

POLI 670: Current Debates about the Economics and Politics of Globalization

Professor Leonardo Baccini

McGill University, Fall 2022

Email: leonardo.baccini@mcgill.ca
Office hours: Tue and Thu, 1-2pm
Office: Leacock 513

Schedule: Wed, 11:35am-02:25pm
Classroom: LEA 917
Course format: in person

Seminar Description

The seminar surveys the main debates in comparative and international political economy over the past decade. While topics are quite diverse, the common denominator concerns the distributional consequences of globalization and their effect on political behavior and attitudes. The seminar focuses mainly (but not exclusively) on Europe and North America and it has a pronounced quantitative angle with a strong emphasis on causal inference.

The seminar is divided into three main parts. The first part explores how trade and foreign direct investment affects inequality with a focus on firm-level activities. This part sets the economic foundations to better understand the political effects of globalization, which we address in the remainder of the seminar. The second part covers the demand-side explanations of the backlash against globalization. These readings address the ongoing debate between economic and cultural determinants of the recent surge of populism. The third part of the seminar introduces the role of governments and explores how redistribution policies and austerity tame or magnify the winner-take-all effect of globalization.

Prerequisite

POLI 618 or an equivalent introduction to quantitative methods is strongly recommended.

Learning objectives

The main learning objectives of this course are three-fold:

- 1) Gain a deeper understanding of the main academic debates in comparative and international political economy
- 2) Gain a better understanding of the methodological challenges in studying topics at the intersection of economics and politics.
- 3) Improve students' research skills. In this seminar, students are exposed to all the components of academic research: Discussion and critique of papers, presentations of their own research ideas, and developing their own project.

Course Requirements

Course discussion participation	10%
Paper critiques	25%
Presentations	20%
Final paper proposal	10%
Final paper	35%

You must receive a passing grade (higher than 50%) for each component of the course worth 20% of the grade or more in order to pass the course. If you receive a failing grade in course participation or any other course element, this results in an automatic maximum grade of D in the course. Note that this means regular course attendance and participation are required in order to do well in the course. Any confirmed plagiarism or cheating results in an F for that assignment and, therefore, at best a D for the class, in addition to disciplinary action. Regular unexcused absence from lectures results in doing poorly in the class. By remaining in this class, you agree to these terms.

In order to calculate your final grade, I sum all the points you have received in the class and convert the points into letter grades using the following scale:

85-100 = A
80-84 = A-
75-79 = B+
70-74 = B
65-69 = B-
60-64 = C+
55-59 = C
50-54 = D
Below 50 = F

I round up scores of 0.5 and higher and round down scores of less than 0.5. No exceptions are made to the above system of converting points into letter grades.

Students who wish to contest a grade for an assignment or exam must do so in writing (by email, sent to me) providing the reasoning behind their challenge to the grade received, within two weeks of the day on which the assignments are returned. I will re-evaluate the paper, but also reserve the right to raise or lower the grade.

Students who need to miss a class due to a religious holiday should notify me at least fourteen days prior to the holiday. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Late penalties. Assignments are penalized $\frac{2}{3}$ of a letter grade if they are turned in within 24 hours after the deadline, and an additional $\frac{2}{3}$ of a grade for every 24 hours thereafter. Assignments are

not accepted after 72 hours, resulting in failing the paper, which means failing the course. Documented illnesses or family emergencies are the only grounds for exceptions or extensions.

Description of Grade Components

Class participation (10%)

Each week there are between 100-200 pages of reading. You are expected to come to class prepared and having done the reading. In every class session, students discuss the readings. Participation entails thorough knowledge of the studies covered in class as well as ability to criticize the arguments put forward by the authors, to raise questions, and to compare different readings on the same topic. Participation in the class comprises 10% of the course grade.

Critique (25%)

Students will submit two or three (depending on the number of students enrolled) 3-page critiques of readings related to the material covered in Weeks 3-11 (Times New Roman, 12 font, 1.5 line spacing, and normal margins). Note that no critique is scheduled in the first two weeks and in the last two weeks. These critiques must critically engage with the reading and must take a stance. The critique must have an argument and defend that argument. It should also raise questions that are then discussed in class. I expect that students who submit critiques on a particular topic/class to take a leading role in discussing the material of that particular topic/class. Note that students *are not allowed to* submit the critique in the same week in which their presentation is scheduled. **The critique is due on Tuesday of the week in which we discuss the specific topic and should be uploaded on Mycourses.** The two critiques are worth 25% of the final grade.

Presentation of one the readings (10%)

Each student will present one of the readings highlighted in the syllabus (see below). The presentation should provide a summary of the main argument and findings, but also some criticisms. It should end with some questions to discuss in the Q&A. The presentation should not be longer than 20 minutes and students are required to use slides. These presentations are scheduled in Week 3-11 (one presentation in each of these weeks). **Presentations should be uploaded on Mycourses before class.** This accounts for 10% of the final grade.

The final project is made of three component (55%)

1. Final paper proposal: You should write a short final project proposal including research question, relevant literature, summary of the argument, and methodology. The proposal should not be longer than 2 pages, including bibliography (Times New Roman, 12 font, 1.5 line spacing, and normal margins) **The final paper proposal is due on October 16 and should be uploaded on Mycourses.** The final paper proposal accounts for 10% of the final grade.
2. Final paper presentation: You will give an oral presentation about the final project in one of the two last weeks of the course. The presentation should include a research question, a literature review of the topic, and the theoretical framework used to answer the research question. Including some preliminary findings is recommended but not necessary. It should end with issues on which you would like to receive feedback. The presentation should not be longer than 15 minutes. **Presentations should be uploaded on Mycourses before class.** The presentation accounts for 10% of the final grade.

3. **Final paper:** In this research paper, you write an analysis of one of the topics addressed in the seminar. Students are free to choose the topic, but they should double-check with me to make sure that the topic fits with the course. It is strongly recommended that the paper has a quantitative angle, i.e. a clear research design and data analysis. A suggestion would be to replicate one of the papers covered in the seminar and extend it both theoretically and empirically. Note that a replication alone would not be enough to get a pass. The final paper must be 6,000 words (max) excluding bibliographic material (Times New Roman, 12 font, 1.5 line spacing, and normal margins). Please put the word count at the top of the paper. **The final paper is due on December 11 and should be uploaded on Mycourses.** The final paper comprises 35% of the grade.

Tips for the final paper:

- Start thinking about the topic of the final project soon.
- Please consult me when choosing a topic to make sure that it is in line with the course goals.
- Use the analysis of a paper covered in the seminar as the base of your final paper, but add something of your own to the theory/analysis.
- Start with a puzzle. Don't choose a topic just because it catches your eye, but rather because you think there is an interesting puzzle to solve.
- Apply a theory to the puzzle and discuss its observable implications for the puzzle at hand
- Answer the question: Does the evidence support the theory or not?
- Conclude by discussing what you have learned and what other applications there may be for your findings.

Course Readings

There are no required books. All materials are made available through MyCourses.

Course and University Policies

Integrity: McGill University values academic integrity. Therefore, all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see www.mcgill.ca/integrity for more information).

L'université McGill attache une haute importance à l'honnêteté académique. Il incombe par conséquent à tous les étudiants de comprendre ce que l'on entend par tricherie, plagiat et autres infractions académiques, ainsi que les conséquences que peuvent avoir de telles actions, selon le Code de conduite de l'étudiant et des procédures disciplinaires (pour de plus amples renseignements, veuillez consulter le site www.mcgill.ca/students/srr/honest/).

Special Needs: As the instructor of this course I endeavor to provide an inclusive learning environment. However, if you experience barriers to learning in this course, do not hesitate to discuss them with me and the Office for Students with Disabilities, 514-398-6009.

Language: In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.

Conformément à la Charte des droits de l'étudiant de l'Université McGill, chaque étudiant a le droit de soumettre en français ou en anglais tout travail écrit devant être noté (sauf dans le cas des cours dont l'un des objets est la maîtrise d'une langue)

Course-Evaluations

End-of-course evaluations are one of the ways that McGill works towards maintaining and improving the quality of courses and the student's learning experience. You are notified by e-mail when the evaluations are available. Please note that a minimum number of responses must be received for results to be available to students.

Classroom Etiquette

I want to create a welcoming and stimulating learning environment for you and your peers. To do this, I ask that you respect a few basic ground rules:

1. I start the class on time and expect you to arrive to class on time. People coming in late disrupt the professor and their fellow students.
2. Please remember to silence your cell phones.

McGill University is on the traditional territory of the Anishinaabeg and Haudenosaunee Nations and a place which has long served as a site of meeting and exchange amongst various Indigenous nations.

Class Schedule

INTRODUCTION

Week 1, Aug 31: Introduction

This class provides an overview of the seminar, introduces the main topics, and discusses the logistics. The two readings below summarize the main literature covered in the seminar.

Flaherty, T. M., & Rogowski, R. (2021). Rising inequality as a threat to the liberal international order. *International Organization*, 75(2), 495-523.

Walter, S. (2021). The backlash against globalization. *Annual Review of Political Science*, 24(1), 421-442.

Week 2, Sept 7: Stats Primers

This class covers three methodological techniques, which are widely used in the studies covered in this course: fixed effects, difference-in-differences (DiD), and instrumental variables. These techniques are introduced in an intuitive way. The goal is to reach a basic knowledge of these methods to make it easier for students to read the material of the course. Exceptionally, this week is more lecture-based than discussion-based. The two readings are not related to populism, but they are seminal cases of DiD and instrumental variables. The two presentations allow us to discuss papers that introduce important debates addressed in the next part of the course as well as to explore how DiD and instrumental variables are employed to answer research questions related to populism. There are no presentations in week 2.

Acemoglu, D., Johnson, S., & Robinson, J. A. (2001). The colonial origins of comparative development: An empirical investigation. *American economic review*, 91(5), 1369-1401.

Card, D., & Krueger, A. B. (2000). Minimum wages and employment: a case study of the fast-food industry in New Jersey and Pennsylvania: reply. *American Economic Review*, 90(5), 1397-1420.

GLOBALIZATION-INDUCED INEQUALITY

Week 3, Sept 14: Trade and Inequality

Baccini, L., Guidi, M., Poletti, A., & Yildirim, A. B. (2022). Trade liberalization and labor market institutions. *International organization*, 76(1), 70-104.

Eeckhout, J. (2021). *The Profit Paradox: How Thriving Firms Threaten the Future of Work*. Princeton University Press. Chapter 2 and 3.

Kim, I. S., & Osgood, I. (2019). Firms in trade and trade politics. *Annual Review of Political Science*, 22, 399-417.

Osgood, I., Tingley, D., Bernauer, T., Kim, I. S., Milner, H. V., & Spilker, G. (2017). The charmed life of superstar exporters: Survey evidence on firms and trade policy. *The Journal of Politics*, 79(1), 133-152.

Presentation:

- Redeker, N. (2022). The Politics of Stashing Wealth: The Decline of Labor Power and the Global Rise in Corporate Savings. *The Journal of Politics*, 84(2), 975-991.

Week 4, Sept 21: FDI and Inequality

Alfaro, Laura, and Maggie Xiaoyang Chen. "Market reallocation and knowledge spillover: The gains from multinational production." *Harvard Business School BGIE Unit Working Paper* 12-111 (2013).

Baccini, L., Pinto, P. M., & Weymouth, S. (2017). The distributional consequences of preferential trade liberalization: Firm-level evidence. *International Organization*, 71(2), 373-395.

Helpman, Elhanan, Marc J. Melitz, and Stephen R. Yeaple. *Export versus FDI*. No. w9439. National Bureau of Economic Research, 2003.

Jensen, Nathan M. and Guillermo Rosas. 2007. "Foreign Direct Investment and Income Inequality in Mexico, 1990-2000." *International Organization* 61: 467-487.

Presentation:

- Rho, S., & Tomz, M. (2017). Why don't trade preferences reflect economic self-interest?. *International Organization*, 71(S1), S85-S108.

Week 5, Sept 28: Firms in Politics: Lobbying

Baccini, L., Osgood, I., & Weymouth, S. (2019). The service economy: US trade coalitions in an era of deindustrialization. *The Review of International Organizations*, 14(2), 261-296.

Dür, Andreas, Patrick Bernhagen, and David J. Marshall. 2014. "Interest group success in the European Union: when (and why) does business lose?" Forthcoming in *Comparative Political Studies*.

Kim, In Song. 2013. "Political Cleavages Within Industry: Firm Level Lobbying for Trade Liberalization". Mimeo.

Osgood, I. (2018). Globalizing the supply chain: Firm and industrial support for US trade agreements. *International Organization*, 72(2), 455-484.

Presentation:

- Gehlbach, Scott, Konstantin Sonin, and Ekaterina Zhuravskaya. 2010. "Businessman candidates." *American Journal of Political Science* 54.3: 718-736.

BACKLASH AGAINST GLOBALIZATION

Week 6, Oct 5: Economic Grievances: The Role of Trade

Cameron Ballard-Rosa, Amalie Jensen and Kenneth Scheve. 2021. "Economic Decline, Social Identity, and Authoritarian Values in the United States." *International Studies Quarterly*.

Colantone, I., & Stanig, P. (2018). The trade origins of economic nationalism: Import competition and voting behavior in Western Europe. *American Journal of Political Science*, 62(4), 936-953.

Colantone, I., & Stanig, P. (2018). Global competition and Brexit. *American political science review*, 112(2), 201-218.

Jensen, J. B., Quinn, D. P., & Weymouth, S. (2017). Winners and losers in international trade: The effects on US presidential voting. *International Organization*, 71(3), 423-457.

Presentation:

- Cameron Ballard-Rosa, Judith Goldstein and Nita Rudra. 2021. "Trade as Villain: The Fading American Dream and Declining Support for Globalization.

Week 7, Oct 19: Economic Grievances: The Role of Automation

Di Tella, R., & Rodrik, D. (2020). Labour market shocks and the demand for trade protection: Evidence from online surveys. *The Economic Journal*, 130(628), 1008-1030.

Gallego, A., Kurer, T., & Scholl, N. B. (2020). Neither Left-Behind nor Superstar: Ordinary Winners of Digitalization at the Ballot Box. *Journal of Politics*.

Owen, Erica. 2021. Firms vs. Workers? The Political Economy of Labor in an Era of Global Production and Automation. Mimeo.

Wu, N. (2021). Misattributed blame? Attitudes toward globalization in the age of automation. *Political Science Research and Methods*, 1-18. doi:10.1017/psrm.2021.43.

Presentation:

- Baccini, L., & Weymouth, S. (2021). Gone for good: Deindustrialization, white voter backlash, and US presidential voting. *American Political Science Review*, 115(2), 550-567.

Week 8, Oct 26: The Cultural Backlash & The Role of Immigration

Dustmann, C., Vasiljeva, K., & Piil Damm, A. (2019). Refugee migration and electoral outcomes. *The Review of Economic Studies*, 86(5), 2035-2091.

Jardina, A. 2019. *White Identity Politics*. Cambridge University Press, chapters 2 and 7.

Margalit, Y. (2019). Economic insecurity and the causes of populism, reconsidered. *Journal of Economic Perspectives*, 33(4), 152-70.

Mutz, D. C. (2018). Status threat, not economic hardship, explains the 2016 presidential vote. *Proceedings of the National Academy of Sciences*, 115(19), E4330-E4339.

Presentation:

- Dinas, E., Matakos, K., Xefteris, D., & Hangartner, D. (2019). Waking up the golden dawn: does exposure to the refugee crisis increase support for extreme-right parties?. *Political analysis*, 27(2), 244-254.

GLOBALIZATION AND THE ROLE OF GOVERNMENT

Week 9, Nov 2: Redistribution Policies in the EU

This class explores if and how compensation policies help reduce populist support among the losers from globalization. We do so through the lens of the embedded liberalism paradigm.

Cavaille, Charlotte, and Jeremy Ferwerda. "How Distributional Conflict over In-Kind Benefits Generates Support for Far-Right Parties." (2020).

Hopkin, J. (2020). *Anti-system politics: The crisis of market liberalism in rich democracies*. Oxford University Press. Chapter 2.

Vlandas, T., & Halikiopoulou, D. (2021). Welfare state policies and far right party support: moderating 'insecurity effects' among different social groups. *West European Politics*, 1-26.

Walter, S. (2010). Globalization and the welfare state: Testing the microfoundations of the compensation hypothesis. *International Studies Quarterly*, 54(2), 403-426.

Presentation:

- Scheve and Serlin. The German Trade Shock and The Rise of the Neo-Welfare State in Early 20th Century Britain. Forthcoming in *American Political Science Review*.

Week 9, Nov 9: Redistribution Policies in the US

Ashok, Vivek, Ilyana Kuziemko, and Ebonya Washington. "Preferences for redistribution in an era of rising inequality: Some new stylized facts and tentative explanations". *Brookings Papers on Economic Activity* Spring (2015): , Spring, 367-405

Kuziemko, Ilyana, et al. "How Elastic are Preferences for Redistribution? Evidence from Randomized Survey Experiments". *American Economic Review* 105.4 (2015).

Margalit, Y., & Raviv, S. (2022). Does Support for Redistribution Mean What We Think it Means?. *Available at SSRN 4135466*.

Ritchie, M. N., & You, H. Y. (2021). Trump and trade: Protectionist politics and redistributive policy. *The Journal of Politics*, 83(2), 800-805.

Presentation:

- Kim, S. E., & Pelc, K. J. (2021). Trade Competition and Worker Compensation: Why Do Some Receive More than Others?. *International Studies Quarterly*, 65(1), 109-121.

Week 11, Nov 16: Austerity

Baccini, L., & Sattler, T. (2021). Austerity, Economic Vulnerability, and Populism. *Available at SSRN 3766022*.

Bansak, K., Bechtel, M. M., & Margalit, Y. (2021). Why austerity? The mass politics of a contested policy. *American Political Science Review*, 115(2), 486-505.

Lecce, G., Carloni, D., & Alesina, A. (2013). *13. The Electoral Consequences of Large Fiscal Adjustments* (pp. 531-572). University of Chicago Press."

Wiedemann, A. (2022). The Electoral Consequences of Household Indebtedness under Austerity. *American Journal of Political Science*.

Presentation:

- Bremer, B., & Bürgisser, R. (2022). Public opinion on welfare state recalibration in times of austerity: Evidence from survey experiments. *Political Science Research and Methods*, 1-19.

CONCLUSION

Week 12, Nov 23: Presentations

Week 13, Nov 30: Presentations