



NEWSLETTER 2019-03

CALENDAR:

Departmental Seminar

Jesus Crespo Cuaresma (Vienna University of Economics and Business):

We just estimated twenty million fiscal multipliers

Monday, January 28

16:30–18:00

H26

IOS Seminar

Vasily Korovkin (CERGE-EI and UCLA Anderson School of Management):

Conflict and Trade: Evidence from Russian-Ukrainian Trade Transactions

Tuesday, January 29

13:30–15:00

WiOS 109 (Landshuter Str. 4)

ABSTRACTS:

Departmental Seminar

Jesus Crespo Cuaresma:

(Joint work with Jan Capek)

We just estimated twenty million fiscal multipliers

Abstract: We analyse the role played by data and specification choices as determinants of the size of the fiscal multipliers obtained using structural vector autoregressive models. The results, based on over twenty million fiscal multiplier estimated for European countries, indicate that many seemingly harmless modelling choices have a significant effect on the size and precision of fiscal multiplier estimates. In addition to the structural shock identification strategy, these modelling choices include the definition of spending and taxes, the national accounts system employed, the use of particular interest rates or inflation measures, or whether data are smoothed prior to estimation.

Economic and Social History Seminar

Vasily Korovkin:

Conflict and Trade: Evidence from Russian-Ukrainian Trade Transactions

Abstract: This study presents novel evidence on the effects of conflict on trade in non-conflict areas. We examine the context of the ongoing Russian military intervention in Ukraine. In a difference-in-differences framework, we leverage a newly compiled firm-level panel with the universe of Ukrainian trade transactions from 2013 through 2016 and exploit substantial spatial variation in the ethnolinguistic composition of Ukrainian counties. The estimates suggest that Ukrainian firms from counties with fewer ethnic Russians experienced a deeper decline in trade with Russia. We argue that this result stems from increased inter-ethnic tensions and a differential rise in negative attitudes and beliefs about Russia. Evidence indicates that possible mechanisms include consumer boycotts of Russian products, reputational concerns of Ukrainian firms, and a breakdown of trust in contract enforcement. In contrast, we find no evidence for individual-level animosity between firms' key decision makers or discrimination at the border. We also rule out that the differential decline in trade only arises from economic spillovers, such as refugee flows and destruction of supply chains with conflict areas.

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University of Regensburg

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