

IPE @ WU NEWSLETTER

Institute for
International Political Economy

Summer 2023



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IPE-NEWS IN SUMMER

Editorial by
MATTHIAS KOUREK, BA
Administrative Assistant

DEAR COLLEAGUES AND FRIENDS,

We hope you can all enjoy the summer – whether on holiday, on a well-deserved break or in a hopefully cool office. Here at the Institute, too, there is a bit of calm, but certainly not standstill.

We work on numerous projects and ideas and prepare ourselves for the tasks that await us in the upcoming winter semester. Wherever you spend the summertime – it is never a bad idea to have some good reading material at hand. So make yourself comfortable and scroll through this once again packed issue.

Do you grab a "coffee to go" every now and then? If so, you should definitely take a look at the leading article by our colleague Sidan Raeskyesa. Whether our new Teaching and Research Associate, Teresa Hübel, also likes coffee lies beyond the editors' knowledge – but you can find out everything else about her in our "Institute & People" section.

We also report on a new publication and the first reactions of students of Sidan's and Ashley's courses. Our event series "PPP" has taken place again and our website is also waiting for your visit with new content. Do you know how to write an "Op-Ed"? Read a first-hand report in the Teaching section about why Op-Eds are important assignments in our classes.

Our institute head, Jonas Bunte, has also been out and about in the last few months and tells you more about it in "IPE on the road".

Thank you for your interest in International Political Economy.

If you have any questions or suggestions, please do not hesitate to contact us at: ipe@wu.ac.at. We will be happy to get in touch with you.

IPE in the world

POLITICS AND STARBUCKS - NOT ONLY COFFEE-LOVERS SHOULD CARE

Leading article by

D. G. SIDAN RAESKYESA, MSc

Teaching and Research Associate

Starbucks plans to open another 100 stores in the United Kingdom! Is it good or bad news for your favorite local coffee shops? Why should you care? If you like coffee as I do, then you should consider the politics behind this plan.

Starbucks, the world's most famous coffee chain, intends to expand in the United Kingdom. It is worth noting that the company has already invested heavily in the UK since 1998 and has over 1,000 stores in the country. So why does Starbucks continue to expand in this region? What is driving Starbucks' plan to grow in the UK? From a political perspective, the quality of the government plays a role. It is well-known that a stable political situation helps the market thrive, attracting foreign investors to capture the domestic market. Research shows that foreign direct investment often flows to countries with sound governance. A low-risk political situation may induce foreign companies to re-invest or expand their operation in the host countries.

However, politics is not only about government quality and market stability but also about decision-making. The government has also decided to welcome and support foreign investment in this context. The attitude is reflected through the FDI Restrictiveness Index, which measures how restrictive a country is toward foreign investment. In this case, the UK government has a value of 0.04, which is lower than the average of the OECD countries. The value in the restrictiveness index ranging from 1 to 0, with values close to zero, indicates fewer restrictions for foreign investors. In this case, the British government is supportive and intends to welcome more foreign investors, such as by granting them more freedom in opening their business branches and accessing local banks to finance their expansion.



*D. G. Sidan Raeskyesa, MSc
© WU Vienna, IPE*

Continue on the next page ...

Continuing:

POLITICS AND STARBUCKS - NOT ONLY COFFEELOVERS SHOULD CARE

The political decisions to welcome more foreign investment have created negative and positive impacts. For example, allowing Starbucks to expand within the United Kingdom creates pressure on the local coffee shops and may lead to the closure of those that cannot compete with Starbucks. However, others may argue that the local shops are forced to become better and more innovative to keep their customers due to the competition pressure. Also, Starbucks, as a foreign company, often pays higher salaries to local workers. In other words, Starbucks provides more, and sometimes better-paid, jobs to the British people.

Every political decision is temporary and should be viewed in context. After the Covid-19 pandemic, welcoming quality foreign investment may foster economic recovery (e.g., generating new jobs), especially in the service sector. Thus, the question is not about how detrimental this decision is to society but how we can ensure that foreign investment helps develop the local economy and improve people's lives. Therefore, it is vital for the UK government to support Starbucks' expansion but also provide support for the local coffee shops, such as financial incentives (e.g., tax deduction) to create an equal level playing field in the market.



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LIFE AT THE INSTITUTE

We are very pleased that the Institute for International Political Economy is constantly growing - also through another new colleague. We warmly welcome our new Teaching and Research Associate (pre-doc), Teresa Hübel, to our team.

Teresa Hübel



*Teresa Hübel, MSc.
© Hübel / WU Vienna, IPE*

I am the newest addition to our growing IPE team. Along with Ashley and Sidan, I am the Institute's third Teaching and Research Associate. I will research topics related to the political economy of trade policies to shed more light on the influence of human decision-making and social choice on this connection.

I am originally from Vienna but spent some time studying in New Zealand and Canada. I graduated from WU's master's program in Economics, where I studied in the science track. My master's thesis investigated the impact of boundedly rational expectations on unconventional monetary policy and was accepted for presentation at the "4th Behavioral Macroeconomics Workshop" in Bamberg. I estimated a model quantifying the effects of specific central bank tools. However, instead of assuming that people always act rationally, like most previous research, I allowed the model to account for human decision-making.

Before I joined the Institute, I worked as an economist at the Austrian Institute for Family Studies at the University of Vienna. Before that, I worked as a research assistant in globalization and inequality at the Vienna University of Economics and Business and in behavioral economics at the Vienna Institute for Advanced Studies. I also have experience teaching and supporting students through my role as a tutor in Macroeconomics, both at the undergraduate and graduate levels. I loved interacting with students and am looking forward to developing and teaching a course on the politics of trade beginning in the spring term of 2024.

How I spend my free time heavily depends on my daughter's current passions. At the moment, she is excited about peek-a-boo, funny faces, and unpredictable noises. Hence, I've become an expert in making various whimsical animal noises and surprisingly appearing behind objects with a weird expression on my face. Regarding more conventional hobbies, I enjoy rowing on the old Danube.



*WU Vienna Campus, Building D4
© WU Vienna*

IPE Means Success

CONFERENCE ACCEPTANCES

In this issue's "IPE Means Success" section, our colleague Ashley Simpson first gives a brief overview of the team's many upcoming conference participations. In addition, we review the first teaching semester of our teaching and research associates and introduce you to the latest publication from our team.

Success stories by

ASHLEY B. SIMPSON, MSC

D. G. SIDAN RAESKYESA, MSC

TERESA HÜBEL, MSC

Teaching and Research Associates

Our Institute will have a busy summer! The team will be in Los Angeles, Linz, and Witten this September to present work on three ongoing projects. At the Linz D-A-CH Congress, Ashley will participate in the Politics of Digital Finance panel and share her work on mobile money and the political determinants of public goods and services provision. Sidan will also present his work on the politics of restricting foreign investment and these policies' consequences for inequality. At all three conferences, Jonas and Ashley will present their progress in answering the research question, "Why do some countries' export credit agencies explicitly focus on gender equality, while others do not?" and its implications for determining whether social change or government action comes first.

NEW PUBLICATION BY SIDAN RAESKYESA

We are proud to announce our first publication of 2023! Sidan Raeskyesa and Cecília Hornok, Ph.D., have published their paper, "Economic Zones and Local Income Inequality: Evidence from Indonesia," in the Journal of Economic Inequality. This paper provides empirical evidence on the local inequality consequences of special economic zone (SEZ) policies. These policies apply to a specific geographical area designated for industrial purposes and are intended to attract foreign investment and promote economic development in the region. Often, SEZs offer various fiscal and non-fiscal incentives for investors and businesses.

In their study, Sidan and Cecilia find that special economic zones lead to rising income inequality within their province of location. Skill-biased growth likely drives this increase in inequality, and ensuring equal access to quality education and involving the private sector (corporations) in reducing inequality will be important for SEZs to create inclusive economic growth. Sidan hopes to continue with this research by identifying the political factors determining whether a government implements an SEZ.



IPE Means Success

FIRST SEMESTER TEACHING METHODS

Starting this January, we at the Institute for International Political Economy met weekly to develop an innovative teaching strategy for our courses. We ultimately agreed upon the following mission statement:

Through a focus on scientific analysis, the Institute for International Political Economy aims to equip students with the necessary tools to become informed individuals who can capably navigate and contribute to society. We at the Institute believe that learning should not be top-down but a collaborative interaction between instructors and students. Therefore, our mission is to empower students to make sense of the world. Our courses focus on analyzing current problems through interactive exercises with instructors and students as partners. Furthermore, our classes will develop students' abilities to connect facts and theory to construct and test new explanations necessary to explain a constantly changing world.

We developed a three-part teaching strategy emphasizing interactive learning and skill development to achieve our mission and piloted our new methods for the first time this semester. Each class session was divided into three parts: asking good questions, developing explanations, and evaluating hypotheses. We provided opportunities for class discussion and application between each block through case studies and real-world examples. Our courses also featured creative assignments encouraging our students to engage critically with the world. For instance, we asked students to create podcasts answering puzzling research questions, make short videos in a TikTok style to explain fundamental topics, and write recommendation memos or op-eds to practice persuasive professional communication. Our students' hard work and creativity in these assignments will be featured in this newsletter and on our website.

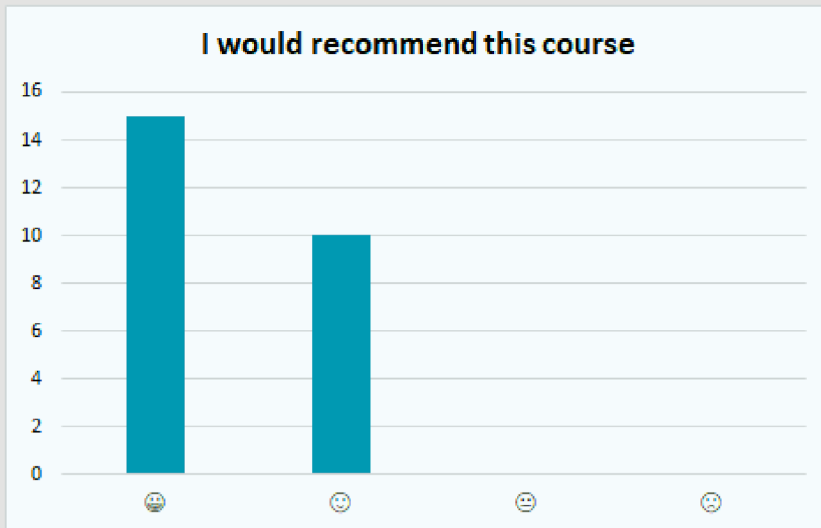
Although our interactive teaching style introduces intellectual frustration as there are no "black and white" answers to the world's most pressing issues, our students have enjoyed the challenge.

Here's what the anonymous course evaluations revealed about our teaching style:

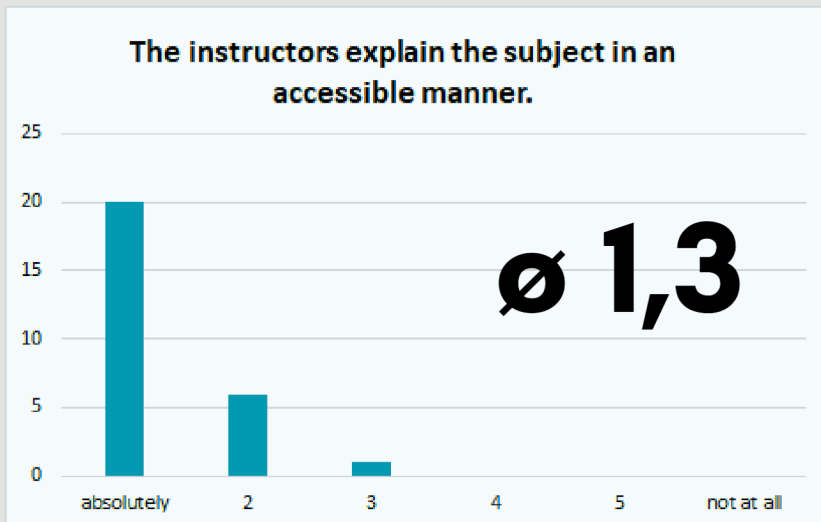
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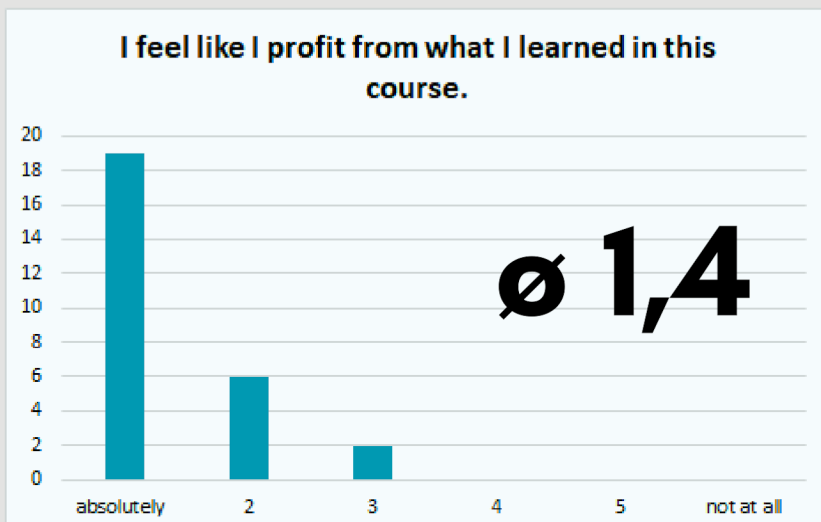
IPE MEANS SUCCESS - FIRST SEMESTER TEACHING METHODS



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© IPE, Hübel



© IPE, Hübel

Students found that the **instructors presented the content in a very accessible manner** (mean 1.3), and **the vast majority (96%) found the methods used beneficial**. All students who took the survey believed the **assessment criteria were transparent and fair**. Maybe most importantly, **our students felt that they profited from the courses** (mean 1.4) and would recommend the course to a colleague.

100%

... of our students found the **assessment criteria transparent and fair**

96%

... of our students said the methods used helped them to **better understand the topics covered**

Meet Our Team

ASHLEY B. SIMPSON

Ashley Simpson has been working for a year as a Teaching and Research Associate at the Institute for International Political Economy. Originally she comes from Texas - which is pretty far away. In this story she tells what brought her to Vienna and the defining moments of her academic career.

As an American in Vienna, people often ask me how I ended up here. It's surprising to many that a Texan would move so far from home to continue their studies. But as I reflect on my past experiences, it doesn't seem so unexpected.

Three things drove me to my current Research and Teaching Associate role at the WU Institute for International Political Economy (IPE). First, I was fortunate to be exposed to IPE early in my academic career. I entered my bachelor's programme as an "undeclared" student, meaning I hadn't chosen a specific degree yet. However, taking Prof. Bunte's classes linking IPE to international finance, natural resources, and public policy, as well as analysing real-world issues, motivated me to pursue IPE. Furthermore, creating original hypotheses and research questions was required for Prof. Bunte's master's courses. I found the process of research fun and exciting and knew I wanted a career that would allow me to keep asking questions and solving puzzles. Finally, I appreciated Jonas' teaching style and philosophy, and we built enough rapport to convince me that taking a position across the world wouldn't be so much of a risk.

A second formative experience was interning with the US Consumer Financial Protection Bureau (CFPB) and the Women's Democracy Network (WDN) at the International Republican Institute. Working with the CFPB's Office of Innovation exposed me to the emerging field of FinTech. The individuals working in this office were fantastic in developing new policies and approaches to regulate FinTech and protect consumers, especially since FinTech is a "black box." However, it was clear that their jobs would be easier if there was more academic FinTech research. Moreover, my experience with the WDN reinforced this understanding that research is vital in shaping policy. The WDN has a great team striving to empower women and strengthen democracies worldwide. They help women run for office and work to reduce violence against women in leadership roles, among many other activities. However, my main takeaway from my time with WDN was that an NGO has the most significant impact when it has information to guide its policies. Both governments and NGOs can create positive change when academic research provides a starting point for policy development.

Continue on the next page ...

Ashley B. Simpson, MSc
© WU Vienna, IPE



Ashley B. Simpson on the
Institute's website

Continuing:

MEET OUR TEAM - ASHLEY B. SIMPSON

Finally, I worked as a Peer Advisor for my university's housing department throughout my undergraduate and graduate studies. For three years, I lived next to first-year college students and helped them acclimate to university life. Working with students was rewarding, and I found the individual relationships I developed very meaningful. So, in addition to my motivations for conducting research in the field of IPE, I also knew that I wanted to work with students.

With my desire to pursue research and assist students, being a Teaching and Research Associate at the Institute is a perfect role. I am so grateful for the opportunity to be here in Vienna and hope that my work here will help advance policies on FinTech and gender equality and benefit the students I am lucky to work with.



Ashley B. Simpson, MSc.
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The People of IPE - Our Students

FELIX GRABENHOFER

In the last issue, the section "Our Students" made its debut. This time, too, the student feature cannot be missing. Let's meet our colleague Felix Grabenhofer.



After completing high school in Germany, I moved to Vienna to study business administration and specialize in finance. I am in my fourth semester and looking forward to my last exchange semester at UT Austin, Texas. I consider WU a great university and see myself proven right every day. We are given a perfect environment to grow. Since I am passionate about finance, I joined WUTIS - WU Trading and Investing Society, where we can exchange and discuss interesting finance-related topics and analyze listed companies. I am also involved with Junge Liberale, the youth organization of the FDP in Germany, where I advocate for the values of freedom. There, I am the deputy chairman of the federal working group of economics & finance. Recently, I arranged a discussion meeting with a member of the German parliament to speak about the planned law of a stock-based pension in Germany.

Felix Grabenhofer
© F. Grabenhofer

For my Sustainable Economics and Business II course, I chose the IPE class "Financial Systems & Government Regulation" to learn more about the impact of government and regulation on financial markets and economies. I have gained a broad knowledge of banking regulation, shareholder protections, and FinTechs. I am sure I will be able to put some of the acquired input into practice. After my bachelor's, I intend to pursue a master's in finance. Following that, I can see myself working in an investment bank or other financial institution. I could also end up somewhere in politics someday.



WU Vienna Campus overview
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Pizza, Politics & (Motion) Picture - 4th edition

DIE FETTEN JAHRE SIND VORBEI

Report by

MATTHIAS KOUREK, BA

Administrative Assistant

How can you protest and point out social injustices without causing too much damage? "Damage" is probably in the eye of the beholder. But this might have been the question asked by the three young protagonists of the 2004 film "Die fetten Jahre sind vorbei" (aka "The Edukators"). The movie follows two flatmates, Jan and Peter, and Jule, Peter's girlfriend.



PPP Participants on 1st June 2023 - © WU Vienna, IPE

The three are political activists from Berlin who've made it their mission to scare the "rich bigwigs" of the city with symbolic burglaries. However, they do not steal anything. Instead, they move furniture, hide personal items, and always leave a message. Their system is thrown into turmoil when one of the burglaries gets entirely out of hand, and they suddenly find themselves in the Tyrolean Alps with a hostage.

We were particularly pleased to welcome many new faces to the audience at this fourth edition of "PPP." Sidan took over the moderation of the discussion round following the film's screening. A lively discussion developed among the audience, revealing highly interesting differences in political attitudes and approaches to the issues raised in the film. At the end, however, the main takeaways were the dangers of inequality for society, how just one group has the power to positively influence others, and the importance of distinguishing means and ends in social movements. While violence might increase awareness, it distracts from the ultimate goal.

PPP will continue - see you again on the
2nd of November, 2023

Save
 THE
 Date

Any suggestions
 for the next
 edition? Let us
 know!



Third Mission

PODCASTS FROM OUR CLASSES

Report by

ASHLEY B. SIMPSON, MSC

Teaching and Research Associate

One of our Institute's primary teaching goals is to help students develop the skills necessary for understanding the world. In our courses, two learning outcomes emphasize creating multiple explanations for observed variation and determining which hypotheses best fit a research question. To achieve these learning goals, we ask students to create a podcast delving into a research puzzle, the possible theories to answer this question, and why one hypothesis might be more robust.

Maciej Bojdo and Philipp Höfingler answered the question:

Why does Cameroon's population use FinTech more than Nigeria's?

They first discussed the importance of financial inclusion in promoting economic growth, socioeconomic equality, and societal welfare. One causal mechanism linking financial inclusion and these outcomes is that people with a bank account and access to finance can more easily engage in entrepreneurship. Then, Maciej and Philipp identified two potential hypotheses to explain this variation between Cameroon and Nigeria using data from the World Bank. One possible explanation is that Nigeria's population has more access to traditional financial institutions, like banks. In Cameroon, however, digital finance is an affordable alternative to people without access to banks. Another explanation is that more of Cameroon's population lives in urban areas than Nigeria's. Maciej and Philipp hypothesise that FinTech use is more likely in urban areas because of better Internet connectivity and smartphone penetration. Finally, the students analyse the explanatory power of these hypotheses by applying these explanations to 20 other African countries. Maciej and Philipp concluded that their first hypothesis concerning access to commercial banking and traditional financial services was the stronger explanation.

Here's what Maciej and Philipp had to say about the experience of creating this podcast:

"Preparing a podcast for the Financial Systems and Government Regulation class was a fantastic and rewarding experience. Through extensive research and analyzing multiple real-life examples, we gained a deep insight into the challenges and opportunities surrounding the implementation of FinTech in Africa's developing economies. This project has not only deepened our understanding of the environment for the development of FinTech but also highlighted the importance of financial inclusion in emerging countries for a more sustainable future."

Listen to this great podcast on our website and social media channels soon and stay tuned for future work!

Third Mission

IPE CAREERS WITH EDITH PREDORF

Report by
MATTHIAS KOUREK, BA
Administrative Assistant

"What career opportunities do I have after studying IPE at WU Vienna?" - "What will I earn in my future professional career?" - "How can I best combine the fields of economics and politics professionally?" Questions like these sound familiar to you? Then we have something for you: IPE Careers.



IPE Careers Logo
© WU Vienna, IPE

IPE Careers is our Institute's platform to connect our students, and their questions, with people working in relevant fields. The aim is to give students and the interested public an insight into the exciting career opportunities in the field of IPE.

We published the first interview recording of the new IPE Careers series a few weeks ago. We are grateful to Edith Predorf for taking the time to answer our students' questions. Edith Predorf graduated from the Vienna University of Economics and Business in 2005, and now works as the Austrian Commercial Counsellor in Kenya. She represents the Austrian Chamber of Commerce with her team at the Foreign Trade Centre in the Kenyan capital Nairobi, with her area of responsibility extending to ten other countries.

The questions we asked Ms. Predorf in the interview were highly varied. Why does one take this career path? To change the world or to earn good money? The commercial counselor's answers were very open and honest. We learned that the contents of her two studies were of great practical importance to her career and that she sees the academic connection between economics and politics as a valuable combination of two highly sought-after skill sets in the international labor market. Before starting her professional life, she also completed internships at the Austrian Embassy in Beijing and the Foreign Trade Centre in Shanghai. The most important thing Ms. Predorf shared with us – and this is true for all careers – is that you must be happy with what you do. Otherwise, you won't achieve your full potential.

If you are interested in learning more about Edith Predorf and her experiences, watch the full video on our website:



Peeking into the lecture halls

TEACHING IPE

Teaching description by
D. G. SIDAN RAESKYESA, MSC
Teaching and Research Associate

Investment and Social Development

BSc Business, Economics and Social Sciences

Course series Zukunftsfähiges Wirtschaften / Sustainable Economics

Why do some countries receive more foreign direct investment (FDI) than others? Why do workers in some countries welcome foreign investors with open arms while protests erupt in others? Why does FDI sometimes positively affect economic development while it appears exploitative in other contexts?

This course seeks to answer such questions by analyzing the causes of FDI flows and their economic, political, and social consequences. Specifically, this course examines the interplay of how politics shapes FDI and, in turn, how FDI affects politics. This course invites students first to analyze foundational hypotheses in the politics of FDI and then extend them to its impact on society.

Students will be exposed to various questions by presenting theories and real-world case studies. For example: How does democracy lead to more openness towards FDI? Why are some countries more restrictive toward FDI than others? How do foreign investment restrictions influence the host countries' socioeconomic development? As we work through these issues, the students will touch upon more significant sustainable development issues such as foreign investment and inequality, multinational corporations and food security, the impact of FDI policies on human development, and the power balance between firms and workers.

By applying theories to real-world situations, students will learn to identify puzzles and develop research questions by outlining the causal mechanism and determining which hypotheses have the most explanatory power. Overall, this course will use the role of multinational corporations and the policies on FDI as a medium to analyze sustainable development issues.

You want to learn more about our courses and our teaching philosophy? Visit our website:

www.wu.ac.at/en/ipe/teaching



Teaching News - WUPOL

SUSTAINABLE ECONOMICS

An exciting development at WU: The reform of the WU's bachelor program will result in a brand new study branch called "Economics, Environment, and Politics" (in German "Wirtschaft, Umwelt, und Politik," or short WUPol). The new BaWiSo programme will officially commence in the winter semester of 2023/24.

Report by

PROF. JONAS BUNTE, PHD

Head of the Institute

Within this new study branch, we have revamped the course Sustainable Economics (Zukunftsfähiges Wirtschaften, or "ZuWi" for short) to align with the evolving demands of our society. Under the new curriculum, ZuWi continues to be a two-course sequence. The first course, "**Sustainable Economics - Introduction**" (ZuWi Einführung, formerly known as "ZuWi 1"), offers a comprehensive introduction to the fundamental concepts within this field. Building on this first course, the Institute for IPE will organise the provision of "**Sustainable Economics - Application**" (ZuWi Vertiefung, previously referred to as "ZuWi 2"). This course provides an invaluable opportunity for students to apply the acquired concepts to real-world scenarios and specific issue areas. Through interactive sessions, students will delve into the practical implementation of sustainable economic principles, fostering a deeper engagement with the subject matter.



WUPOL Information
Dpt. of Socioeconomics (German)



WUPOL Logo © WU Vienna / Socioeconomics



WUPOL on Instagram

"ZuWi Application" will be offered in the "Vorlesungs-Übung" format, combining lectures with interactive sections. The lecture component will be delivered to all 650 students enrolled in the course, while the subsequent in-depth instruction will take place in smaller classes, limited to a maximum of 20 to 30 students each. This format ensures students receive personalised guidance and support, facilitating a more interactive and enriching learning experience. Barbara Haas and Jonas Bunte will be leading the lecture component of the course, while accomplished lecturers within our department will teach the sections.

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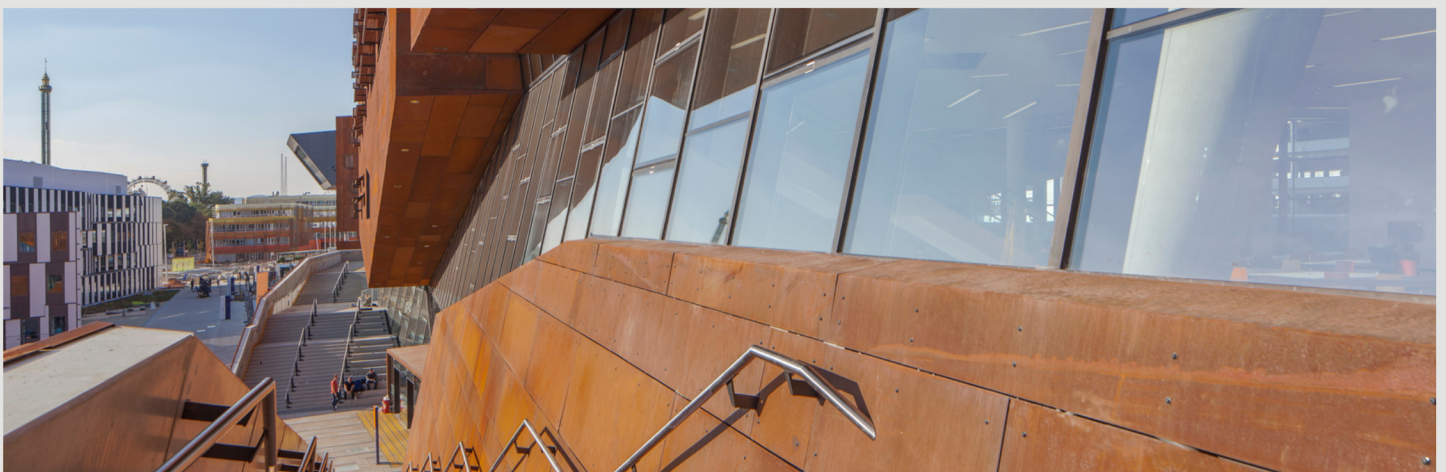
TEACHING NEWS SUSTAINABLE ECONOMICS

The Sustainable Economics (ZuWi) course has two primary learning goals. Firstly, it aims to foster an understanding that multiple explanations may exist for a given phenomenon. Students are encouraged to consider diverse perspectives and approaches in analysing economic phenomena. Secondly, ZuWi aims to develop students' ability to derive their own explanations, promoting critical thinking and independent analysis.

ZuWi exposes students to various disciplinary approaches to support these goals, including sociology, geography, history, political science, law, economics, and socioeconomics. Each approach offers a theoretical background from which students can derive multiple explanations for the puzzles they encounter. By embracing interdisciplinary exploration, the course encourages students to break free from narrow thinking and understand the interconnectedness of different fields.

In the Sustainable Economics (ZuWi) course, the "ZuWi Introduction" segment will cover broad concepts organised around three topics: **Globalization, Society, and Environment**. On the other hand, the lecture component of "ZuWi Application" will analyse three specific actors that drive developments in these three areas: Corporations, Citizens, and State Actors. The "ZuWi Application" sections will delve into particular contexts, exploring how these actors contribute to or hinder progress related to the three main topics.

Starting with corporations, we examine the extent to which corporations consider the interests of shareholders, workers, and the environment. This unit includes exploring issues like externalities, sociological factors influencing behaviour, political influence through lobbying, and the historical impact of corporations on capitalism and social groups. Concerning citizens, we emphasise that citizens are more than just consumers or economic factors. We explore how social structures and norms shape individual actions while highlighting the role of sociological influences, political identities, and democratic participation. Lastly, when analysing state actors, we explore the motivations behind political decisions, including ideological factors and the impact of the economic and environmental context. Sociological perspectives shed light on the social networks and identities that influence public decision-makers, while political science provides insights into the role of existing political systems.



WU Vienna Campus, Teaching Center
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Teaching IPE - Pedagogic Insight

WHY ASSIGN AN OP-ED?

Writing is thinking. By writing an Op-Ed, students learn to structure their thoughts persuasively and, in the process, better understand critical real-world issues.

During my Investment and Social Development class, I provided students with various IPE theories linking foreign direct investment and development issues. We touched on multiple topics, such as how foreign investment relates to food security and political stability in host countries. In addition, we discussed how politics influence policy formulation regarding foreign investment and how those policies influence local development, such as inequality.

Then, I asked them to apply the theory to the social problems they care about. As an instructor, I allow students to choose their topic while guiding them through brainstorming.

Writing the Op-Ed encourages students to be creative. The students excelled in connecting academic theories with real-world situations such as the impact of FDI on corruption in Africa and national security in Eastern Europe. During class discussions, they admitted it was a challenging task. This assignment was the first time some students were asked to write a professional memo like an Op-Ed. Still, they found the work interesting as it allowed them to be creative and express their thoughts and perspectives on particular issues they were passionate about.

But that's from my side. Let's hear what the students say about the task. Read on the next page what one of my students, Riana Quinn Dymond, thought about writing the Op-Ed ...

Teaching insight by
D. G. SIDAN RAESKYESA, MSc
Teaching and Research Associate



D. G. Sidan Raeskyesa, MSc.
© WU Vienna, IPE



Investment and Social Development

OP-ED TASK

STUDENT EXPERIENCE



Riana Q. Dymond
© Dymond

My name is Quinn, and I am an exchange student from Canada in my fourth year at Haskayne Business School at the University of Calgary. I took Investment and Social Development class provided by the Institute for International Political Economy at WU, Wien, with Sidan Raeskyesa as the instructor.

The Op-Ed task that he assigned was interesting. I enjoy tasks like this because of the freedom it gives students, but I also understand why some students didn't like it; we have to get more creative and apply the topics learned in class to something we care about and conduct more research. Instead of being told what to think or study for the exam, we must fully understand how theories apply in real-world situations and how they affect us. Thinking like this requires more effort, but it is also more rewarding than copying lecture notes and is better at teaching critical thinking skills rather than memorization.

I chose the Vancouver housing crisis because it is discussed regularly when discussing the cons of foreign direct investment (FDI) in Canadian economics classes. It is an issue that has affected friends and family who want to move to or have had to leave Vancouver. I enjoyed writing the Op-ed because my research helped me strengthen my position on the issue with hard evidence and learn about the historical events leading up to the housing crisis.



Vancouver City Skyscrapers
© pixabay / 12019

What our team is working on

MOBILE MONEY

Research introduction by
ASHLEY B. SIMPSON, MSc
Teaching and Research Associate

Cryptocurrencies and FinTech are all the rage, but have you heard of mobile money? Mobile money is an early financial innovation that takes advantage of increasing mobile phone penetration. This technology allows customers, even without a bank account, to store and transfer money using a mobile phone and has been lauded as a development tool that reduces poverty and increases financial inclusion.



Ashley B. Simpson, MSc.
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Emerging and low-income economies with weaker financial infrastructures and less-developed banking systems might benefit the most from this technology. The literature, however, has yet to examine many of the macroeconomic consequences and impacts of mobile money. In my current project, I hope to advance the understanding of mobile money by answering the research question, **"Why might mobile money increase the government's provision of public goods and services in some countries but not others?"**

Take Kenya and Nigeria, for example. These two countries are democracies with similar GDP per capita and human capital levels. So, why did Kenya spend almost 20% of its budget on education while Nigeria only spent about 5%? Safaricom and Vodafone launched the M-Pesa mobile money service in Kenya in 2007. Almost 70% of Kenya's population now has a mobile money account, while only 9% of Nigeria's does. Might this stark difference explain why these two countries allocate different budgets to public goods and services? Furthermore, Nigeria receives more remittances than Kenya. Might public moral hazard – the idea that governments are less likely to provide public goods and services when citizens receive assistance from family members – also play a role?

Answering these questions will help governments and international organizations like the UN shape their policies to maximize the development impacts of mobile money. If mobile money can increase government spending on sustainable development, then the causal mechanisms behind this phenomenon must be understood.



IPE on the road

DEBTCON PRINCETON

Conference report by

PROF. JONAS B. BUNTE, PHD

Head of the Institute

The conference "DebtCon" is a unique experience. First, the conference is quite narrow in that it exclusively talks about issues of sovereign debt. However, at the same time, the conference is extensive, as it provides an exceptional opportunity to be exposed to a diverse range of professionals from various fields such as law, practice, history, political science, sociology, and economics.

This interdisciplinary approach thoroughly explores debt-related topics, fostering rich discussions and diverse perspectives. At the same time, this comes with challenges, including the difficulties of speaking the same language. Not literally (everyone spoke English), but the disciplines have different jargons. However, I love that this conference creates an inclusive and collaborative environment, encouraging participants to overcome linguistic barriers.

One of the highlights of "DebtCon" is the opportunity to reunite with friends and connect with fantastic scholars in the field. As a result, I had many fascinating conversations. One such encounter involved meeting U.S. state officials who played a pivotal role in introducing Collective Action Clauses into sovereign bond contracts. While this is seemingly merely a technical issue, it fundamentally transformed the sovereign bond market over the past decade. Additionally, I had the opportunity to talk with a former politician from Sri Lanka, who shared fascinating details about the deal that granted China a 99-year lease on Hambantota International Port. This arrangement facilitated a reduction in Sri Lanka's significant debt burden. It was fascinating to gain firsthand knowledge of this high-profile agreement.



Meeting colleagues in Princeton, f.l.t.r.: Rosendorff, Zeitz, Mosley, Bunte
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Continuing:

IPE ON THE ROAD DEBTCON IN PRINCETON

Besides interesting conversations, the conference also offered fascinating panels. I had the opportunity to delve into historical developments that shaped the understanding of debt dynamics. For example, I learned more about the Cartagena Process in 1985, which introduced the concept of a "debtor cartel" or "borrower cartel." This idea challenged the conventional notion of creditors holding power over debtors by suggesting that debtors could exert influence over creditors. Another panel examined the distinction between "private" creditors and "commercial" creditors. It became apparent that bondholders fall under "private" creditors. However, an intriguing point of contention arose concerning China's development banks, which claim to be "commercial" creditors. This distinction raised questions about the nature of these institutions, as "commercial" creditors are not necessarily private entities and can include state-owned entities as well.



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Visiting Princeton was not only memorable for academic reasons but also nostalgia: Reminiscing back to when I was 19 years old, it marked the first Christmas I spent away from home. Fortunately, my roommate Dave extended a kind invitation for me to celebrate the festive season with his family, who resided near Princeton. We shared a love for music, and during that visit, Dave took me to the Princeton Record Exchange, the best music store I've ever been to. This time, I made sure to find it again, and the nostalgic feeling was overwhelming. The store remains my favorite music store, and it was a meaningful experience to revisit it.



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IPE on the road

LAND AND DEBT AT CEU

Conference report by

PROF. JONAS B. BUNTE, PHD

Head of the Institute

The Central European University (CEU) is unique in many respects. For instance, the university has recently relocated from Hungary to Austria. The move has brought remarkable scholars to Vienna, who share a common interest in analysing the intricate relationship between politics and economics.

I am grateful for the kind invitation extended by Michael Dorsch to share my research with their department. I presented an ongoing project analyzing how governments try to resolve debt crises and what role land-for-debt deals may play in these situations. This resulted in many interesting conversations, among others, with Evelyne Hubscher, Cristina Corduneanu-Huci, Anand Murugesan, and others.

I gained much from these conversations. For example, I learned that I must highlight the importance of business owners' political connections. Similarly, an intriguing topic of discussion revolved around why countries sometimes resort to land deals to address financial difficulties while opting for austerity measures in other circumstances. I was also encouraged to consider using our hand-coded data to train automated text analysis models. All in all, it was a truly stimulating experience.

The experience brought about a significant realization regarding the need for enhanced cooperation among universities in Vienna. It became evident that the University of Vienna, Vienna University of Economics, Central European University, Technical University, and the University of Natural Resources and Life Sciences all house scholars actively studying the interplay between economics and politics.



Jonas Bunte in front of the CEU building in Vienna

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However, we currently need a platform that allows us to interact regularly. We need to create a collaborative environment where scholars from different universities can engage with one another. Facilitating regular exchanges, discussions, and joint initiatives would enable the pooling of expertise, fostering a vibrant academic community in Vienna dedicated to exploring the complex relationship between economics and politics.

LOOKING AHEAD - IMPORTANT DATES

10th July - 5th September 2023

General Admission period

4th Sep. - 25th Sep. 2023

**Registration Open for IPE courses
in the winter semester 2023/24**

Modern Societies I & II (Bunte)

8th Sep. - 12th Sep. 2023

Sustainable Economics and
Business II (Raeskyesa, Simpson)



2nd November 2023

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Scientist's joke

There are two types of people in this world:

1. Those who can extrapolate from incomplete data ...