

# Agreements and Cooperation in International Economics

## - MIEPP Seminar -

## JGU Mainz

**Summer Term 2025**

Chair of International Finance, Prof. Philip Sauré

*Preliminary - subject to slight changes*

### Seminar Description

The seminar focusses on the economic literature that interprets international agreements as self-enforcing contracts. A strong focus lies on applications relating to international environmental agreements and resource economics, mostly related to the climate crisis. One application of the self-enforcing contracts are international environmental agreements between a climate coalition and polluting countries. Other examples are trade, borrowing and lending and climate accords.

Many of the papers to be presented in the seminar have a strong theory part, featuring mathematical models and their applications. A leading question to all of the papers is how member states can be incentivized to comply with certain features of international contracts.

Each seminar participant will present and review one or two papers, giving an in-depth summary and a critical assessment.

### Prerequisites

No single course from the master program is required. Yet, participants should be familiar with (or willing to learn in self-study) in-depth examination of the relevant mathematical tools.

### Organization

All meetings of the seminar are currently scheduled to take place in person. Further organizational issues will be discussed in the introductory meeting.

### Important Dates

**Introductory meeting:** Thursday, April 24, 2025, 8:30 am to 12:00

**Regular meetings:** Tuesdays, 10:15 am to 11:00 am, upon agreement

**Hand-in list of preferences of topics:** Friday, May 2, 2025, noon (12:00 pm)

**Assignments:** Wednesday, May 7, 2025, noon (12:00 pm)

**Presentations:** Friday, June 13, 2025, 8:30 am - 3:00 pm

**Hand-in term paper:** Monday, July 14, 2025, noon (12:00 pm)

## Background literature:

- Lecture Notes Muhamed Yildiz 2012. “Economic Applications of Game Theory” – Chapter 12 Repeated Games
- Barret, S. (2005): The theory of international environmental agreements. Handbook of Environmental Economics, Chapter 28, 3, 1457-1516.
- Telser, L.G. (1980): A Theory of Self-Enforcing Agreements. The Journal of Business, 53 (1), 27-44.
- Eaton, J., and Gersovitz, M. (1981). Debt with potential repudiation: Theoretical and empirical analysis. The Review of Economic Studies, 48(2), 289-309.

## Papers to be presented:

1. Hoel, M. (1994): Efficient Climate Policy in the Presence of Free Riders. Journal of Environmental Economics and Management, 27 (3), 259-274.
2. Barret, S. (1994): Self-Enforcing International Environmental Agreements. Oxford Economic Papers 46, 878-894.
3. Hoel, M. & Schneider, K. (1997): Incentives to Participate in an International Environmental Agreement. Environmental and Resource Economics, 9, 153–170.
4. Dixit, A. (1987). Strategic aspects of trade policy. In Advances in economic theory: Fifth world congress (Vol. 329).
5. Bond, E. W., & Park, J. H. (2002). Gradualism in trade agreements with asymmetric countries. The Review of Economic Studies, 69(2), 379-406.
6. Müller, A., Storesletten, K., & Zilibotti, F. (2019). Sovereign debt and structural reforms. American Economic Review, 109(12), 4220-4259.
7. Cole, H. L., & Kehoe, T. J. (2000). Self-fulfilling debt crises. The Review of Economic Studies, 67(1), 91-116.
8. Ederington, J. (2001). International coordination of trade and domestic policies. American Economic Review, 91(5), 1580-1593.
9. Eichner, T. & Pethig, R. (2013): Self-enforcing environmental agreements and international trade. Journal of Public Economics, 102, 37-50.
10. Eichner, T. & Pethig, R. (2017): Self-enforcing environmental agreements and trade in fossil energy deposits. Journal of Environmental Economics and Management, 85, 1-20.
11. Eichner, T., Kollenbach, G., Schopf, M. (2021): Buying versus leasing fuel deposits for preservation. The Scandinavian Journal of Economics, 123(1), 110-143.
12. Harstad, B. (2024). Trade and trees. American Economic Review: Insights, 6(2), 155-175.
13. Harstad, B. (2022). Trade, trees, and contingent trade agreements.
14. Harstad, B. (2012). Climate contracts: A game of emissions, investments, negotiations, and renegotiations. Review of Economic Studies, 79(4), 1527-1557.
15. Harstad, B. (2016). The dynamics of climate agreements. Journal of the European Economic Association, 14(3), 719-752.

16. Harstad, B. (2012). Buy coal! A case for supply-side environmental policy. *Journal of Political Economy*, 120(1), 77-115.
17. Sauré, P. (2014). Domestic policies in self-enforcing trade agreements. *European Economic Review*, 68, 19-30.