

## WUN Economics Cross-cutting theme

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WUN has defined four Global Challenges, four broad research fields in which the network invests. These topics are Global Higher Education and Research, Public Health, Responding to Climate Change and Understanding Cultures. For all these challenges research proposals have been submitted and researchers collaborate within these topics.

In addition to these “vertical” groups, WUN has identified working groups that integrate disciplines to serve the Global Challenges. These “horizontal” groups are known as cross-cutting themes and one such theme is Economics<sup>1</sup>. The aim of these cross-cutting themes is twofold: to link disciplines/areas to the Global Challenges and add new topics/research areas to the Global Challenges.

The aim of this document is to define the focus and activities of an Economics theme in WUN based on existing strengths across the network and to identify appropriate researchers that would make up the membership of an Economics Working Group.

The theme will take a broad approach to Economics, encompassing both macro and micro dimensions. While economic aspects of the Global Challenges will be a primary consideration, our focus will spread beyond into areas such as trade and innovation, global governance (e.g. of the financial system), macroeconomic policies in a globalizing world, and economic growth. An economics theme will augment WUN’s commitment to **pluralism, interdisciplinarity** and **global perspective**. Pluralism implies that problems are being discussed and investigated from various points of economic views and not only from the standard or the mainstream view<sup>2</sup>. A pluralist view could distinguish research in the WUN network from other international networks. Interdisciplinarity implies that, under the heading of an Economics Working Group, researchers with various academic backgrounds can and will participate in discussions and in projects within the broader theme of the group. In particular input from political scientists, sociologists and psychologists is welcomed. **Global perspective** means looking at economic issues in the context of globalization and an inter-connected world. The economic issues that WUN will address are played out at the international level and have global impact.

### Theme of the group

The aim of the Economics Working Group (EWG) is to bring an economic perspective and to add new research areas to the Global Challenges as defined by WUN. Specifically, a pluralist economic perspective and thus the group will analyze global challenges from various economic viewpoints.

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<sup>1</sup> Big Data, the Global China Group and Africa are other cross-cutting themes.

<sup>2</sup> In the WUN network various universities who explicitly communicate to include a pluralist or heterodox view, are present, notably the universities of Sydney, Amherst, Leeds, Sheffield, Maastricht, see <http://www.heterodoxnews.com/directory/graduate.htm>. This offers already good basis for the development of an Economics Working Group along the abovementioned lines.

To focus within the broad area of the global challenges, one might think of smaller teams that work on pre-defined topics, like *for example*:

- The economics of education and the dissemination of knowledge
- The economics of public health
- International economic development
- Global Economic governance
- The economics of climate change

**The economics of education and the dissemination of knowledge** includes the economics of education and innovation policies. This topic links up with the research project on labor market outcomes and education in the **GHEAR Global Challenge**. What is the rate of return on education? While the GHEAR theme focusses on immigrants, a much more broad perspective can be provided by asking the question what the rate of return on international education is. Has the brain drain changed into brain gain? What are the effects of internationalization of education and migration on knowledge mobility? But also questions such as How is knowledge transferred in a globalized world? What is the role of innovation policies in the transfer of knowledge? These link up with the topic about ideas and universities. Maastricht University/UNU-MERIT has a good reputation in the field.

**The economics of public health** is a broad theme. Within the WUN **Public Health Global Challenge**, healthy aging is a topic of interest. Economists, labor psychologists and health scientists have been working on Sustainable Employment: how can we facilitate that, in a rapidly changing labor market with high pressure on workers, we include as much people as possible in the workforce?<sup>3</sup> How can we get the best out of an aging workforce? Second, specific economic themes may focus on health care policies and on the life sciences industry. In many countries, increasing health care costs become an issue for public debate. Does the increase relate to the health care system? What is the role of patents and intellectual property rights in the (price) development of drugs?

**International economic development** discusses the changing relations in the world economy. This topic relates to the topic understanding globalization in the **Understanding Cultures Global Challenge**. It started with the BRIC countries and the N-11 countries are on their way to conquer the world economy. What explains their success? But from the Millennium Development Goals we know that the population in these new economic powers lack access to basic provisions such as health care, education. We also notice large income inequality and child labor. What economic policies are best suited to reach a more balanced development? Is it the Washington consensus policies that are advocated by the IMF and which are based on competition and a modest role for the government? Or is it a different policy with more active involvement of the public sector?. Input from economics and politics will broaden the scope of the topic and will lead to a more interdisciplinary approach of the topic.

Since the recent financial crisis, **global economic governance** has become a more topical issue, in particular governance of the financial system. What have we learned from Eight Centuries of Financial Folly (Reinhart and Rogoff)? The University of Leeds has built a good reputation on this

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<sup>3</sup> This topic also touches upon the topic “older workers and caregiving” in the Understanding Cultures Global Challenge.

topic. But also the recent start of the Asian Infrastructure Investment Bank (AIIB) is related to the governance of the financial system since it is seen as a competitor of the World Bank. Given the strong role of China in the development of the AIIB, the Global China Group will touch on this topic as well. This research area could be a new research topic in the **Understanding Cultures Global Challenge**.

The current WUN topics in the **Responding to Climate Change Global Challenge** seem to be quite “technical”. The economics of climate change takes a different perspective. The focus is on the economic arguments for government or supranational intervention and incentives to change people’s and firms’ behavior. External effects and lack of ownership of the environment can explain why climate change is such a persistent problem and why no individual country has an incentive to invest heavily in mitigating the consequences of climate change. Climate change is like a prisoners’ dilemma in which the optimal solution is not automatically reached. The new kids on the block seem to make this even worse. Only strict agreements that can easily be monitored or a supranational government can reach the first best solution. On the other hand, many initiatives have been taken at the level of a country or a region. Taxes are levied, subsidies are given. But are these effective? The financial sector develops products for sustainable investments. How can we develop incentives and governance systems that can influence the consequences of climate change? Given the different point of view we have to investigate whether these topics fit in the Global Challenges.

### Activities of the group

Following the mapping study, an Economics Working Group will be formed to further explore and define the research theme and activities of the group. An initial focus will be the preparation of a WUN Research Development Fund application in the 2015 round (by 30 October). This will lead to a workshop alongside the WUN AGM 2016 in Maastricht in April 2016.

In addition, the Economics Working Group must connect to external parties. Links will be forged with the World Bank, OECD, the IMF and EU to join the activities of the EWG. The plan is to invite external parties for the inaugural workshop.

### Activities Timeline

Date	Activity
Late July-Early August 2015	Conduct Mapping Study
August 2015	Identify key themes and researchers. Establish Working Group.
August – October 2015	Teleconferences of the Working Group. Development of RDF application. Investigate possible external parties and discuss their interest
October 2015	Submission of RDF application.
November 2015 – March 2016	Teleconferences and continued collaboration of the Working Group.
April 2016	Inaugural workshop at the WUN Conference & AGM, Maastricht
May 2016 – onwards	Research projects established. Work on joint project with World Bank/IMF/OECD

### **Mapping Study**

We ask WUN Coordinators to map the research strengths of their universities in fields aligned to the themes outlined above and to identify interested researchers working in those areas. Please complete the attached excel spreadsheet with the requested information, identifying a lead representative for your university, and return it to Nicholas Haskins, WUN General Manager by **Tuesday 7 August 2015**.

### **Questions**

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