

Julius-Maximilians-University Würzburg
Faculty of Business Management and Economics
Chair of Monetary Economics and International Financial Markets
Prof. Dr. Maik Wolters

Seminar on the Macroeconomics Consequences of War **Professor Dr. Maik Wolters**

Semester:

Winter term 2022

Content:

Since last February, the whole world, and Europe especially, has been faced with a delicate situation in the wake of the Russian-Ukrainian conflict. In a complex period, after two years of pandemic, the consequences that this event may bring from a social and economic point of view are equally difficult to estimate. For this reason, the focus of this seminar will be to analyse the possible macroeconomic consequences of the conflict. The seminar will address this phenomenon by considering several dimensions, such as energy, monetary and fiscal response to tackle the crisis, inflation fluctuations and currencies' disruption. Finally, there will be a topic on the communication of innovations by central banks: while not directly related to the war crisis, the issue results determinant for understanding the effects of monetary policies. Although it is still too early to establish with certainty and scientific rigor all the implications of the conflict, the seminar will help to stimulate a macro-economic discussion on topical issues of international relevance, in order to disentangle the phenomenon on different levels of analysis. For this reason, some topics will be more policy-oriented while others will have a more technical slant.

Seminar:

The seminar is organized by Prof. Dr. Maik Wolters. Seminar papers will be supervised by Saverio Lenzi (*Email address will follow*).

Organizational Details:

- Most of the seminar takes place in presence.
- The first block consists of an intermediate meeting, the second block consists of the final presentations.
- The participation in all blocks is mandatory.
- The seminar language is English.

Schedule:

Date	Task / Event
24. October 2022	Send 3 most preferred topics to Email address will follow

25. October 2022	Allocation of topics and start of writing period
10. November 2022	Intermediate Meeting
19. December 2022	Submission Deadline
End of January 2023	Presentations

Intermediate Meeting:

- Meeting to follow-up on your progress in the writing period.
- Please prepare a short presentation (3-5 minutes) of positively 3 slides:
 - Slide 1: Brief explanation of the main economic mechanism relevant to your topic
 - Slide 2: Research question of your seminar paper
 - Slide 3: Preliminary outline of your planned seminar paper
- Your presentation will not be graded but serves as a joint feedback tool for all seminar participants.

Grade ratio:

The grade for the course will depend on the seminar paper (70%) and the presentation (30%). Handing in the seminar paper, holding a presentation as well as participating in the intermediate meeting is required to complete the seminar.

Course requirements:

Seminar paper:

The main body of your seminar paper should consist of **15 – 17 pages** of text for **10 ECTS** (1.5 space, 11-point font size, margins 2.5cm), excluding graphs, tables, and the bibliography. Nevertheless, we expect from you that you make use of graphs and tables to enrich your explanations. The seminar paper should give an overview about the topic alongside the papers listed for each topic. The literature we provide you with should be the focus of the seminar paper. For a high-quality seminar paper, however, we expect that you conduct additional literature research and relate these sources to the one we provide you with (maximum 5 additional sources).

The seminar paper should be understandable for other Master students who have not directly worked on this topic and have not read the papers. So, make sure that you develop some intuition! Also make sure that your seminar paper is clearly organized, includes page numbers, a clear numbering of sections and no typos. Make sure that **you always include a reference when you cite the work of others**. The references should be clearly organized. Figures and tables should be numbered and have a caption. Seminar papers with many typos/mistakes will be graded with 5.0 regardless of the quality of the content (Hint: let someone proofread your seminar paper.)

Presentation:

Prepare a presentation for 15 minutes. The most important thing about your presentation is what you say. The slides are not the main part but should only accompany your speaking with a visual aid. Don't read off your slides! Don't put everything that you want to say on the slides. Slides serve to highlight the most important aspects of your speaking and you can also show graphs that you explain. Practice your presentation. *Hint*: do not use more than 8-10 slides for a 15-minute presentation.

Academic integrity:

Make sure that your work does not violate anyone else's rights. In particular, copying contents without listing the source is not acceptable. All submissions will be scanned for plagiarism!

Topics

1. Energy Crisis in Germany

Bachmann, Rüdiger, David Baqaee, Christian Bayer, Moritz Kuhn, Andreas Löschel, Benjamin Moll, and Moritz Schularick (2022). "What if? The economic effects for Germany of a stop of energy imports from Russia", *ECONtribute Policy Brief*, No. 28.

Berger, Eva M., Sylwia Bialek, Niklas Garnadt, Veronika Grimm, Lars Other, Leonard Salzmann, Monika Schnitzer, and Volker Wieland (2022). "A potential sudden stop of energy imports from Russia: Effects on energy security and economic output in Germany and the EU", *IMFS Working Paper Series*, No. 166.

Ting, Lan, Galen Sher, and Jing Zhou (2022). "The Economic Impacts on Germany of a Potential Russian Gas Shutoff", *IMF Working Paper*, No. 144.

2. Fiscal and Monetary policy to mitigate Crisis

Blanchard, Olivier and Jean Pisani-Ferry (2022). "Fiscal support and monetary vigilance: economic policy implications of the Russia-Ukraine war for the European Union", *Policy Contribution Bruegel*, 06/2022.

Cochrane, John H. (2022). "Inflation Past, Present and Future: Fiscal Shocks, Fed Response, and Fiscal Limits", *National Bureau of Economic Research Working Paper Series*, No. 30096.

Becker, Torbjörn, Barry Eichengreen, Yuriy Gorodnichenko, Sergei Guriev, Simon Johnson, Tymofiy Mylovanov, Maurice Obstfeld, Kenneth Rogoff, and Beatrice Weder di Mauro (2022). "Macroeconomic policies for wartime Ukraine", *CEPR Rapid Policy Response Series*, No. 2.

3. Rising Inflation and Inflation Expectations

Hilscher, Jens, Alon Raviv, and Ricardo Reis (2022). "How Likely is an Inflation Disaster?", *CEPR Working Paper*, No. 17244.

Reis, Ricardo (2022). "The Burst of High Inflation in 2021–22: How and Why Did We Get Here?", *CEPR Working Paper*, No. 17514.

Schmitt-Grohé, Stephanie and Martin Uribe (2022). "What Do Long Data Tell Us About the Inflation Hike Post COVID-19 Pandemic?", *Rate National Bureau of Economic Research Working Paper Series*, No. 30357.

4. Exchange Rate and Currency Disruption

Itskhoki, Oleg and Dmitry Mukhin (2022). "Sanctions and the Exchange Rate", *National Bureau of Economic Research Working Paper Series*, No. 30009.

Lorenzoni, Guido and Iván Werning (2022). "A Minimalist Model for the Ruble During the Russian Invasion of Ukraine", *National Bureau of Economic Research Working Paper Series*, No. 29929.

5. Fiscal Multipliers in Times of Crisis

Auerbach, Alan, Yuriy Gorodnichenko, Daniel Murphy, and Peter B. McCrory (2022). "Fiscal multipliers in the covid19 recession", *Journal of International Money and Finance*, vol. 126(102669).

Kinda, Tidiane, Andras Lengyel, and Kaustubh Chahande (2022). "Fiscal Multipliers During Pandemics", *IMF Working Paper*, No. 149.

6. Central Banks: Policy Communication

Blinder, Alan S., Michael Ehrmann, Jakob De Haan, and David-Jan Jansen (2022). "Central bank communication with the general public: Promise or false hope?", *National Bureau of Economic Research Working Paper Series*, No. 30277.

Coibion, Olivier, Yuriy Gorodnichenko, and Michael Weber (2022). "Monetary policy communications and their effects on household inflation expectations", *Journal of Political Economy*, vol. 130(6).

D'Acunto, Francesco, Daniel Hoang, Maritta Paloviita, and Michael Weber (2020). "Effective policy communication: Targets versus instruments", *Chicago Booth Research Paper 20*, No. 38.