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Fall term 2015

“Globalization: An empirical political economy perspective”

Dr. Kai Gehring

Office hour: please arrange per e-mail

Email: mail@kai-gehring.net

Time of Lecture: Di 10:15-12:00, ab 22.09. (AFL-E-022)

Date of exam: Tuesday 15.12.2015

Mode of examination: 70% written exam, 30% written referee report. Details will be discussed in the lecture.

Note:

Teaching will be in English. Make sure to read all papers with an asterisk before the corresponding lecture and try to have a look at the others. Each week, students will choose one of the papers (if there is a choice) with an asterisk and write a written two-page summary, which they hand in on OLAT. Starting from the second lecture, students will be asked on a random basis to shortly explain their chosen paper to their fellow students in the lecture.

This Syllabus is preliminary and subject to change. ¹

¹ This course is based on the course Globalization by Prof. Dr. Axel Dreher. Many thanks for sharing slides.

Content

This course gives a broad overview of the various dimensions of globalization. It starts with discussing the measurement of globalization and then turns to its causes and consequences. Rather than defining globalization according to the narrow economic definition, we take a broad definition, including topics like migration, the spread of institutions, and the role of international organizations.

Structure

I. Measuring Globalization (and its consequences)

Lecture 1. Trade

(1)*Arribas, Iván, Francisco Pérez and Emili Tortosa-Ausina, 2009, Measuring Globalization of International Trade: Theory and Evidence, *World Development* 37, 1: 127-145.

Lecture 2. Capital

(1)*Quinn, Dennis, Martin Schindler and A. Maria Toyoda, 2011, Assessing Measures of Financial Openness and Integration, *IMF Economic Review* 59, 3: 488-522.

Lecture 3. Migration

(1)*Docquier, Frederic and Hillel Rapoport, 2012, Globalization, Brain Drain, and Development, *Journal of Economic Literature* 50:3, 681-730.

Lecture 4. Composite Indices

Dreher, Axel, Noel Gaston and Pim Martens, 2008, *Measuring Globalization: Gauging its Consequences* (New York: Springer).

(2) *Hessami, Zohal, 2011, Globalization's winners and losers—Evidence from life satisfaction data, 1975–2001, *Economics Letters* 112, 3: 250-253.

II. Movement of Money and Things

Lecture 5. Trade

(1) *Berger, Daniel, William Easterly, Nathan Nunn, Shanker Satyanath, 2013, Commercial Imperialism? Political Influence During the Cold War, *American Economic Review* 103, 2: 863-96.

(2) *Fuchs, Andreas and Nils-Hendrik Klann, 2013, Paying a Visit: The Dalai Lama Effect on International Trade, *Journal of International Economics* 91, 1: 164-177.

(3) *Klein, Michael W., Christoph Moser and Dieter Urban, 2013, Exporting, Skills and Wage Inequality, *Labor Economics* 25: 76-85.

Lecture 6. The role of ethnicity, culture and language for trade

Bisin, A., & Verdier, T. (2010). The Economics of Cultural Transmission and Socialization. *Handbook of Social Economics*, nc.

*Egger, P. H., & Lassmann, A. (2013). The Causal Impact of Common Native Language on International Trade: Evidence from a Spatial Regression Discontinuity Design (No. 9441). *CEPR Discussion Papers*.

Kolo, P. (2012). Measuring a new aspect of ethnicity: The appropriate diversity index (No. 221). Discussion Papers, Ibero America Institute for Economic Research.

*Melitz, J., & Toubal, F. (2014). Native language, spoken language, translation and trade. *Journal of International Economics*, 93(2), 351-363.

*Iwanowsky, M. (2014). The Role of Ethnic Networks in Africa: Evidence from Cross-Country Trade. *Working Paper*.

III. Spread of Ideas

Lecture 7. The institutional perspective

*Acemoglu, Daron, Simon Johnson and James Robinson, 2001, The Colonial Origins of Comparative Development: An Empirical Investigation, *American Economic Review* 91, 5: 1369-1401.

*Acemoglu, Daron, Simon Johnson, and James Robinson, 2012, The Colonial Origins of Comparative Development: An Empirical Investigation: Reply, *American Economic Review* 102, 6: 3077-3110.

*Albouy, David, 2012, The Colonial Origins of Comparative Development: An Empirical Investigation: Comment, *American Economic Review* 102, 6: 3059-3076.

*Auer, Raphael, 2013, Geography, Institutions, and the Making of Comparative Development, *Journal of Economic Growth* 18, 2: 179-215.

McArthur, John and Jeffrey Sachs, 2001, Institutions and Geography: Comment on Acemoglu, Johnson and Robinson (2000), *NBER Working Paper* No. 8114.

Mercier, Marion, 2013, The Return of the Prodigy Son: Do Return Migrants Make Better Leaders? *IZA Discussion Paper* No. 7780.

Olsson, Ola, 2005, Unbundling Ex-Colonies: A Comment on Acemoglu, Johnson, and Robinson, 2001, *Working Papers in Economics*, Department of Economics, Göteborg University.

Spilimbergo, Antonio, 2009, Democracy and foreign education, *American Economic Review* 99, 1: 528-43.

Lecture 8. The role of genetics, culture and language

*Ashraf, Quamrul, and Oded Galor. "The "Out of Africa" Hypothesis, Human Genetic Diversity, and Comparative Economic Development." *American Economic Review* 103.1 (2013): 1-46.

*Spolaore, E., & Wacziarg, R. (2009). The diffusion of development. *Quarterly Journal of Economics*, 124(2).

Ashraf, Q., & Galor, O. (2013). Genetic Diversity and the Origins of Cultural Fragmentation. *The American Economic Review Papers and Proceedings*, 103(3), 528.

Falck, O., Heblich, S., Lameli, A., & Südekum, J. (2012). Dialects, cultural identity, and economic exchange. *Journal of Urban Economics*, 72(2), 225-239.

Spolaore, E., & Wacziarg, R. (2013). How Deep Are the Roots of Economic Development? *Journal of Economic Literature*, 51(2), 325-369.

Spolaore, E., & Wacziarg, R. (2015). Ancestry, Language and Culture (No. w21242). Working Paper.

The Referee Report will take place between 10th and 16th (23.59 p.m.) of November

IV. Managing Globalization

Lecture 9. Credit Rating Agencies

Fuchs, A. and Kai Gehring. 2015. The Home Bias in Sovereign Ratings. Working paper: Courant Research Centre Discussion Paper No. 175, University of Goettingen.

Lecture10. World Trade Organization

*Rose, Andrew K., 2004, Do We Really Know That the WTO Increases Trade? *American Economic Review* 94, 1: 98-114.

Rose, Andrew K., 2004, Do WTO Members have More Liberal Trade Policy? *Journal of International Economics* 63, 2: 209-235.

Rose, Andrew K., 2007, Do We Really Know That the WTO Increases Trade? Reply, *American Economic Review* 97, 5: 2019-2025.

*Subramanian, Arvind and Shang-Jin Wei, 2007, The WTO Promotes Trade, Strongly But Unevenly, *Journal of International Economics* 72, 1: 151-175.

Tomz, Michael, Judith L. Goldstein and Douglas Rivers, 2007, Do We Really Know That the WTO Increases Trade? Comment, *American Economic Review* 97, 5: 2005-2018.

Lecture 11. United Nations Security Council

Bashir, Omar S. and Darren J. Lim, 2013, Misplaced Blame: Foreign Aid and the Consequences of UN Security Council Membership, *Journal of Conflict Resolution* 57, 3: 509-523.

*Bueno de Mesquita, Bruce and Alastair Smith, 2010, The Pernicious Consequences of UN Security Council Membership, *Journal of Conflict Resolution* 54, 5: 667-686.

Bueno de Mesquita, Bruce and Alastair Smith, 2012, Aid. Blame It All on "Easy Money," *Journal of Conflict Resolution* 57, 3: 524-537.

* Dreher, Axel, Vera Eichenauer and Kai Gehring, 2014, Geopolitics, Aid and Growth, *CEPR Discussion Paper* No. 9904.

Lecture 12. International Monetary Fund & World Bank

*Dreher, Axel, Jan-Egbert Sturm and James Vreeland, 2009, Global Horse Trading: IMF loans for votes in the United Nations Security Council, *European Economic Review* 53: 742-757.

Dreher, Axel, Jan-Egbert Sturm and James Vreeland, 2009, Development Aid and International Politics: Does membership on the UN Security Council influence World Bank decisions? *Journal of Development Economics* 88: 1-18.

*Dreher, Axel, Stephan Klasen, James Vreeland and Eric Werker, 2013, The costs of favouritism: Is politically-driven aid less effective? *Economic Development and Cultural Change* 62: 157-191.

Dreher, Axel and James Vreeland, 2011, Buying Votes and International Organizations, *Cege Discussion Paper* 123.

*Kilby, Christopher, 2012, Assessing the contribution of donor agencies to aid effectiveness – The impact of World Bank preparation on project outcomes, Working Paper: *VSB Econ* #20.