

Domestic Politics in the Global Economy

Central European University
Doctoral School of PS, PP, and IR
Fall 2020

No. of credits: 2 US / 4 ECTS

Instructor: Dr. Michael Dorsch, Associate Professor

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Course hours: Thursday, 15:30 – 17:10

Office hours: Thursday, 14:15 – 15:15

Course description

Following decades of political liberalization and increasingly globally integrated markets, domestic politics in many democratic countries have begun to swing towards de-globalization and de-liberalization as mainstream policy objectives. Within this contemporary context, the advanced elective course will overview an academic literature that examines how the economic consequences of globalization affect domestic political behavior. The first three sessions will review the canonical economic models of international trade, international factor mobility, and protectionist trade policy. We will then cover contemporary research that quantitatively relates domestic politics to the following issues of economic integration: international trade, immigration, international finance, labor-saving technology diffusion, cultural convergence, and global macroeconomic business cycles. The overarching goal of the course is to encourage original thought as to how a political interpretation of standard international economic theory may be useful in explaining current political trends towards de-globalization. The literature covered is all from the quantitative social sciences and, as such, literacy in basic economic theory and inferential statistics is a pre-requisite. Previous coursework in regression analysis is an advantage, but not required.

Learning goals

Upon successful completion of this course, students will have attained the following research skills:

1. Think broadly about how economic globalization affects domestic economies within the context of international economic theory
2. Evaluate the theoretical and empirical distributional consequences of policies that promote or restrict economic globalization

3. Analyze how the distribution of economic gains and losses from globalization affects domestic political behavior
4. Critically appraise cutting-edge quantitative research methods in the social sciences and work to incorporate the methods into individual research questions
5. Develop and refine a literature review that cuts across international economics and political science

Format of the sessions

The first three sessions will be interactive lectures, reviewing classical economic theories of international economic integration. These theoretical insights lay the groundwork for analyses that link political behavior to economic globalization.

The remaining nine sessions will be seminar-style discussions. To prepare for the seminar discussions, students are required to produce a short note on one of the required readings for each class and to review the further readings. Each required reading and some of the further readings will have a student assigned to be the discussion opener.

The seminar discussions will be guided by the following questions:

- What is the economic impact of this facet of globalization?
- Do the economic impacts affect domestic actors asymmetrically?
- How have such impacts affected political behavior and/or outcomes?
- What are the methodological strengths / weaknesses of the research paper?
- What are some potential extensions of the paper's research question?

Requirements and evaluation

Attendance and participation	Periodic	10 %
Reading response notes	Periodic	35 %
Discussion opener(s)	Periodic	20 %
Final research assignment	End of term	35 %

Grading scale

93	≤	A	≤	100
86	≤	A –	<	93
79	≤	B +	<	86
72	≤	B	<	79
65	≤	B –	<	72
58	≤	C +	<	65
0	≤	F	<	58

Reading response notes

Starting from the fourth class session, students are required to submit brief critical notes on one of the required readings. The notes should be between 200 and 300 words and conclude with at least one suggested in-class discussion point (or critical question). Students should consider the questions that will guide discussions (above) when drafting reading notes. Students are required to submit eight reading response notes (can miss one week), of which the lowest scoring note will not be included in the final grade calculation. The notes should be submitted before 11:00 on the day of class meetings. Late submissions will not be considered.

Discussion opener

Starting from the fourth class session, each student will be required to serve as the discussion opener for at least one of the required readings and one of the further readings over the course of the term. The discussion opener should provide a brief overview of the paper and launch the discussion in the paper in the direction of their choosing. Discussion openers should be critical of the text and enable a discussion of extensions of the research question and/or research methodology of the paper.

Final research assignment

The final research assignment is to produce a short document of between 2000 and 4000 words, which provides one of the following research outputs:

- An annotated reading list that builds on the readings from one of the sessions,
- A proposal for a research project with a well-developed research question that builds on the readings from one of the sessions, or
- A preliminary statistical analysis that builds on the readings from one of the sessions.

Course outline (subject to change)

Week 1. The gains from trade and the political economy of globalization

Format: Interactive lecture

Required reading:

- Kolb (2019)
- Feenstra and Taylor (2008), chapters 1 and 2
- Rodrik (1997)

Further reading:

- Dreher (2006)
- Bergh and Nilsson (2014)
- Rodrik (2017)
- Stiglitz (2018), Part I

Week 2. International trade theory I – Specific factors, Heckscher-Ohlin, and Stolper-Samuelson models

Format: Interactive lecture

Required reading:

- Feenstra and Taylor (2008), chapters 3, 4, and 5

Further reading:

- Rodrik (1998)
- Markusen et al. (1995)
- Feenstra (2015)

Week 3. International trade theory II – Restrictive trade policy

Format: Interactive lecture

Required reading:

- Feenstra and Taylor (2008), chapters 8 and 10

Further reading:

- Markusen et al. (1995)
- Feenstra (2015)

Week 4. First-wave theories of the political economy of trade policies

Format: Seminar discussion

Required reading:

- Rodrik (1995)
- Milner (1999)

Further reading:

- Hillman and Ursprung (1988)

- Grossman and Helpman (1994)
- Goldberg and Maggi (1999)
- Hellwig and Samuels (2007)

Week 5. Rise of nativist populists I – Import competition, local labor market adjustment, and domestic politics

Format: Seminar discussion

Required reading:

- Colantone and Stanig (2018b)

Further reading:

- Dippel et al. (2017)
- Autor et al. (2016a) and Autor et al. (2016b)
- Autor et al. (2016c)
- Aksoy et al. (2018)

Week 6. Trade war politics

Format: Seminar discussion

Required reading:

- Blanchard et al. (2019)

Suggested supplement:

- Trade Talks Podcast #115 from Peterson Institute for International Economics ([link](#)).

Further reading:

- Feigenbaum and Hall (2015)
- Che et al. (2017)
- Becher and Stegmueller (2020)

Week 7. Rise of nativist populists II – Immigration and domestic politics

Format: Seminar discussion

Required reading:

- Barone et al. (2016)

- Dinas et al. (2019)

Further reading:

- Halla et al. (2017)
- Harmon (2018)
- Dustmann et al. (2018)
- Edo et al. (2019)

Week 8. Immigration in political-historical perspective

Format: Seminar discussion

Required reading:

- Tabellini (2020)

Further reading:

- Karadja and Prawitz (2019)
- Sequeira et al. (2017)
- Murard and Sakalli (2018)

Week 9. Rise of nativist populists III – Financial globalization and domestic politics

Format: Seminar discussion

Required reading:

- Funke et al. (2016)

Further reading:

- Mian et al. (2014)
- Ahlquist et al. (2020)
- Doerr et al. (2020)
- Gyongyosi and Verner (2018)

Week 10. Rage against the machine – Labor-saving technology as a source of political conflict

Format: Seminar discussion

Required reading:

- Caprettini and Voth (2020)
- Mokyr et al. (2015)

Further reading:

- Anelli et al. (2019)
- Blanas et al. (2019)
- Caselli et al. (2019)
- Im et al. (2019)
- Kurer and Gallego (2019)

Week 11. Rise of nativist populists IV – Culture, identity, and domestic politics

Format: Seminar discussion

Required reading:

- Inglehart and Norris (2016)
- Mutz (2018)

Further reading:

- Margalit (2019)
- Norris and Inglehart (2019)
- Grossman and Helpman (2018)
- Kurer (2020)
- Piketty (2018)

Week 12. “It’s the economy, stupid” – Economic insecurity and domestic discontent

Format: Seminar discussion

Required reading:

- Guiso et al. (2019)
- Di Tella and Rodrik (2020)

Further reading:

- Algan et al. (2017)
- Naoi (2020)
- Dal Bó et al. (2018)
- Colantone and Stanig (2019)

Further topics

[Extra.] Umhhh, Brexit? – Political disintegration, theory and empirics

Format: Seminar discussion

Required reading:

- Becker et al. (2017)

Further reading:

- Fetzer (2019)
- Alesina et al. (2000)
- Sampson (2017)
- Colantone and Stanig (2018a)
- Mayer et al. (2018)

[Extra.] P i k e t t y – The changing structure of domestic political conflict

Format: Seminar discussion

Required reading:

- Piketty (2018)

References

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