

Geoeconomic History of the Cold War

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Geopolitical Tensions and Trade

- Recent work in Geoeconomics highlights the negative impact of geopolitical distance on trade
- The effort to understand this relationship has been mostly focused on contemporary events, but less on the Cold War. An exception is Campos, Heid, and Timini 2024
- What does geopolitical distance encompass?
- Bloc membership vs. ideological alignment.

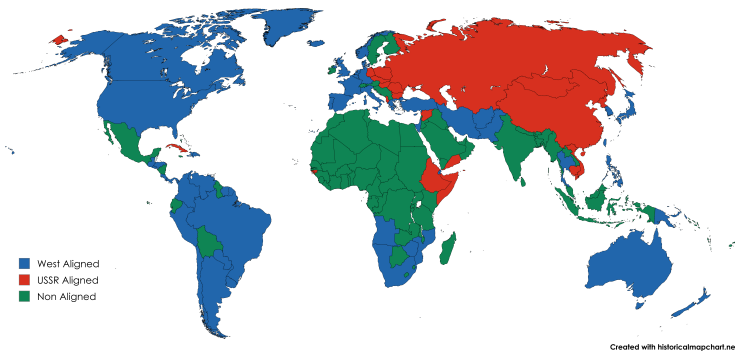


Results Preview

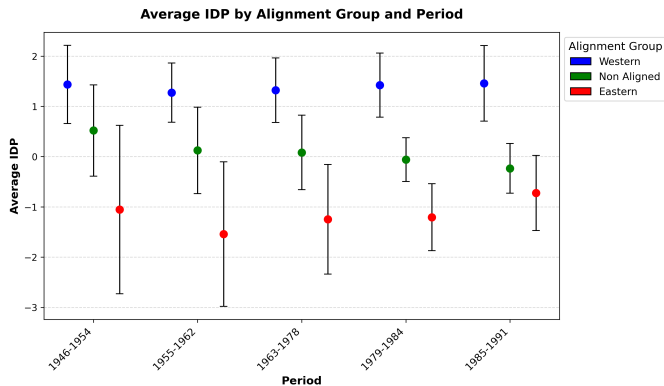
- Higher geopolitical distance and fragmentation are associated with lower levels of trade
- This negative effect persists throughout the Cold War, despite various periods of détente
- The magnitude of the effect depends on the measure chosen and the period of reference.



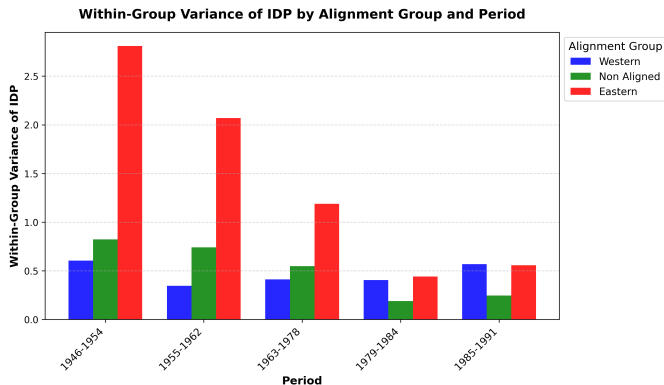
A World Divided into Blocs



Ideal Point Distribution by Blocs I



Ideal Point Distribution by Blocs II



Hegemons Polarisation

Period Averages

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Baseline HDFE PPML Regression

	Coefficient	Std. Error	z-statistic
Lagged IDPD	-0.193***	(0.017)	-11.33
<i>Absorbed Fixed Effects:</i>			
Origin × Year			
Destination × Year			
Origin × Destination			
Observations		454,886	
Pseudo R ²		0.9873	
Clusters		17,242	

Note: Standard errors clustered by origin-destination pairs.

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.



Results II

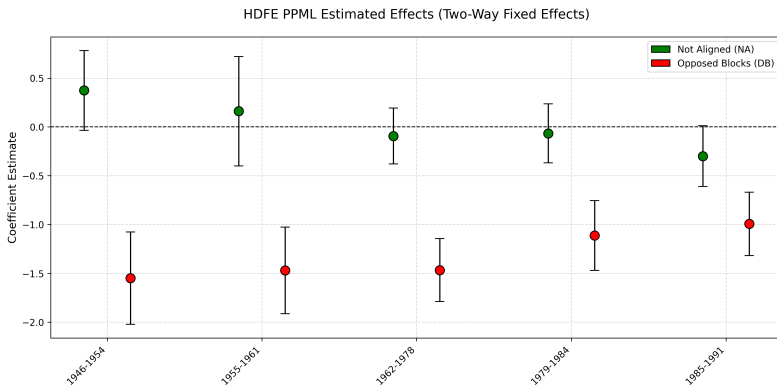
- The estimates from 1946 to 1955 are less precise because of a low number of countries being UN Member at the time
- It was only after 1954 that a significant number of countries joined the United Nations
- The negative effect of geopolitical distance seems to be increasing in magnitude over the years
- This is surprising, given that after 1962 the risk of nuclear escalation decreased significantly
- Sample size and fixed effects estimation.

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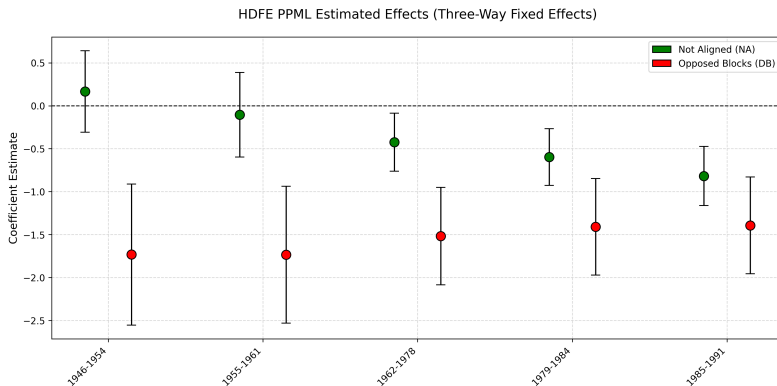


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Bloc Regression I



Bloc Regression II



Thank You!

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References V

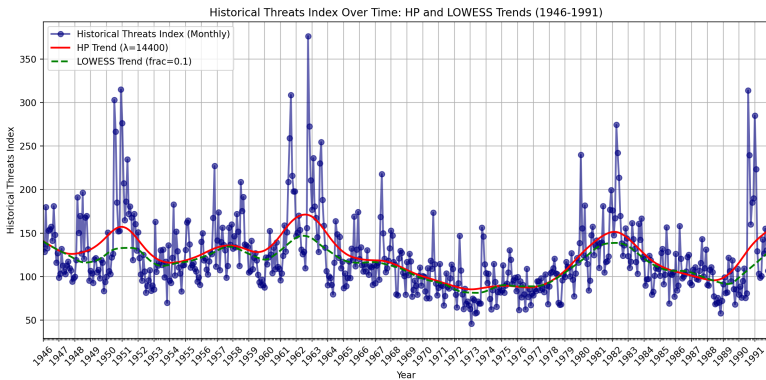


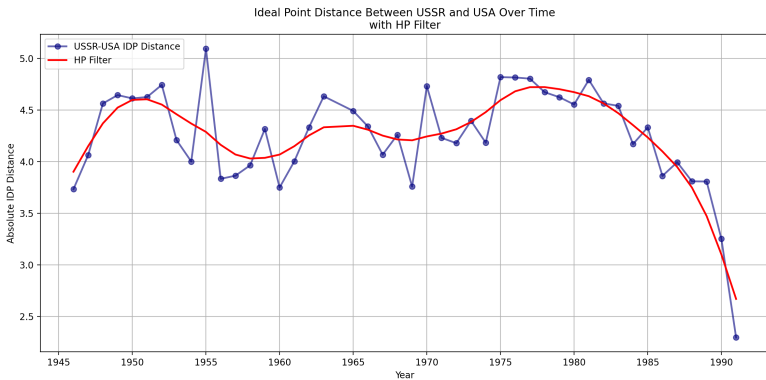
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IDP Distribution by Period I

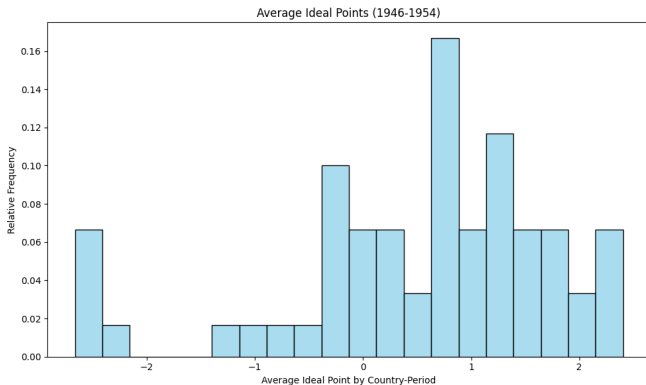


Figure: 1946-1954



IDP Distribution by Period II

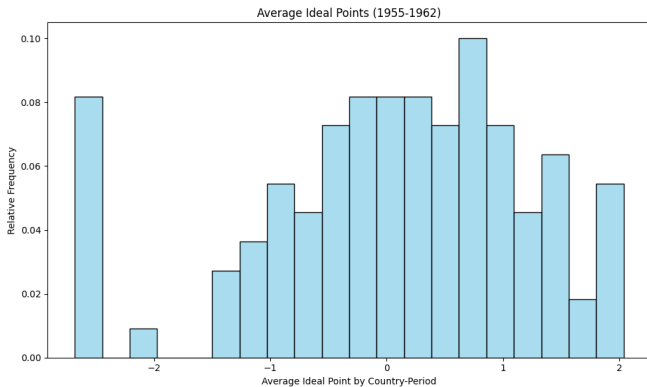


Figure: 1955-1962



IDP Distribution by Period III

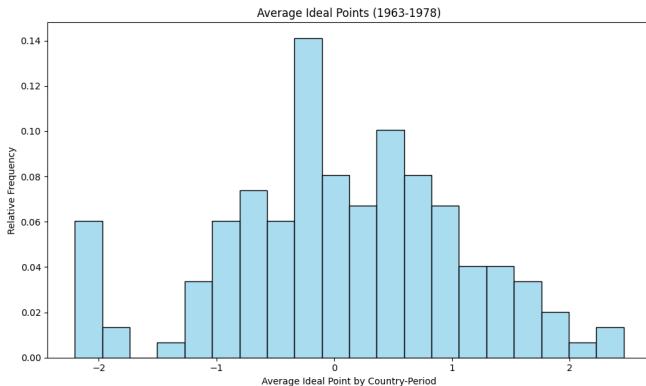


Figure: 1963-1978



IDP Distribution by Period IV

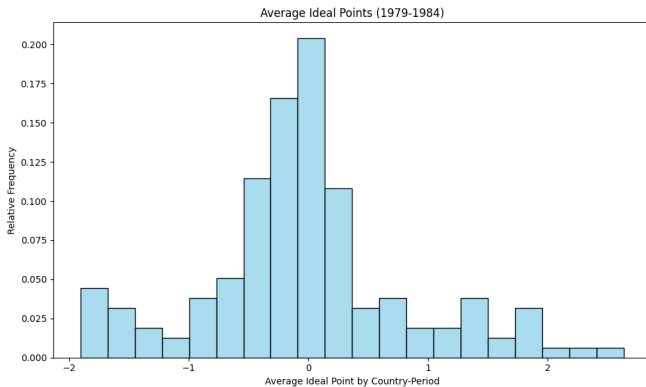


Figure: 1979-1984



IDP Distribution by Period V

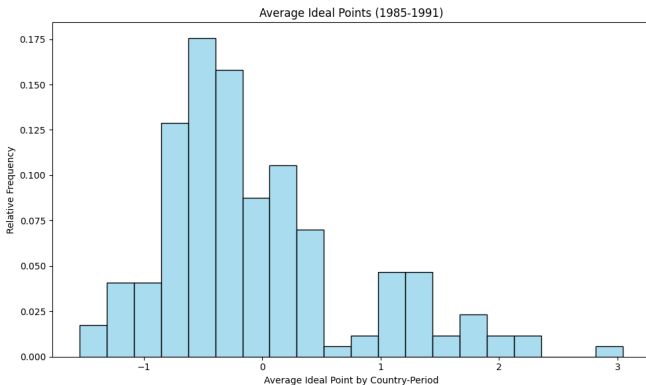


Figure: 1985-1991