 864-902

Gopinath, Gita, and Oleg Itskhoki (2021). Dominant Currency Paradigm: A Review. *NBER Working Paper* 29556 (published in: *Handbook of International Economics* 2022, Ch. 2).

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

### **Sanctions and Embargos**

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, André Meier, Gernot J. Mueller, and Victor Sehn (2024). Proximity to War: The Stock Market Response to the Russian Invasion of Ukraine. *Journal of Money, Credit and Banking*, forthcoming

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

### ***Fiscal and regulatory 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

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