

Objectives: To explain patterns of international finance and immigration.

1 Key terms

- foreign direct investment
- portfolio investment
- sovereign debt
- nodes and ties
- centrality
- weaponized interdependence
- immigration vs. emigration
- xenophobia

2 Key readings

- Bacchetta and van Wincoop, “Explaining the Global Great Recession” (2013)
- Brubaker, “The New Language of European Populism” (2017)
- *The Economist*, “Norway’s centre-right coalition is re-elected” (2017)

3 Key ideas

Question: Why and how did the 2007 U.S. financial crisis spread globally?

Answer: International finance is a dense network, and the United States is a central node. Shocks to central nodes in dense networks increase the probability of the crisis rippling throughout the system. Bacchetta and van Wincoop, however, argue in favor of a rationalist global panic mechanism.

Question: From the perspective of network theory, what is power?

Answer: Power is the ability remain resilient in the face of global shocks and the ability to leverage ties to coerce other nodes (e.g., the ability to weaponize interdependence).

Question: Why do people support or oppose immigration restrictions?

Answer: A crude political economic perspective would suggest that individuals favor immigration restriction when they are in direct competition with the immigrants over jobs. A public economic view is that as immigration leads to greater expenditures on public resources, the more supportive individuals are for restrictive policies. A third view suggests that xenophobia (i.e., the fear of foreigners) drives support for immigration restrictions. Anxieties about racial, ethnic, and/or religious groups may drive opposition against specific groups of immigrants.

Question: Why might elections boost opposition to immigration?

Answer: Elections are identity re-affirming and may lead to otherizing, thus increasing opposition to immigration. Elections may also raise the salience of policy issues like immigration, forcing voters to reckon with their viewpoints. Moreover, politicians may drum up anxieties and fears of immigrants to rally support for their campaign.

4 Additional review questions

- What are key characteristics of networks to consider in assessing the distribution of power?
- How might economic and social/psychological explanations of immigration policies interact with one another?
- Why do autocrats allow emigration?