

WU-ECON

The Magazine of the
Department of Economics

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DEPARTMENT OF ECONOMICS
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Introduction

The second issue of WU-ECON features highlights from recent research and activities of the Department of Economics. In this edition, we shine a spotlight on the work of several colleagues who joined the department during the current and previous academic years.

Nina Xue discusses her research on experimental approaches to understanding the gender gap in leadership. Federica Braccioli explores the role of the Mafia as a substitute for formal legal institutions. Finally, Simon Heß presents his work on uncovering reasons for the persistence of political dynasties. These three contributions are outstanding examples of the kind of research our department values: rigorous, relevant, diverse, and innovative. Like many projects at the department, this work reflects a strong interdisciplinary approach, engaging with the frontiers of political science, psychology, and law.

In addition to showcasing current research, this issue also highlights our cooperation with the University of Sarajevo within the ERASMUS+ program, just one example of the many teaching and research collaborations currently under way.

Since the publication of our last issue, the department has hosted a wide range of academic events. These included a full-day workshop on European competitiveness featuring a keynote by Veronika Grimm (Technical University of Nuremberg), a public lecture by Homi Kharas (Brookings Institution), and the 4th Vienna Economics PhD Workshop,

co-organized with the University of Vienna and Central European University. The department also co-hosted the 17th FIW Research Conference on International Economics, held in February, which you can read more about in this issue.

We believe this magazine captures the spirit of our department: innovative, open, and vibrant. A heartfelt thank you to everyone who contributed. We hope you enjoy reading this issue.



Jesús Crespo Cuaresma
Department Chair



Gerlinde Fellner-Röhling
Deputy
Department Chair

ERASMUS+

Sarajevo 2022-25

The general objective of the ERASMUS+ program is to support the educational, professional and personal development of people in education, training, youth and sport through lifelong learning, in Europe and beyond. This contributes to sustainable growth, quality jobs, and social cohesion, in addition to driving innovation and strengthening European identity and active citizenship. Hence, the program is not limited to EU member states, but also extends to countries like Bosnia and Herzegovina, which was granted candidacy status by the European Council on December 15th, 2022, and is one of the nine current EU candidate countries.

In 2022, Associate Professor Christian Bellak and Associate Professor Ljiljan Veselinović initiated a teaching exchange program between WU and the School of Economics and Business affiliated with the University of Sarajevo. The program will conclude in autumn, 2025. We are grateful for the excellent support by the Erasmus+ and Staff Exchange program managers of the international offices at the University of Sarajevo and at WU.

FROM SARAJEVO TO VIENNA

From 2023 to 2025 we had the pleasure of hosting Associate Professor Merima Činjurević and Associate Professor Ljiljan Veselinović from the University of Sarajevo at WU. The teaching exchange was facilitated by the fact that the Pindyck and Rubinfeld microeconomics textbook is taught at both universities.

Professor Činjurević focuses mainly on consumer theory, consumer research, and behavioral and managerial economics, while Professor Veselinović's work inter alia covers labor markets, business economics, and performance measurement.



Merima Činjurević

FROM SARAJEVO	TO VIENNA	
Assoc. Prof. Merima Činjurević	With Dr. Fritz Bähr (OeNB)	2023-25
› Game Theory › Microeconomics Tutorial › Experimental Research Design: Foundations and a Deep Dive into Propensity Score Matching		
Assoc. Prof. Ljiljan Veselinović	With Dr. Fritz Bähr (OeNB)	2023-25
› Game Theory › Microeconomics Tutorial › Experimental Research Design: Foundations and a Deep Dive into Propensity Score Matching		

FROM VIENNA TO SARAJEVO

The following is an overview of the activities of the WU scholars in Sarajevo:

FROM VIENNA	TO SARAJEVO	
Assoc. Prof. Christian Bellak	With Assoc. Prof. Dr. Ljiljan Veselinović	2022-25
› Microeconomics		
Assoc. Prof. Christian Bellak	With Prof. Snježana Brkić	2024-25
› International Economics		
Assoc. Prof. Christian Bellak	With Foreign Investment Promotion Agency (FIPA) (external stakeholder)	2025
› Workshop: "Legal and economic perspectives of bilateral investment agreements"		
Assoc. Prof. Christian Bellak	International Conference at the School of Economics and Business in Sarajevo (ICES 2024) (joint paper with Markus Leibrecht)	2024
› Presentation of the paper "Do the New Brazilian Agreements on Cooperation and Facilitation of Investment Promote Outward Foreign Direct Investment?"		
Assoc. Prof. Christian Bellak	With Assoc. Prof. Dr. Ljiljan Veselinović	2024
› Doctoral Seminar		
Asst. Prof. Stefan Mayr	With Foreign Investment Promotion Agency (FIPA) (external stakeholder)	2025
› Workshop: "Legal and economic perspectives of bilateral investment agreements"		
Prof. Christoph Weiss	With Assoc. Prof. Dr. Ljiljan Veselinović	2025
› Microeconomics		
› Doctoral Seminar		

As the ERASMUS+ program not only includes teaching activities, but also activities related to stakeholders, we organized a two-day workshop with the Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA) and the Foreign Trade Chamber (FTC) on the topic of "Legal and economic perspectives of bilateral investment agreements" in February, 2025. Supported by the Austrian Embassy in Bosnia and Herzegovina, the workshop gathered around 20 experts from different institutions (Central Bank, Ministry of Foreign Trade and External Relations, FTC and FIPA), identifying the main objectives in Bosnia's alignment to the EU. This included an overview of FDI, bilateral investment treaties, and key goals in overcoming obstacles during the energy transition process.

We are particularly pleased about the cooperation with Assistant Professor Stefan Mayr from the Research Institute for Urban Management and Governance and the Institute for Law and Governance at WU, whose research focuses on international investment treaties, among other areas. The workshop was opened by the President of the Foreign Trade Chamber of BiH, Vjekoslav Vuković. The Assistant Director for Promotion and Analysis at FIPA, Slavica Korica, as well as representatives of the Austrian Embassy and lecturers addressed the workshop participants.

Christian Bellak

Program head Erasmus+



Christoph Weiss (WU)
teaching a class in Microeconomics in Sarajevo



Christian Bellak and Ljiljan Veselinović

PhD Research in one sentence (or two)

The Gas Price Brake Increases Gas Prices:
Empirical Evidence

“We provide empirical evidence that firms exploit the incentive structure of Germany’s “Gas Price Brake” energy-relief policy by raising gas prices on new household tariffs by up to 90%. The effect is primarily driven by established incumbent firms, while market entrants offer more competitive pricing.”

Brunninger, L., Dertwinkel-Kalt, M.,
Gugler, K., Heim, S.

How (In)Elastic is the Short-Run Demand
for Electricity?

“Using wind energy and accumulated precipitation as instruments for wholesale electricity prices, I estimate a short-run price elasticity of electricity demand in Switzerland of -0.1 . This low responsiveness is entirely attributable to storage systems, while end-user demand remains perfectly inelastic to short-run price fluctuations.”

Scarazzato, F.

Competition and VAT Pass-Through:
Evidence from the Greek Islands

“We show that VAT pass-through increases with market competition—from about 50% in monopolistic settings to approximately 80% in more competitive markets—yet remains incomplete overall.”

Dimitrakopoulou, L., Genakos, C., Kampouris, T., Papadokostantaki, S. (2024).
International Journal of Industrial Organization, 97, 103110.

Mapping Mining Areas in the Tropics
from 2016–2024

“Mining is vital for resource supply but poses serious environmental and social risks. Using high-resolution satellite imagery and a machine learning model, we map over 145,000 mining polygons across tropical regions between 2016 and 2024, covering an average annual area of 65,000 km².”

Sepin, P., Vashold, L., Kuschnig, N.

Mines–Rivers–Yields: Downstream Mining
Impacts on Agriculture in Africa

“Leveraging a natural experiment, we quantify the impact of mining on downstream agriculture in Africa. Water pollution from mines reduces peak vegetation indices by 1.3–1.5% and negatively affects agricultural productivity across more than 74,000 km² of cropland.”

Vashold, L., Pirich, G., Heinze, M.,
Kuschnig, N.

Research Highlights

When the Courts Fail: The Mafia as an Alternative Justice System?



Legal institutions are fundamental to ensuring that economic transactions occur smoothly, with enforceable contracts playing a key role in reducing uncertainty. However, when formal judicial mechanisms fail to provide timely resolutions, alternative systems may emerge or expand. In Italy, civil judicial procedures are among the slowest in Europe. At the same time, there is evidence that informal mechanisms linked to organized crime provide contract enforcement. This raises an important question: can the inefficiency of state courts help explain the expansion of organized crime? I address this question combining theory with empirical evidence.

I start by outlining a theoretical framework to explain the rational demand for Mafia services when the ineffective state-run civil tribunals represent the outside option. To empirically test this relationship, novel data are compiled. The geographical presence of organized crime is identified using a database of active Mafia groups spanning 2014-2019, provided by the Directorate of Anti-Mafia Investigation (DIA). The performance of civil tribunals is quantified by the annual number of pending civil cases. Finally, exogenous variation in tribunal productivity is leveraged through the number of judges retiring due to seniority within each jurisdiction, which is treated as a negative shock to the judicial capacity.

The empirical validity of the model's prediction is assessed through a regression analysis of Mafia presence on the number of pending cases. As endogeneity might arise from omitted variable bias and reverse causality – wherein Mafia presence could influence the demand for formal contract enforcement – I propose an instrumental variable approach to mitigate these concerns. Specifically, the number of judges retiring due to seniority is utilized as an exogenous shock affecting tribunal productivity. In addition, the number of new divorce and inheritance cases is leveraged as an exogenous measure of demand for civil justice. These two instruments are then integrated within a simplified tribunal production function framework to facilitate identification.

The empirical results obtained support the theoretical predictions. I find that a reduction in judicial capacity, as proxied by judge retirements, leads to an increase in the backlog of pending cases. Furthermore, an increase in the volume of unresolved civil cases leads to an expansion of organized criminal activity within the given area. While conventional policy responses have predominantly focused on deterrent measures, these findings highlight the potential for enhancing civil justice systems as a complementary strategy in combating organized crime. Finally, organized crime is present in many parts of the world, and addressing inefficiencies in local judicial systems could serve as an important step towards preventing its expansion.

“The Institutional Role of the Italian Mafia: Enforcing Contracts when the State Does Not”
(single authored)



Federica Braccioli is an Assistant Professor (post doc). She is an applied micro-economist specializing in political economy. Federica received her PhD in Economics at the University of Geneva, Switzerland, in 2023.

Context Matters for the Gender Leadership Gap



Women tend to be under-represented at the top. Why does the gender leadership gap persist, despite similar educational achievements among men and women? We investigate whether the institutional environment plays a role in (i) how effective men and women are as leaders; (ii) how leaders are evaluated; and (iii) willingness to become leaders.

We conduct a laboratory experiment to isolate the causal effect of gender from other characteristics that might affect leadership outcomes. One leader is randomly selected and matched with two followers, who must cooperate to maximize total payoffs. The leader, whose gender is revealed, sends a message to followers to advise them on strategies. We vary whether the environment is competitive in nature or more cooperative in nature through the incentive structure.

We find that male and female leaders are equally effective at increasing the total size of the pie. Despite this, women receive more negative evaluations than men in the competitive environment. Interestingly, this gender gap disappears in the cooperative environment. Women are substantially less willing to lead than men, regardless of the setting. Our results suggest that traditional gender stereotypes play a key role, as women are especially

penalized when giving advice that encourages inequality or when their advice is perceived as selfish.

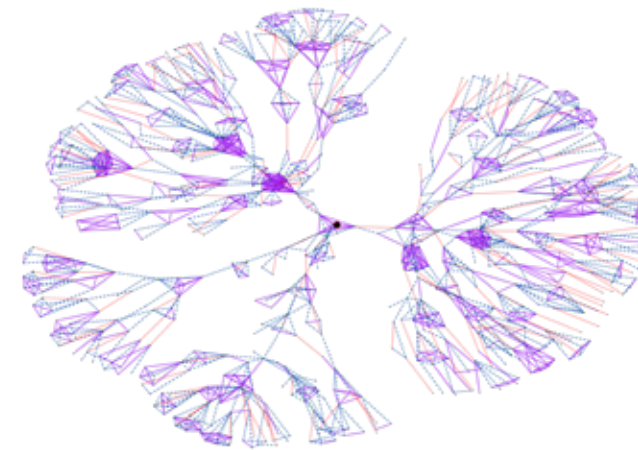
Leaders do not exist in a vacuum – our findings point towards an important interplay between gender stereotypes and institutions. It is important for organizations to consider how stereotypes could potentially be harnessed by institutional design to level the playing field. Where changes to the environment are less feasible, organizations should at least be aware of potential biases in the evaluation of leaders.

"The Gender Leadership Gap in Competitive and Cooperative Institutions"
(joint work with Catherine Eckel, Lata Gangadharan, Philip Grossman and Miranda Lambert)



Nina Xue is an Assistant Professor (post doc) specializing in behavioral and experimental economics, with a focus on the role of beliefs in individual and group decision-making.

Kinship Networks, Local Elections, and Female Representation



Observing kinship networks: In most countries, the family ties of voters remain private information. However, Nepal provides exceptional data, as its voter registration system records the names of relatives in order to verify identity. This allows us to reconstruct the family networks of 15 million registered voters and recover each voter's kinship ties to past candidates (the image to the left shows the kinship network of one prominent Nepali politician, as derived from our data).

The effects of having a relative in office: Combining kinship network data with the close-election analysis based on over 30,000 local-level elections, we can compare the relatives of bare winners and the relatives of bare losers to see if they end up with different political careers. Our preliminary results show that winning an election increases a relative's chances of securing a candidacy, especially for female-reserved seats. Nepal has gender quotas for low-ranking positions at the local level, and our findings suggest that the quotas interact with patriarchal social structures in a way that has the unintended effect of reinforcing political concentration in families. Understanding these dynamics can help refine policies to ensure that electoral reforms broaden rather than consolidate power.

"Kinship networks, local elections, and female representation: Evidence from voter registration data in Nepal" (joint work with Prakash Pathak and Matthias Schündeln)

Political success often runs in families (think Kennedy, Nehru-Gandhi, Trudeau, Kohl), raising questions about equal access to political representation and the role kinship networks play in this. Nepal provides a great opportunity to study this. Despite the country's transition to a federal democracy after years of civil war in 2015, political power remains concentrated. Do kinship networks shape access to political power? To investigate this, we need two things: a way to isolate the causal effects of gaining political power and a way to measure the kinship networks of politicians.

The causal effect of winning: Studying the effect of the gaining of political power on any outcome is difficult. Comparing winners and losers will yield biased conclusions because winners and losers and their families usually differ for reasons unrelated to winning. We need a setting that rules out such preexisting differences to estimate the causal effect of winning. Close elections provide a natural experiment. While winners and losers typically differ, in close races, bare winners and bare losers are statistically comparable. The closer a race is, the more likely it is that luck rather than substantive difference determines the winner. Thus, close elections allow us to estimate how winning affects future outcomes. Economists and political scientists traditionally use this regression discontinuity approach to study incumbency advantages.



Simon Heß is an Assistant Professor specializing in applied micro-economics. His research focuses on economic development, causal inference, and social networks. He holds a PhD in Economics from Goethe University Frankfurt.

17th FIW Research Conference on International Economics (2025)

The 17th FIW Research Conference on International Economics was held on February 20th and 21st, 2025. Organized by the department together with the Research Centre for International Economics (FIW), in cooperation with the Austrian Federal Ministry of Education, Science and Research (BMBWF) and the Federal Ministry of Labour and Economy (BMAW), the conference brought together academics, policymakers, and early-career economists to explore new research and pressing issues in international economics.

A central feature of the conference was its two distinguished keynote addresses. On February 21st, Professor Meredith Crowley of the University of Cambridge delivered a talk titled *"The Future of Trade in a Fragmenting World."* Professor Crowley, a leading expert on trade policy and global economic integration, explored how geopolitical tensions, shifting alliances, and trade fragmentation are reshaping the rules and structures of international trade. Her keynote delved into recent developments in trade barriers, supply chain disruptions, and the retreat from multilateralism, offering both theoretical insights and policy implications. Her analysis was particularly timely, given recent trade disputes and the global trend toward economic regionalization.

Later that day, Philip R. Lane, Member of the Executive Board of the European Central Bank (ECB), presented *"Europe and the World Economy."* As the ECB's Chief Economist and a former Governor of the Central Bank of Ireland, Lane provided a macroeconomic perspective on Europe's role in an evolving global economy. His speech addressed Europe's post-pandemic economic recovery, inflation dynamics, monetary policy challenges, and the continent's strategic positioning in the face of global economic rebalancing. He emphasized the importance of resilience, monetary coordination, and innovation as ways to maintain competitiveness in a changing world.

In addition to these headline speakers, the conference hosted a policy panel on *"Geopolitical Shifts and Global Trade: The Role of the WTO and US Leadership,"* featuring experts from Bruegel, WIFO, and other institutions. Throughout the event, over 50 papers were presented in parallel sessions, covering topics such as global value chains, trade policy, climate economics, and digital transformation. To recognize outstanding contributions, two awards were presented: the *Best Conference Paper Award 2025* and the *Young Economist Award 2025* (for researchers aged 34 or younger).



Gabriel Felbermayr (WIFO/WU), Meredith Crowley (U. Cambridge), Ignacio García Bercero (Bruegel), Manfred Schekulin (BMAW) and Harald Oberhofer (WIFO/WU)

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