

## **The Economics of the Russian-Ukrainian War**

**Master seminar Sommersemester 2023**

**Prof.Dr.Philip Verwimp**

Europe is currently experiencing a dark episode in its history, a war at its eastern border between Russia and Ukraine with open and considerable involvement of western countries supporting Ukraine with weapons and intelligence information.

This war has many economic aspects: the financial situation of Russia via its exports of gas and oil, the dependency of several European countries on these sources of energy, the inflation of energy prices across Europe, the destruction of Ukrainian infrastructure, the forced displacement and disruption of millions of Ukrainian families, the hosting of refugees in neighbouring countries and so on.

The seminar will deal with these economic aspects of the war, first via the reading of scientific publications and then via the analysis of data sources. Students will make their own empirical contribution to the topic with the analysis of micro or macro level data. Class presentations and paper assignment can be performed by two students working together.

This will only work when students are highly motivated to read the selected literature ahead of each meeting. Student motivation will be tested in the first session by a written test on the reading material for that class (see session 1) that is available online. The grade obtained for the test will count as part of the final grade for the course.

Students will do one class presentation and write one empirical paper. The class presentations will be discussed and allocated in the first class. The topic of the empirical paper needs to be chosen by May 11 at the latest.

The application process follows the centralized seminar slot allocation process. Please follow the instructions as communicated in the economics newsletter. If you would like to attend this seminar, please indicate accordingly in this form (<https://survey.academiccloud.de/index.php/675269>) until 31 March."

FlexNow: registration until April 18.

In order to fulfill the requirements of the class, a student needs to perform three tasks:

- Present a piece of the literature in class (30 % of the final grade)
- Write a seminar thesis of 15 to 20 pages (70% of the final grade) by August 15.
- Active participation in all classes counts at the margin. Participation in all seminar meetings is mandatory.

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Course dates and hours

26/4, 2 to 4 pm : Macro-economic implications of the war for Russia

Read section 1, chapters 1, 3, 9 and 10 (20 pages in total) “The impact of Energy Sanctions” in Global Economic Consequences of the War in Ukraine Sanctions, Supply Chains and Sustainability, edited by Luis Garicano, Dominic Rohner and Beatrice Weder di Mauro

CEPR, e-book, 2022

Freely available online at

<https://cepr.org/publications/books-and-reports/global-economic-consequences-war-ukraine-sanctions-supply-chains-and>

These chapters must be read in advance of the class.

Remainder of the class:

- chapters 6, 11 and 12 of the same e-book
- The Economic Costs of the Russia-Ukraine War: A Synthetic Control Study of (Lost) Entrepreneurship, Paul Momtaz, et al, March 2023, pre-print, research gate

26/4: 6 to 8 pm : Macro-economic implications of the war for Ukraine

- “The true cost of war” , Erhan Artuc, Nicolas Gomez-Parra, Harun Onder, World Bank Policy Research paper 10217 , October 2022
- “War induced crop loss”, Klaus Deininger, Daniel Ayalew Ali, Nataliia Kussul, Andrii Shelestov, Guido Lemoine, Hanna Yailimov, World Bank Policy Research paper 10123, July 2022

Available online at

<https://www.worldbank.org/en/events/2022/12/06/local-and-global-economic-impacts-of-the-war-in-ukraine>

10/5: 2 to 4 pm : Macro-economic implications of the war for Europe and Africa

Chapters 21, 22 and 24 of the Global Economic Consequences of the war e-book

11/5, 2 to 4 pm : Implications for the environment

-Environmental impact of the war in Ukraine, OECD policy brief, July 2022

- War and wildlife: linking armed conflict to conservation, *Frontiers in Ecology and the Environment*, Kaitlyn M Gaynor, Kathryn J Fiorella, Gillian H Gregory, David J Kurz, Katherine L Seto, Lauren S Withey, Justin S Brashares, December 2016

- Witnessing the environmental impact of war, PAX, November 2020

<https://paxforpeace.nl/what-we-do/publications/witnessing-the-environmental-impacts-of-war>

#### 11/5: 6 to 8 pm : Micro level implications : refugees

-Becker, S O and A Ferrara (2019), "Consequences of forced migration: A survey of recent findings", *Labour Economics* 59: 1-16.

-Presentation by Prof.Verwimp based on UNCR data

#### 7/6: 2 to 4 pm : Micro-level implications: household decision making and marriage Decision-making in transnational households

-Bettina Haidinger, 2013, *Hausfrau für zwei Ländern sein*, Westfälisches Dampfboot Chapter 9 (only available in German)

- Verwimp, Ph, 2022, Vox EU Essay on the consequences of war in Ukraine, July 5,

Available at: <https://cepr.org/voxeu/columns/forced-displacement-gender-identity-norms-and-marital-stability-wake-war-ukraine>

#### 7/6: 6 to 8 pm : Micro-level implications: poverty and inequality

- Walter Scheidel, *The Great Leveler: Violence and the History of Inequality*, 2018, Princeton University Press , part II (student 6)

- Mercier, M. and Ph.Verwimp, Violence exposure and poverty: evidence from the Burundi civil war, *Journal of Comparative Economics*, 48, 2020

#### 21/6 : 2 to 4 pm: Micro-level implications: health and schooling

- Chapters 26 and 28 in the above e-book

- Verwimp, Ph, 2022, "Civil war and Academic Test Scores", unpublished man

#### 21/6: 6 to 8 pm : Reconstruction : needs and challenges

- "A Blueprint for the Reconstruction of Ukraine", April 2022, CEPR, available online

- Chapters 18 and 25 in *Supporting Ukraine: More critical than ever* Edited by Yuriy Gorodnichenko and Vladyslav Rashkovan

5/7: 2 to 4 pm : Long-term Implications: Europe's defence and defence industry

-EU defense and the war in Ukraine, Sophia Besch, Carnegie Endowment for Peace, december 2022

-The war in Ukraine and Europe's defence, Egmont Policy Brief 292, November 2022

5/7: 6 to 8 pm Long-term implications for Ukraine

Final group discussion on what we learned in class

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