

The Political Economy of Globalization 1 (PO8041) and 2 (PO8042)

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Over the past few decades, a rapid intensification of the globalization process has occurred: technological change and the deepening integration of global markets, have facilitated an acceleration of cross-national flows of goods, finance, and labour, with effects that have greatly enhanced global economic welfare. The financial crisis and subsequent global recession of the last decade, however, and the increased awareness that significant sections of the populations of the developed world had been “left behind” by the globalization process, have added to the concerns of advocates of worker’s rights and environmental standards in the developing world to create a backlash against the globalization process, raising the prospect of a shift towards isolationism and populism. These developments serve as a reminder that the globalization of markets is not inevitable: earlier decades have, after all, seen significant reversals of the process and a return to protection. And in fact when (and how) markets become integrated relies rather heavily on politics.

In these two modules we will study the political economy of the globalization process, analysing both the sources of globalization and its political and distributional effects. **The first course will focus on the politics of trade and foreign direct investment; the second on immigration and the integration of global financial markets.**

Taken together, the two modules provide a comprehensive introduction to the political economy of globalization, as the dimensions of economic globalization that we will be studying – trade, migration, and financial flows – are closely related in both their sources and effects. **Taking both courses is therefore recommended for those students with a strong substantive interest in the topic. Note, however, that these are also designed as stand-alone modules which may be taken separately.** Separate grading structures will apply for students taking the combined and stand-alone options.

A draft syllabus for PO8041 follows. Please feel free to contact the instructor by email if you have any questions about the content or structure of these modules.

The Political Economy of Globalization 1 (PO8041):

The Politics of Global Trade and FDI

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Time and Location, Weeks 22-26:

Wednesday, 12.00-14.00. 3020 Arts.

Office Hours: Weekly. Time TBA.

Course Description

In this course we will focus on the politics of trade and foreign direct investment. How are trade policy decisions made, and what explains the shift towards a more liberalized trading environment that has occurred in recent decades? Who wins and who loses as economies open up to international trade? How does this impact on political preferences, and on patterns of support for, and opposition to, globalization? And how are these cleavages reflected in electoral outcomes?

What are the political implications of off-shoring and foreign direct investment? As technological and regulatory changes have made it increasingly easy for firms to transfer production from one country to another, how does this impact on the balance of political power between labour and capital, and on the political preferences of different types of workers? What is the impact of trade and foreign direct investment on worker's rights and labour standards and on political rights in developing countries?

Assessment

The assessment structure is as follows.

- (i) In class participation. 20 %. Students will be expected to complete all of the required readings each week, and to demonstrate this through active and informed participation in in-class discussion. At this point in the year, you will no doubt already have become aware of the huge amount to be learned from engaging in debate with others in the class – through the practice of formulating and expressing your own ideas, and by listening carefully to those of others. Peer to peer learning of this type is critical at the post-graduate level. And as a result, in-class participation accounts for 20% of the final grade.
- (ii) 2 short response papers (two to three pages max.). **20 %**.
 - Response papers are due by 6PM *on the Monday before the papers are due to be discussed in class* and must be submitted via Turnitin on the Blackboard website.
 - Note that, as with response papers for previous courses which you may have taken as part of the programme, these papers should not be summaries, but should demonstrate an understanding and provide a critique of, or response to, the week's readings. They can be written about one of the required readings, but will usually be more successful when discussing the relationships between more than one reading.

And Either:

- (iii) A take home written assignment to be handed out on the last day of class and due a week later. Students can expect that as part of this assignment they may be asked to critique non-academic writings about globalization and/or interpret simple evidence on globalization related outcomes, based on materials covered in the course. **60%**.

Or. For Students who are taking **both** PO8041 and PO8042

- (iv) Students who are taking both modules PO8041 and PO8042 will have the option *either* to undertake part (iii) of the assessment in each of the two separate modules, *or* to substitute instead one research paper on a topic of their choosing related to either course. This paper will be due a week after the end of PO8042. For students who choose to take this option, the research paper will count for 60% of the grade for both courses. More details of the expected content of a research paper will be provided in class.

A Note on Plagiarism You are reminded of your obligations as a student at Trinity College to avoid plagiarism and respect the highest standards of academic honesty. It is critically important that in all your written work (including response papers) you include full academic citations whenever you discuss the ideas or research of another author.

Some notes on the readings.

- In order to access the most up to date information on weekly readings, and to be included on the course emailing list, all students must self-enrol for the course via Blackboard in the week prior to the start of the course. The access code for self-enrolment for this course will be **PO8041**. Please notify me immediately if you encounter any problems with Blackboard self-enrolment.
- As we proceed through the material, I will be updating the reading list occasionally to include links to short readings from popular media sources which are directly relevant to our in-class discussions, to add to or adjust the listed readings, and/or to indicate which are required or recommended. Once you have self-enrolled on the Blackboard website, you will be notified by email when changes have been made to the syllabus which will be posted on the site (at least one week in advance of the seminar meeting). **You should always check the most recent version on the website before starting work on your readings for the week.**
- You can expect to read the equivalent of four or five academic articles each week along with a few short readings from popular media sources. We will use the academic readings in class to interpret and/or critique these accounts.
- Most of the readings listed here are available on-line through TCD library (indicated by the bracketed term EJ following the cite). Where downloads from alternative sources are indicated they are free. Please contact me as soon as possible (and certainly in advance of the relevant class meeting) if you encounter any problems with these downloads.

PO8041: Course Outline and Readings.

Background Reading:

Frieden, Jeffrey A. 2006. *Global Capitalism: Its Fall and Rise in the Twentieth Century*, W.W.Norton and Co., New York. Highly Recommended. An excellent and readable political economic history which charts the dimensions of the globalization process over the past century. A very useful reference (available cheaply at on-line booksellers).

O'Rourke, Kevin (2009). "Politics and Trade: Lessons from Past Globalizations". *Bruegel Essay and Lecture Series*. Excellent and readable essay placing the current politics of globalization in historical context. Highly recommended. Available here: <http://bruegel.org/author/kevin-orourke/>

Week 1: Who's Afraid of Trade ? Political Cleavages over Free Trade and Protection

Short Media Pieces.

Rodrik, Dani, March 9th 2012. "Free-Trade Blinders", *Project Syndicate*. Available here: <https://www.globalpolicy.org/social-and-economic-policy/international-trade-and-development-1-57/51477-free-trade-blinders.html>

Krugman, Paul, May 14th 2007. "Divided Over Trade". Available here: <http://www.nytimes.com/2007/05/14/opinion/14krugman.html>

Frieden, Jeffrey, September 2018. "The Backlash Against Globalization" Webcast. Available here: <https://scholar.harvard.edu/jfrieden/pages/media-and-webcasts>

Academic Articles.

Scheve, Kenneth F. and Matthew J. Slaughter, 2007. "A New Deal for Globalization", *Foreign Affairs*, Vol. 86, No. 4, pp. 34-47 (EJ)

Rogowski, Ronald, 1987. "Political Cleavages and Changing Exposure to Trade", *The American Political Science Review*, Vol. 81, No. 4 (December), pp. 1121-1137 (EJ)

Mayda, Anna Maria & Rodrik, Dani, 2005. "Why are some people (and countries) more protectionist than others?," *European Economic Review*, Elsevier, vol. 49(6), pages 1393-1430, August. (EJ)

Hiscox, Michael J., 2001. "Class versus Industry Cleavages: Inter-Industry Factor Mobility and the Politics of Trade," *International Organization* 55:1 (Winter), pp. 1-46. (EJ)

Week 2: Capital Mobility, Off-Shoring and Distributional Politics.

Short Media Pieces.

Calamur Krishnadev, June 26th 2017. "Uneasy Riders: Trump's War on Harley", *The Atlantic*. Available here: <https://www.theatlantic.com/international/archive/2018/06/trump-harley-davidson/563729/>

Shroeder, Michael and Aepfel, Timothy, October 10th 2003. "Skilled Workers Mount Opposition to Free Trade", *Wall Street Journal*. Available here: <https://www.wsj.com/articles/SB106574731540500800>

Academic Articles.

Blinder, Alan S., 2006. "Offshoring: The Next Industrial Revolution ?", *Foreign Affairs*, 85(2), pp. 113-128. (EJ).

Scheve, Kenneth and Matthew J. Slaughter, 2004. "Economic Insecurity and the Globalization of Production", *American Journal of Political Science*, Vol. 48, No. 4, October, Pp. 662–674. (EJ)

Mansfield, Edward D. and Diana C. Mutz, 2013. "US Versus Them: Mass Attitudes towards Offshore Outsourcing". *World Politics*, Volume 65, Number 4, October, pp. 571-608 (EJ).

Margalit, Yotam, 2011. "Costly Jobs: Trade-related Layoffs, Government Compensation, and Voting in U.S. Elections", *American Political Science Review*, Vol. 105, No. 1 (February). (EJ)

Week 3: Why the move to Free Trade ?

Michael Bailey, Judith Goldstein, and Barry Weingast. "The Institutional Roots of American Trade Policy". *World Politics* (1997), pp. 309-38. (EJ)

Osgood, Vanguard of Globalization: Attitudes and Political Action among Pro-Trade firms. *Draft Manuscript* (2018). Available here:

<https://sites.google.com/a/umich.edu/iainosgood/research>

Christina L. Davis. 2004. "International Institutions and Issue Linkage: Building Support for Agricultural Liberalization." *American Political Science Review*, 98, 1, Pp. 153-169 (EJ).

Christina L. Davis and Meredith Wilf. 2017. "Joining the Club: Accession to the GATT/WTO." *Journal of Politics*, 79, 3, Pp. 964-978 (EJ).

Kerry Chase, "Economic Interests and Regional Trading Arrangements: The Case of NAFTA," *International Organization* 57: 1 (Winter 2003), pp. 137-74 (EJ).

Week 4: Trade, Capital Mobility and Democracy in the Developing World.

Rudra, Nita (2005) "Globalization and the Strengthening of Democracy in the Developing World," *American Journal of Political Science*, (October.) (EJ)

Li, Quan and Rafael Reuveny "Economic Globalization and Democracy: An Empirical Analysis", *British Journal of Political Science*, Vol. 33, No. 1 (Jan., 2003), pp. 29-54

Milner, Helen, and Keiko Kubota. "Why the Move to Free Trade? Democracy and Trade Policy in the Developing Countries". *International Organization* 59 (Winter 2005): 107-143. (EJ).

Pandya, Sonal. "Democratization and Foreign Direct Investment Liberalization, 1970–2000" *International Studies Quarterly*, Volume 58, Issue 3, 1 September 2014, Pages 475–488 (EJ)

Li, Quan and Adam Resnick “Reversal of Fortunes: Democratic Institutions and Foreign Direct Investment Inflows to Developing Countries”, *International Organization*, Vol. 57, No. 1 (Winter, 2003), pp. 175-211 (EJ) or Jensen, Nathan M. “Democratic Governance and Multinational Corporations: Political Regimes and Inflows of Foreign Direct Investment” *International Organization*, Vol. 57, No. 3 (Summer, 2003), pp. 587-616 (EJ). (Selected reading TBA).

Week 5: Fair Trade Politics.

Ross, Robert J. And Foreign Policy in Focus (2014) “How your tax dollars are funding overseas sweatshops” *The Nation*, January 7. Available here: <http://www.thenation.com/blog/177820/how-your-tax-dollars-enrich-sweatshops>

Rodri, Dani (2007). “Sweatshops, sweatshops, everywhere” Dani Rodrik's weblog November 26. Available for download from the TCD Blackboard website.

Rodrik, Dani (1997). “Has Globalization gone too far ?”, *Institute for International Economics*. Selected Chapters TBA. Available for purchase, download, or on-line viewing here: <https://piie.com/bookstore/has-globalization-gone-too-far>

Elliott, Kimberly Ann and Richard B. Freeman, (2003), “Can Labor Standards Improve under Globalization ?”, *Institute for International Economics*. Selected Chapters TBA. Available for purchase, download, or on-line viewing here: <http://bookstore.piie.com/bookstore/338.html>

Rudra, Nita, “Globalization and the Decline of the Welfare State in Less-Developed Countries”, *International Organization*, Vol. 56, No. 2 (Spring, 2002), pp. 411-445 or Rudra, Nita and Stephen Haggard (2005) (EJ) “Globalization, Democracy, and Effective Welfare Spending in the Developing World”, *Comparative Political Studies*, Vol. 38 No. 9, November 2005 1015-1049 (EJ) (Selected Reading TBA).