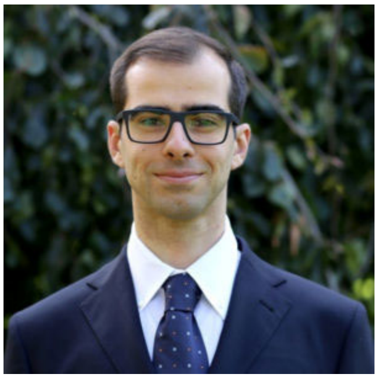
Department of Economics
2025-2026
Seminar Series



Monday, November 17, 2025
12:30 PM - 1:50 PM
SBS, Room N603

Lorenzo Magnolfi

Assistant Professor
Wisconsin

Conduct and Scale Economies: Evaluating Tariffs in the US Automobile Market

Abstract: We evaluate tariffs' effects in the US automobile market, accounting for global value chains. The medium-run effects depend on manufacturers' strategic responses and scale economies. We develop a data-driven procedure which selects Cournot quantity-setting with substantial scale economies as the best-fitting supply model. Counterfactuals reveal that 25% tariffs on imported cars induce pass-through slightly above one for foreign manufacturers, while domestic firms decrease prices; adding parts tariffs increases domestic prices by 6.5%. Consumer welfare losses double when tariffs extend to parts, with total surplus losses exceeding $30 billion in 2018. We evaluate these losses against employment gains in domestic manufacturing.

All in-person seminars will be held in the Social and Behavioral Sciences Building, Room N603. For additional information, contact the seminar organizers: Profs. Jonathan Becker and Lorenz Ekerdt. Visit our webpage for additional information: stonybrook.edu/economics.

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