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# **Globalization and World Politics**

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Thomas Plümper

[tpluem@essex.ac.uk](mailto:tpluem@essex.ac.uk)

office: 5.004

office hours: Monday 14-15, Friday 13-14.

# **Globalization and World Politics**

Alternative Titles:

Comparative and International Political Economy

The Nation-State and the Global Economy

# Globalization and World Politics

Political Science is like looking for a black cat in a dark room.

Globalization research is like looking for a black cat in a dark room in which there is no cat.

At times, globalization research is like looking for a black cat in a dark room where there is no cat and someone yells, "I got it!"

*(Adapted from unknown source)*

# Globalization and World Politics

## *I: Organization of the Seminar*

– 4 parts

a) Global Economic Integration and Government Intervention

b) Globalization and the Nation-State: Political Autonomy

c) Problematic Consequences

d) International Economic Organizations

# Global Economic Integration: Processes

## Interactions

Trade

Foreign Direct Investment

Money, Credit and Short-Term Capital

Trade: Goods and Services

FDI: Greenfield, Take-Over, Stock-Market  
(definition: >15% of capital must be owned)

Short-Term Capital: Portfolio-Investment (<15% of capital), Credit, Transfers, ...

# **How can Governments Influence the Extend of their own Country's Global Economic Integration?**

# How can Governments Influence the Extend of their own Country's Global Economic Integration?

## *Trade*

Tariffs

Non-Tariff Barriers, i.e.: quotas, regulation, technical requirements, voluntary export restraints

Export Subsidies

Exchange-Rate Manipulation

## *FDI*

Ownership Restrictions

Restrictions on Localization of Investment

Restrictions on Maximum Ownership for Foreigners

Subsidization of Illiquid Domestic Corporations

Capital Controls (Restriction on Capital Flows)

## ***Portfolio Investment and Credit***

Capital Controls

Financial and Capital Market Regulation

Subsidization of Domestic Banks and Capital Holders

...

# **Why do Governments Influence the Extend of their own Country's Global Economic Integration?**

# Why do Governments Influence the Extend of their own Country's Global Economic Integration?

## ***Welfare Effects***

existence of welfare effects dubious

infant industry argument

stabilization of business cycles

avoidance of financial crises

...

## ***Opportunistic Political Strategies***

propelling 'rents' to important political players

redistributing income across voters

## ***Ideology***

# **Global Economic Integration: Actors and Interactions**

***Government***

***Voters***

***Interest Groups***

***Parties***

***(Party-Members)***

***(Media)***

## ***'Utility functions'***

### ***Parties***

maximize

vote-shares

probability of coming to power

partisan preferences (minimize distance between preferences and implemented policy)

else?

### ***Voters***

maximize

income

variance of goods available

proximity between voter's preference and implemented policy

else?

## ***Interest Groups***

maximize

income

proximity between interest group's preference and implemented policy

## ***'Interactions' between Actor Groups***

Voter -> Government: Voting

Interest Group -> Government: Lobbying

How do Interest Groups influence the Government?

Transfer of Resources (Money?)

Transfer of Information