

OFFSHORING'S EFFECT ON ECONOMIC NATIONALISM

by
ALPER TUNGA ŞAHİNER

Submitted to the Graduate School of Social Sciences
in partial fulfilment of
the requirements for the degree of Master of Arts

Sabancı University
June 2023

OFFSHORING'S EFFECT ON ECONOMIC NATIONALISM

Approved by:

Asst. Prof. ATA CAN BERTAY
(Thesis Supervisor)

Assoc. Prof. BERK ESEN

Asst. Prof. ALPER YAĞCI

Date of Approval: June 19, 2023

ALPER TUNGA ŞAHİNER 2023 ©

All Rights Reserved

ABSTRACT

OFFSHORING'S EFFECT ON ECONOMIC NATIONALISM

ALPER TUNGA ŞAHİNER

POLITICAL SCIENCE M.A. THESIS, JUNE 2023

Thesis Supervisor: Asst. Prof. Ata Can Bertay

Keywords: Offshoring, Economic Nationalism, Globalization, Losers of
Globalization

This thesis investigates the effect of offshoring (companies moving production to abroad) on the economic nationalism positions of the political parties (total, left, and right parties). It analyzes data on the manifestos of political parties and constructs economic nationalism (opposition to free trade, isolationism, laissez-faire on domestic economic issues, and a strong nationalist stance) score of 42 countries' left and right parties for 216 elections between 1992 and 2017 by utilizing Comparative Manifesto Project data, and offshoring variable is constructed from industry-level EORA data by focusing on trade in intermediates (foreign part of the production). I expect to find increasing offshoring to increase the economic nationalism position of political parties. Based on these measures, the thesis quantitatively analyzes the relationship and finds that while increasing offshoring increases the economic nationalism position (supportive of economic nationalism) for right parties, it decreases for left parties (opposed to economic nationalism). In the interactive models, I found partial evidence that, with an increasing level of democracy, offshoring contributes to the increase in economic nationalism positions for both left- and right-wing political parties. However, the models demonstrate stronger effects on the economic nationalism positions of left-wing parties, while providing only partial results for right-wing parties. These findings provide empirical evidence that political parties, depending on their ideological position, react differently to increasing offshoring and propose different policies to mitigate the effects of offshoring to capture the votes of (primarily) globalization losers, and level of democracy plays important role.

ÖZET

OFFSHORING'İN EKONOMİK MİLLİYETÇİLİK ÜZERİNE ETKİSİ

ALPER TUNGA ŞAHİNER

SİYASET BİLİMİ YÜKSEK LİSANS TEZİ, HAZİRAN 2023

Tez Danışmanı: Dr. Öğr. Üyesi Ata Can Bertay

Anahtar Kelimeler: Offshoring, Ekonomik Milliyetçilik, Küreselleşme, Küreselleşmenin Kaybedenleri

Bu tez, offshoring'in (şirketlerin üretimi yurtdışına taşınması) siyasi partilerin (toplam, sol ve sağ partiler) ekonomik milliyetçilik pozisyonları üzerindeki etkisini araştırmaktadır. Siyasi partilerin manifestolarına ilişkin Comparative Manifesto Project verisi kullanılarak 1992-2017 yılları arasındaki 216 seçim için 42 ülkenin sol ve sağ partilerinin ekonomik milliyetçilik (serbest ticarete karşıtlık, izolasyonizm, ülke içi ekonomik konularda laissez-faire ve güçlü bir milliyetçi duruş) pozisyonu değişkeni oluşturulmuştur. Ara mal ticaretine (üretimin yabancı ülkelerde gerçekleştirilen kısmı) odaklanılarak, sektörel düzeydeki EORA verisinden offshoring değişkeni oluşturulmuştur. Bu çalışma, siyasi partilerin ekonomik milliyetçilik pozisyonunun artan offshoring ile artacağını öngörmektedir. Bu ölçümlere dayanarak tez, ilişkiyi nicel yöntemlerle analiz etmekte ve artan offshoring'in sağ partiler için ekonomik milliyetçilik pozisyonunu artırırken (ekonomik milliyetçiliği destekleyen), sol partiler için azalttığını (ekonomik milliyetçiliğe karşı) bulmaktadır. Etkileşimli (interaction) modellerde, demokrasinin seviyesinin artmasıyla birlikte, offshoring'in sol partilerin ekonomik milliyetçilik pozisyonlarını artırmasına güçlü, sağ partilerin ekonomik milliyetçilik pozisyonlarını artırmasına ise kısmi ampirik kanıtlar sunmaktadır. Bu bulgular, siyasi partilerin ideolojik konumlarına bağlı olarak artan offshoring'e farklı tepkiler verdiğine ve (öncelikle) küreselleşmenin kaybedenlerinin oylarını almak için offshoring'in etkilerini azaltmaya yönelik farklı politikalar önerdiğine ve demokrasi seviyesinin önemli bir rol oynadığına dair ampirik kanıtlar sunmaktadır.

ACKNOWLEDGEMENTS

It's a quite lovely ending, considering all the unfortunate and unexpected circumstances I have been through in the last couple of years. The problems with online education, our beloved Turkey, and the great struggle of finding an advisor were wearying, but as always, I survived. My skillset and knowledge improved greatly, and it wouldn't have been possible without being at Sabancı. I learned so much and gained valuable XP.

I would like to express my heartfelt gratitude to my thesis advisor, the man, the myth, the legend, Prof. Ata Can Bertay. He literally pulled me out of quicksand. He showed genuine interest in my work, kindly guided me in my research, and demonstrated true care when I was in pain. I literally could not have finished my MA without him.

Prof. Berk Esen is not only a great scholar but also an amazing human being. He taught me so much, and he was always there when I needed him. It's no wonder everybody loves you, Kral.

I would also like to thank Prof. Alper Yağcı for his interest and generous contributions to my thesis.

Special thanks go to Prof. Oya Yeğen. And to the Quant God, Prof. Mert Moral, you taught me things that I didn't even know existed, and the training I received from you will undoubtedly shape my career.

Mauro Icardi, you are responsible for most of the ups in my life this year. Thank you for bringing joy into my life.

To my cohort, we suffered together, we rejoiced together. You guys are amazing.

Last but possibly the most significant credit goes to my family. You have supported me wherever, whenever, whatever I do. It's a quite luxurious thing to have, to be honest. I am who I am literally because of you. I am truly grateful to you.

*Dedicated to
my family, for the sacrifices they made*

TABLE OF CONTENTS

ABSTRACT	iv
ÖZET	v
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ABBREVIATIONS	xi
1. INTRODUCTION	1
2. COMPARATIVE ANALYSIS OF HOW OFFSHORING EFFECTS ECONOMIC NATIONALISM	6
2.1. Literature Review	6
2.1.1. The Determinants of Economic Nationalism	6
2.1.2. Offshoring	7
2.2. Theoretical Framework	8
2.3. Data and Research Design	10
2.3.1. Dependent Variable	10
2.3.2. Independent Variable.....	12
2.3.3. Model	12
2.4. Empirical Analyses and Findings	13
3. CONCLUSION	32
BIBLIOGRAPHY	36
APPENDIX	41

LIST OF TABLES

Table 2.1. Descriptive Statistics	14
Table 2.2. Baseline Results	16
Table 2.3. OLS Regressions on Left-and-Right-wing Political Parties' Economic Nationalism Position.....	16
Table 2.4. OLS Regressions on Political Parties' Economic Nationalism Position	19
Table 2.5. OLS Regressions on Political Parties' Economic Nationalism Position with Openness of Elections Interaction.....	22
Table 2.6. OLS Regressions on Political Parties' Economic Nationalism Position with Media Corruption Interaction.....	25
Table 2.7. OLS Regressions on Political Parties' Economic Nationalism Position with Rule of Law Interaction	28
Table A.1. Offshorability Index	41
Table A.2. Industries in EORA Dataset	42
Table A.3. Variables and Sources	42
Table A.4. List of Countries and Elections	45

LIST OF FIGURES

Figure 2.1. Distribution of the Dependent Variables	14
Figure 2.2. Distribution of the Independent Variables	15
Figure 2.3. Average Offshoring by Year, Developed and Developing Countries	15
Figure 2.4. Marginal Effect of Manufacturing Offshoring on the Economic Nationalism conditional to Openness of Election	24
Figure 2.5. Marginal Effect of Manufacturing Offshoring on the Economic Nationalism conditional to Media Corruption	27
Figure 2.6. Marginal Effect of Manufacturing Offshoring on the Economic Nationalism conditional to Rule of Law	30
Figure 2.7. The Political Trilemma of the World Economy	31

LIST OF ABBREVIATIONS

CMP Comparative Manifesto Project	4, 10, 11, 33, 34, 35
EORA The Eora Global Supply Chain Database	4, 10, 33, 34
UK United Kingdom	2, 33
US United States	2, 33

1. INTRODUCTION

Production, trade, and survival of the nation have always been intertwined and still are important concerns. The challenge of aligning economic policies with national gains is far from being a recent problem. Debates over liberal and mercantilist economic policies are not settled, and “economic nationalism” is on the rise again. Many studies show a significant relationship between support for nationalism and ethnocentrism with protectionism (Edwards 2006; Kaltenthaler, Gelleny, and Ceccoli 2004; Mansfield and Mutz 2009; Mayda and Rodrik 2005; Van der Waal and De Koster 2018; Wolfe and Mendelsohn 2005)

Support for this policy bundle, namely economic nationalism, is gradually increasing (Varga 2021). Thus, it strikes a question, while there are increasing free-trade, open borders, and all other elements of globalization, especially in places where countries reap the benefits most, why is the economic nationalism increasing?

Before diving deep into the question, the prevalence of democracy also needs to be discussed. Decision-making bodies and ruling parties are not standardized either. Although the post-WW2 era witnessed a rising dominance of liberal democracy in governments, over the last two decades, populists and far-right gained significant success all around the world (Moffitt 2016). A concrete example of this can be seen in left-wing populism in Latin America, Berlusconi and Le Pen in Europe, Shinawatra in Southeast Asia, and Donald Trump in North America (Montgomery 2017; Mudde and Kaltwasser 2011; Phongpaichit and Baker 2008; Ruzza and Balbo 2013; Stockemer 2017)

The level of democracy quite varies significantly across the globe, and the average level is degrading, straying away from the *ideal* democracy.

So, how compatible are democracy and globalization? Rodrik (2011) proposes a theory that there exists a “Political Trilemma of the World Economy”; hyperglobalization, democratic politics, and nation-state can not be obtained at once, at most, two out of three. And if the nation-state can not be crossed out, does it mean that

globalization and democracy can not co-exist?

Going back to economic nationalism and where it is visible, Colantone and Stanig (2018) demonstrate that one common characteristic of populist parties on policy proposals is economic nationalism, and Van der Waal and De Koster (2018) study shows that left-wing and right-wing populist parties' voters show protectionist character. While left-wing voters are inclined due to economic inequality, right-wing voters are concerned more about ethnocentric and nationalist cultural agendas (Van der Waal and De Koster 2018, 571). Although economic nationalism is mainly associated with populist agendas, it is promoted by other parties as well, such as Eurosceptic campaigns in Europe (Colantone and Stanig 2019, 129). Populism is a place where economic nationalism demonstrates itself.

Economic crises are thought to be an optimal time for populism to rise, and decreasing congruency between the nation-state and the public decreased democratic legitimacy, which led to a growing gap between the elite and the people and ideal situation for populism (Guiraudon, Ruzza, and Trenz 2016, 252-256). Since economic nationalism is heavily associated with populism in the literature, there might be an expectation that when the crises are resolved, economic nationalism policies will erode along with populist parties. However, this might not be the case. If the cause of economic nationalism is more rooted and long-lasting than other determinants of the populist parties, economic nationalism might hold even if populism falls. There are many reasons to investigate the determinants of economic nationalism in a broader context than populism.

Firstly, populist parties are inherently more flexible in shifting or creating positions since they are the "voice" of the people rather than "loyalty". The absence of a long tradition of policies increases their agility and enables them to refer to various problems, whereas historical parties struggle due to the necessity of policy continuity. Thus, they might be the earliest to capture economic nationalist voters. Moreover, there are signs of such policy proposals for different party families, such as Bernie Sanders' "returning manufacturing jobs to the US" in the Democratic Party of US, Gordon Brown's "British jobs for British workers" in the Labour Party of UK, and Donald Trump's "America First" in the Republican Party of US. Different parties and leaders' similar stances might indicate that such policies can survive in the long term and that a mass demand exists for them. Therefore, understanding the determinants of economic nationalism may pave the way for a broader understanding of future political developments for three main reasons: It helps to explain contemporary support for populism, can inform about whether economic nationalism may exist without populism or not, and helps projections on future economic prosperity

(Born et al. 2019).

Literature on economic nationalism is growing, but it is not rich enough to explain many phenomena yet. It is mostly studied at the individual-level, and country-level studies are relatively scarce. Measuring economic nationalism at the individual-level is more feasible due to methods like survey and interview, and the lack of data availability, quantification, and comparability problems caused country-level to be neglected. In the individual-level studies, economic nationalism's determinants centered on economic threat and job insecurity (Baughn and Yaprak 1996). Experienced economic losses, perceived economic threats, and job insecurity lead individuals to be more economically nationalist. However, economic nationalism's country-level determinants are not studied widely, and existing studies include GDP growth, unemployment rate, the share of labor, and FDI inflow & outflow. Those are heavily associated with the globalization and imply similar mechanisms with findings of individual-level studies, economic threat, and insecurity.

To answer the main question, as this thesis suggests, one needs to look at where the means of production are located. Spatial dependence of production is changing, and production facilities' proximity to headquarters or companies' home country is losing its importance each passing day. Globalization enabled companies to produce abroad, preferably at places where the cost of labor is low, due to advancements in transportation and communication technologies. Now economies are more open, and producing abroad -namely *offshoring*- is a practice that has an increasing trend.

Besides the mentioned country-level factors, most empirical studies demonstrated that "offshoring" has a significant effect on employment and the economy in advanced economies. These effects are mostly adverse and cause a downward shift in the economic status of the masses. For instance, service offshoring decreases low-skilled labor's share in total employment (Crinò 2010; Driffield and Chiang 2009) and offshoring substitutes for domestic employment (Harrison and McMillan 2011), negatively impact manufacturing employment (Bramucci et al. 2021; Wright 2014). Offshoring jobs' ill effects on employment match with individuals' "job insecurity". Moreover, Ottaviano, Peri, and Wright (2013) demonstrated that offshoring reduces the share of native employment in total employment. A decrease in native employment can be one of the reasons for xenophobia and demand for protecting the national economic interest. Also, for workers' economic threat, offshoring cause large wage decreases for workers who relocated from the manufacturing sector (Ebenstein et al. 2014). Thus, offshoring with such an impact on the employees can affect their political preferences and political parties' policy shifts to capture such demands. However, these adverse effects of offshoring on employees (especially low-skilled)

have not been linked to the party policies yet.

The main aim of this thesis is to find an answer to whether increasing offshoring makes political parties more supportive of economic nationalist policies. Previous findings on both economic nationalism and offshoring imply such a link; however, it is not tested yet. To date, no empirical study has looked specifically into the effect of offshoring on economic nationalism. Therefore, I believe this study can help to understand why there is a gradual increase in economic nationalist policies in developed countries. The effect of offshoring and determinants of the economic nationalism is widely, but separately discussed. Therefore, in this thesis, I will try to link two pieces of literature to each other.

The literature demonstrates that there are adverse economic effects of offshoring on the home country's workers (especially those who work in low-skilled and routine jobs), and also studies show that perceived economic threat and job insecurity make people more likely to be economically nationalist, and political parties try to capture them. Moreover, Dani Rodrik's "Political Trilemma of the World Economy" theory suggests there is a trade-off between democracy and (hyper)globalization. Thus, inferring from the literature, I theoretically expect to find increasing offshoring to make political parties to promote more economically nationalist policies depending on their respective country's democracy level. However, to the best of my knowledge, offshoring's effect on economic nationalism has not been studied yet. In this study, my empirical analyses suggest that increasing offshoring increases the economic nationalism position (supportive of economic nationalism) for right-wing parties; it decreases for left-wing parties (opposed to economic nationalism) in the additive models. In the interactive models, partially strong findings point to that, with conditional on increasing level of democracy, offshoring increases the economic nationalism positions of both left- and right-wing political parties. Thus, the increasing trend of adverse economic effects of offshoring in home countries, as a determinant of the economic nationalism, might shape political party policies in the following decades, likely to explain many electoral successes (or failures), and perhaps offers an insight into which way would globalization evolve, which overall deserves more attention in future research.

The subsequent sections of this thesis are arranged in the following manner: First, I will go over the literature on the determinants of economic nationalism in general, and offshoring in particular. Later, I will outline the theoretical framework of this study. Next, I will present the empirical findings on my hypotheses by employing the Comparative Manifesto Project (CMP) Version 2021a for political parties' election manifestos in a total of 216 elections, and EORA Global MRIO for offshoring scores

of 42 countries. In so doing, I will first create equations to measure my dependent and independent variables and then test the effect of offshoring on economic nationalism. In the last section, I will comment on my findings, explain the limitations of my study, and offer my propositions for future research on the topic.

2. COMPARATIVE ANALYSIS OF HOW OFFSHORING EFFECTS ECONOMIC NATIONALISM

2.1 Literature Review

2.1.1 The Determinants of Economic Nationalism

Baughn and Yaprak explain that 'Economic nationalism is seen as the adoption of an "us first," in-out-group distinction relating to "our companies", "our products", "our workers" and it is a 'function of perceived economic threat posed by foreign competition' (1996, 776). Job insecurity that workers face or perceive leads them to a more isolationist and "defensive" position. Colantone and Stanig also demonstrate globalization and immigration increase economic nationalism (2018; 2019). Immigration creates competition for local workers, and globalization creates winners and losers. Both country and individual-level determinants concentrated on economic loss and insecurity. As previous literature also demonstrates, offshoring is one of the determinants of economic insecurity since it has an adverse effect on employment and wages.

The definition of economic nationalism in this thesis is coherent with Colantone and Stanig: "Economic nationalism entails three main elements: opposition to free trade and isolationism, laissez-faire on domestic economic issues, and a strong nationalist stance" (2018, 3). However, even the very existence of economic nationalism is debatable in the literature. Within the study of IPE, there was a debate on whether economic nationalism is still relevant or not. Hobsbawm claimed that nationalism was part of economics when states were able to construct national economies, but now that age has been passed, and this phenomenon will decline (1992). On the other hand, Helleiner and Pickel (2019, 228) state: "From our perspective so long as nationalism and national identities endure, so too will various forms of economic nationalism" linking their idea to the reproductive ability of nations themselves.

Therefore, even the very existence of economic nationalism is not a settled debate. Accordant with this debate, Nakano (2004, 211) tried to find the role of nationalism in economics and conceptualized it as such: Protectionism, industrial policy, and Keynesian policy can strengthen not only the economy but also nationalism. Thus, the author demonstrated the organic relationship between economics and nationalism. Moreover, globalization's relationship with economic nationalism is also studied in the literature. Scheve and Slaughter (2001), utilizing the National Election Survey (1992), claim that support for protectionism is rising in many countries along with increasing globalization. Complementary to those findings, Hays, Ehrlich, and Peinhardt (2005) demonstrate globalization may incite economic backlash and awaken socially nationalist policies. Additionally, Betz (1993, 420) claims "programmatic mixture of xenophobia and neoliberalism might thus be seen as a response to current global changes which produce winners and losers, with a resulting ideology of neo-isolationism in a future fortress Europe". Reich (2010) claimed that economic nationalism is a response to the fear of foreign firms' take-over of the domestic business.

In order to explain why dissatisfied citizens support these specific policies, Roosma, Gelissen, and Van Oorschot (2013) claim workers who have been severely affected by globalization might not find the redistribution (by means of social services and government spending), but rather they would support the political parties which promote isolationist policies. Additionally, the findings of Mughan, Bean, and McAlister (2003) connect voting for populist right parties to job insecurity.

2.1.2 Offshoring

Offshoring and outsourcing are terms that are sometimes used interchangeably in the literature. However, there are major differences. Outsourcing means contracting tasks out of the firm, whether the partner locates in the same country or not. On the other hand, offshoring means taking tasks to other countries, whether those tasks are done by the same firm or not (Feenstra and Hanson 1996; Refslund and Andersen 2014). Accordingly, in this thesis, I will use the definition aligned with Blinder "Offshoring . . . means moving jobs out of the country, whether or not they leave the company" (2009*b*, 1).

Offshoring is an increasing practice with globalization, easiness of transportation, advancement of communication technologies, and openness of economies. While manufacturing offshoring was considered as the main component of that "foreign part of the production", recent developments in communications technologies in-

creased the offshorability (see Table A.1 in Appendix for full index) of many jobs where they thought to be non-offshorable before. Due to the nature of the activity, it creates changes in the dynamics of the employment and wages, and there is increasing attention in the literature. However, direct, complete, and comparable data relating to the offshoring does not exist. Therefore, most studies in the literature use trade in intermediates as a proxy for the offshoring. Input-output tables are a common way to construct such a dataset since it includes sectoral information and enables a comparison of one country to another across time.

As discussed above, both service and manufacturing offshoring has severe effects on employment, wages, and re-employment (Bramucci et al. 2021; Crinò 2010; Driffield and Chiang 2009; Ebenstein et al. 2014; Harrison and McMillan 2011; Ottaviano, Peri, and Wright 2013; Wright 2014), especially on low-skilled workers. Therefore, coherent with the economic voting theory, the economic conditions of workers influence electoral outcomes. Thus, I expect to find that when the offshoring is high, political parties to shift their position to favor more economic nationalism to capture the votes of the electorate. However, since left and right parties might promote different policies to tackle with grievances of offshoring (e.g., more redistribution policies for the left and more protectionist and nationalist policies for the right), I divide the sample into left and right parties.

2.2 Theoretical Framework

The literature provides strong empirical support for the positive impact of adverse economic conditions on support for economic nationalism. If international competition leads workers to perceive economic threats such as job insecurity, wage loss, unemployment, and job re-allocation, they tend to be more economically nationalist. Also, the literature demonstrates that offshoring has ill effects on employment, re-employment, and salaries (Bramucci et al. 2021; Crinò 2010; Driffield and Chiang 2009; Ebenstein et al. 2014; Harrison and McMillan 2011; Ottaviano, Peri, and Wright 2013; Wright 2014). When citizens perceive international competition harms their personal economics, they demand and support political parties that promote economic nationalism. Albeit congruence between voters and political parties is debatable in the literature due to partisanship, closeness to the median voter, and election-type issues, there is empirical evidence for ideological and issue-based congruence (Costello et al. 2021; Otero and Rodriguez-Zepeda 2010; Spoon and Klüver 2014). In this study, I assume that political parties, with their increasing congru-

ence with voters, try to capture economically harmed voters. This (expected) phenomenon is coherent with economic voting and pocketbook voting theories. Therefore, I expect offshoring to be positively associated with political parties' economic nationalism score.

H₁: If the country's rate of total offshoring increases, then the average economic nationalism position of all political parties in the respective country will increase.

Left and right political parties might promote different policies to mitigate the adverse effects of offshoring. Not only restrictions for abroad employment and trade but also social transfers can be a means to help injured workers. Moreover, different political parties might, and often do, follow different agendas to capture different socioeconomic voter groups. If such parties have polarized economic nationalism policies, they might cancel each other out, and the total effect might be around zero. Therefore, I split the sample into left-and-right political parties to examine possibly varying stances toward economic nationalism and tackle with mentioned canceling-out effect. Hence:

H₂: If the country's rate of total offshoring increases, then average economic nationalism position of right-wing political parties will increase, while that of left-wing political parties will decrease.

Service offshoring is a comparatively recent phenomenon vis-à-vis manufacturing offshoring. Advancement of communication technologies and increasing the human capital of partner countries enable companies to also offshore in the service sector. Service and manufacturing offshoring affect workers in varying ways, and these workers are not necessarily in the same socioeconomic level. Since total offshoring is not equally composed of service and manufacturing offshoring, I break down offshoring into service and manufacturing to capture these possible varying effects. Thus:

H₃: If the country's rate of total, service, or manufacturing offshoring increases, then average economic nationalism position of right-wing political parties will increase, while that of left-wing political parties will decrease.

I measure economic nationalism from political parties' election manifestos by assuming that political party positions weighted by vote shares represent the voters' position. However, for such representation to exist, there needs to be a democracy. People need to be informed, elections need to be freely conducted, and people, in general, need to believe there is a rule of law; so that they can correctly and willingly cast their vote. Thus, in order to offshoring to effect economic nationalism, there is a need for ideal democracy. Moreover, not only level of democracy is needed to correctly assess the relationship between offshoring and economic nationalism,

but also it is required to check whether democracy is compatible with globalization (anti-economic nationalism), as Dani Rodrik would claim. Rodrik, in his “Political Trilemma of the World Economy” theory argues that, out of hyperglobalization, nation-state, and democratic policies, only two can be obtained at the same time (2011). So, it is crucial to have an interactive model. Thus:

H₄: If the country’s rate of offshoring (total, service, or manufacturing) increases, then the average economic nationalism position of political parties (total, right-wing, or left-wing) will increase, with the increasing (conditional on) level of democracy.

2.3 Data and Research Design

This thesis’ data come from versions 2021a of The Manifesto Project Dataset and EORA dataset. The Comparative Manifesto Project data covers 58 countries on 5 continents, and it consists of coded party manifestos of more than 1000 political parties and 600 elections. CMP measures party positions on specific issues (positive and negative) as a ratio of mentioning (sentences or quasi-sentences) of issues to total sentences or quasi-sentences in the manifesto (Volkens et al. 2021). On the other hand, EORA is a global supply chain database consisting of a multi-region input-output table (MRIO). It covers 190 countries between 1990 and 2016. The offshoring variable, as presented below, is constructed by utilizing the individual country’s input-output data. Matching these two datasets enable me to utilize data on 42 countries and 216 elections from 1992 to 2017 and create Time-Series-Cross-Sectional data, where time refers to election-years for each of the 42 countries (See Table A.4 in the Appendix for the full list of countries and respective elections).

2.3.1 Dependent Variable

Economic nationalism entails three main elements as Colantone and Stanig (2018, 3) define: "Opposition to free trade and isolationism, laissez-faire on domestic economic issues, and a strong nationalist stance". To acquire the economic nationalism score, Comparative Manifesto Project data will be utilized by following Burgoon (2009, 152-155)’s method. 8 groups of variables taken into account as follows: (1) Protectionism, support for and opposition to trade protectionism (per406 and per407, respectively); (2) Internationalism, support for and opposition to international institutions (per107 and per109, respectively); and (3) European Union, support for

and opposition to authority of the EU as opposed to national sovereignty (per108 and per110, respectively); (4) Multiculturalism, support for and opposition to multiculturalism and ethnic-linguistic-religious cultural diversity in-country (per607 and per608, respectively); (5) National way of life, support for and criticism of patriotism, nationalism, and laws to protect established ideas (per601 and per602, respectively); (6) Traditional morality, support for and opposition to traditional values and censorship or other laws to protect established national religion and values (per603 and per604, respectively); (7) Constitutionalism, support for and criticism of accepting constitutional constraints and 'constitutional way of doing things' (per203 and per204, respectively); and (8) Democracy and freedom/human rights, support for principles and legal specifics of minority protection and democratic procedure and of individual and political freedoms (per201 and per202, respectively). The score of economic nationalism, in theory, varies from -100 to 100, fully rejecting and supporting economic nationalism, respectively.

Thus, the Economic Nationalism Score of political party p , in election year t , in the country c is defined as:

$$\text{ENS}_{c,t,p} = (\text{per109}_{c,t,p} + \text{per110}_{c,t,p} + \text{per406}_{c,t,p} + \text{per601}_{c,t,p} + \text{per608}_{c,t,p} + \text{per603}_{c,t,p} + \text{per204}_{c,t,p}) - (\text{per107}_{c,t,p} + \text{per108}_{c,t,p} + \text{per407}_{c,t,p} + \text{per602}_{c,t,p} + \text{per604}_{c,t,p} + \text{per607}_{c,t,p} + \text{per201}_{c,t,p} + \text{per202}_{c,t,p} + \text{per203}_{c,t,p}).$$

To weigh this total score by vote shares, political parties are divided into two groups as right and left-wing parties by using the "rile" variable of the CMP. In these groups (right- and left-wing), each political party's economic nationalism score is multiplied by their respective vote share, and summed up. Later, it is divided by their respective groups' total vote share. Hereby, mean position of right and left parties on economic nationalism acquired.

I calculate my dependent variable, Economic Nationalism Position of political parties in country c , election year t , with the following formula:

$$\text{Economic Nationalism Position}_{c,t,f} = \frac{\sum_p \text{ENS}_{p,t} \cdot V_{p,t}}{\text{Total Votes}_{c,t,f}}$$

ENS indexes Economic Nationalism Score, p indexes a political party, V party votes, t election year, f party family (left-right) and c the country.

2.3.2 Independent Variable

Since direct data for offshoring does not exist, at least in a comparative manner, I use “foreign part of the production/imported intermediate purchases” as a proxy in my analysis, as practiced in the literature. Following Hijzen and Swaim (2007, 87), the measure of offshoring for industry n , O_n^N is calculated as:

$$O_n^N = \frac{IIM_{r=n}}{V_n}$$

where IIM refers to imported intermediate purchases from industry $r = n$ by industry n , and V refers to value added. For instance, to elaborate further, Turkey’s manufacturing sector’s all inputs (in ‘000 USD) from other countries are summed and divided by Turkey’s manufacturing sector’s total Value Added (see Table A.2 in Appendix for the full list of Industries included in this study).

2.3.3 Model

I estimate three additive models for each of the three subsets of sample in this chapter. As the main independent variable, the first model has manufacturing, the second model has service, and the third model has total offshoring for a sample of left-wing, right-wing, and all political parties’ weighted economic nationalism scores. By dividing the sample into subsamples of left-right and offshoring into service and manufacturing, I aim to discover the possible nuances. All the data regarding explaining variables are end-of-the-year data, and for the DV, elections occur earlier than the end of the year; thus, it creates a situation where DV occurs earlier than IVs. Therefore, I lag all the explaining variables for 1-year. The fundamental estimating relationship between economic nationalism and an index of offshoring is as follows:

$$Y_{jt} = \alpha_j + \gamma_t + \beta_1 \text{Offshoring}_{jt-1} + \beta_2 \text{Control}_{jt-1} + \varepsilon_{jt}$$

I also estimate three interaction models for each of the three subsets of sample in this chapter. The only difference between additive and interaction models is that variable(s) of interest (manufacturing, service, and total offshoring) interacted with democracy proxies (openness of elections, media corruption, and the rule of law). Thus, estimating relationship between economic nationalism and an index of offshoring conditional to democracy is as follows:

$$Y_{jt} = \alpha_j + \gamma_t + \beta_1 \text{Offshoring}_{jt-1} + \beta_2 \text{Democracy}_{jt-1} \\ + \beta_3 \text{Offshoring}_{jt-1} \times \text{Democracy}_{jt-1} + \beta_2 \text{Control}_{jt-1} + \varepsilon_{jt}$$

where the subscript j denotes the country, and the t denotes the year. Y_{jt} is Weighted Economic Nationalism Score (either Total, Right-wing, or Left-wing Political Parties). Offshoring_{jt-1} is a lagged Offshoring variable (either Total, Manufacturing, or Service). Democracy_{jt-1} is a democracy proxy (either openness of elections, media corruption, and the rule of law). Control_{jt-1} represents lagged control variables. I adjust for GDP Per Capita, GDP Growth Rate, Unemployment, Income Inequality, Capital Openness, Tertiary Education, Refugees, and Recent Economic Crises. Finally, α_j and γ_t are country and year fixed effects.

2.4 Empirical Analyses and Findings

Table 2.1 presents the descriptive statistics of the dependent, independent, and control variables (see Table A.3 in the Appendix for detailed information on variables and related sources). Left parties' mean position on the economic nationalism scale, on average, is -7.8, whereas it is -.5 for the right parties. It indicates that left parties are, on average, more opposed to economic nationalist policies, whereas right parties are more or less indifferent to such policies. Moreover, manufacturing offshoring is higher than service offshoring as expected, since service offshoring is a recently growing practice with the advancement of the communication technologies and the growing human capital of the host countries.

Figure 2.1 presents a histogram of the dependent variables. Left and right parties have normal-like distribution. Most of the countries' left parties are located below-zero, indicating opposition to economic nationalism, whereas right parties stand more neutral. The sample low is the National Democratic Alliance (Balad) from Israel 2003, with economic nationalism score of -60.87 and a vote share of 2.27 percent. The sample high is the Sephardi Torah Guardians (Shas) Party, again from Israel in 1999, with a score of 77.78 and 12.77% vote. For the political parties with significant electoral success (higher than 30% of the votes, threshold is determined arbitrarily), African National Congress from South Africa in 1994 leads the sample with the most opposition, with a score of -26.54 and 62.65% votes, whereas New Democracy from Greece in 1993 leads the support for economic nationalism, with a score of 11.95 and 39.30% votes.

Table 2.1 - Descriptive Statistics

Variable	Mean	Std. Dev.	Min.	Max.	N
Left Parties Econ. Nat. Score	-7.778	5.941	-26.54	19.36	211
Right Parties Econ. Nat. Score	-0.542	8.509	-28.95	29.79	191
Total - Econ. Nat. Score	-5.137	5.729	-26.47	14.27	216
Manuf. Offshoring (lagged)	0.325	0.226	0.0232	1.518	216
Service Offshoring (lagged)	0.0375	0.0302	0.000381	0.173	216
Total Offshoring (lagged)	0.116	0.0773	0.0163	0.495	216
GDP Growth (lagged)	2.755	3.627	-13.19	18.00	216
Unemployment (lagged)	8.881	4.910	2.120	28.74	216
Income Ineq. (lagged)	0.358	0.0747	0.277	0.654	216
Capital Openness (lagged)	0.803	0.295	0	1	216
Tertiary Education (lagged)	56.35	20.72	9.622	122.4	216
Refugee (ln) (lagged)	1.144	3.327	0.000368	30.99	216
Recent Econ. Crises Dummy	0.0278	0.165	0	1	216

Figure 2.1 - Distribution of the Dependent Variables

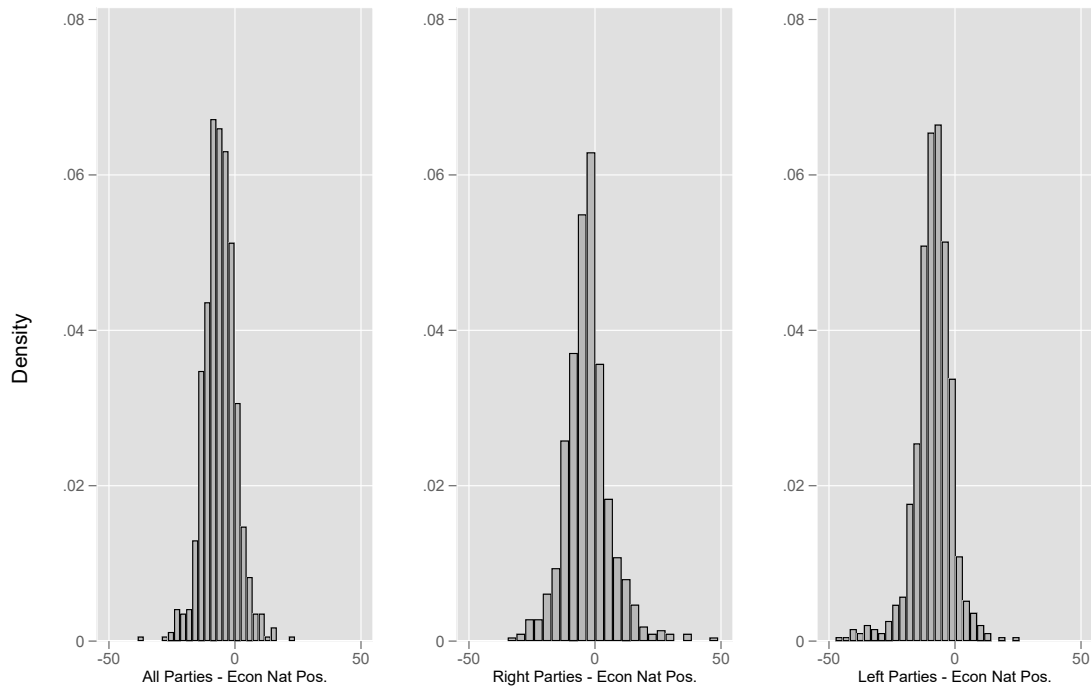


Figure 2.2 presents a histogram of the independent variables. Offshoring in the manufacturing sector shows more common practice than the service sector, while the former has more uniform distribution until .6, and the latter is piled up around 0, as it is quite uncommon practice. Figure 2.3 of 190 countries shows that developed countries practice manufacturing offshoring substantially higher than developing countries, and the increasing trend is more significant in the developed countries in

the last 25 years (from 1990 to 2016).

Figure 2.2 - Distribution of the Independent Variables

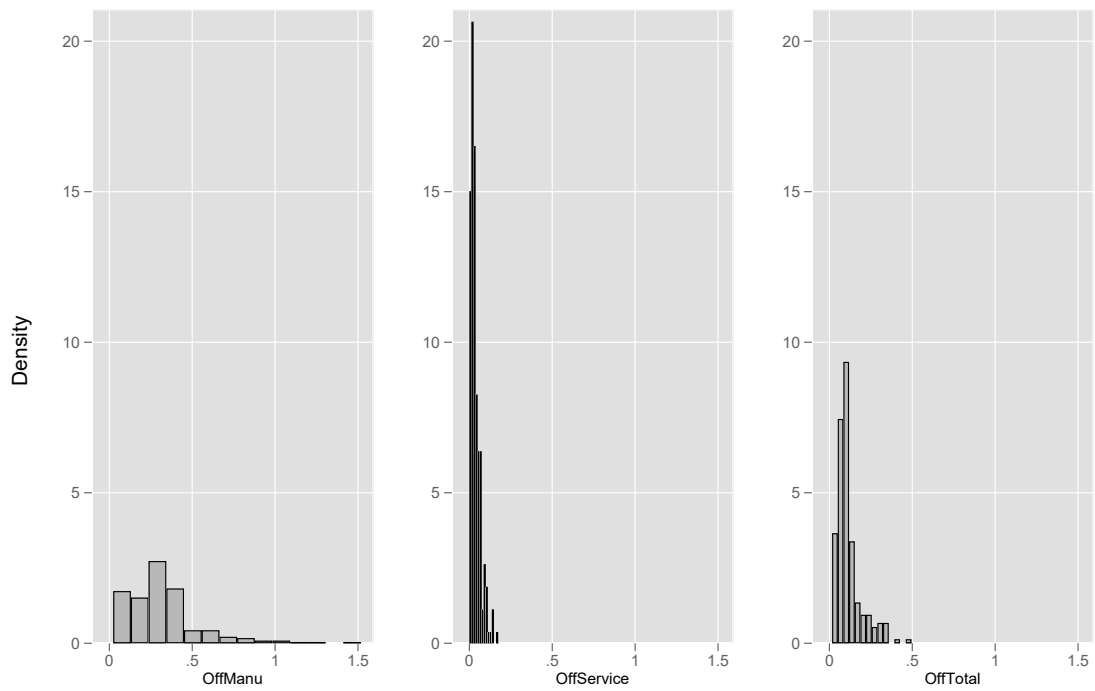
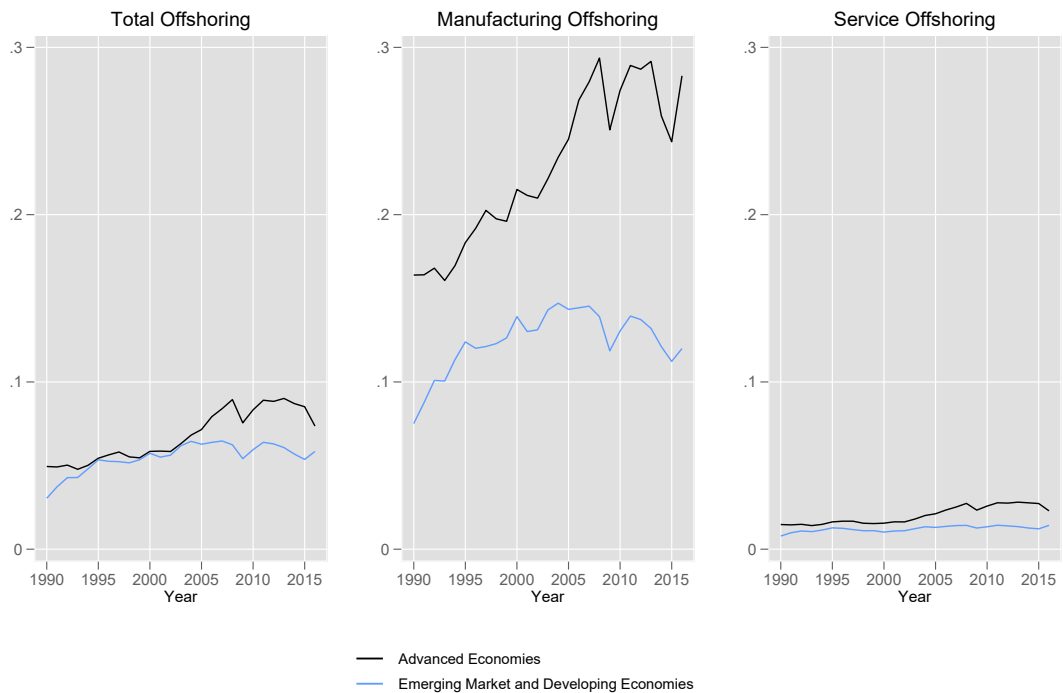


Figure 2.3 - Average Offshoring by Year, Developed and Developing Countries



In Table 2.2, the analysis starts with the baseline model. Regression results show

quite small coefficients and no statistically significant effect of offshoring (total, manufacturing, or service) on the economic nationalism position of total parties. Thus, analyzing countries at the aggregate level could have led this study not to reject the null hypothesis (H_1), and eventual null finding. However, this can be a result of the “canceling each other out” effect, and varying effects on different political parties might total in no significant change on an aggregate level and cause missing valuable information. As this phenomenon was foreseen in subsequent hypotheses, the study continues with smaller groups of political parties, namely left-and-right-wing.

Table 2.2 - Baseline Results

	All Parties	All Parties	All Parties
Total Offshoring	-0.151 (1.67)		
Manufacturing Offshoring		-0.557 (1.01)	
Service Offshoring			1.300 (4.11)
R^2	0.176	0.177	0.176
N	345	345	345

Notes: Country and year fixed effects are included. The sample period is 1991-2017.
Robust standard errors are given in parentheses. Two-tailed tests. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 2.3 shows the portion of the expected effect and sheds some light on the polarization. Right, and left-wing parties diverge on the results, and while offshoring increases right-wing parties’ economic nationalism position, it decreases for left-wing. However, while coefficients are higher and statistically significant for right-wing political parties, they are smaller and not significant for the left wing. To crystallize the story further, I adjust for determinants of the economic nationalism that derived from the literature.

Table 2.3 - OLS Regressions on Left-and-Right-wing Political Parties’ Economic Nationalism Position

	Right Parties	Right Parties	Right Parties	Left Parties	Left Parties	Left Parties
Total Offshoring	11.382*** (2.98)			-4.637 (4.78)		
Manuf. Offshoring		5.450* (2.40)			-3.804 (2.04)	
Service Offshoring			30.259*			-5.301

Continued on the next page

Table 2.3 – Continued from previous page

	Right Parties	Right Parties	Right Parties	Left Parties	Left Parties	Left Parties
			(14.90)			(6.41)
R^2	0.216	0.214	0.015	0.163	0.168	0.162
N	303	303	303	330	330	330

Notes: Country and year fixed effects are included. The sample period is 1991-2017.
Robust standard errors are given in parentheses. Two-tailed tests. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

In Table 2.4, OLS regressions on total, left, and right political parties' economic nationalism positions are estimated to assess the effect of the total, manufacturing, and service offshoring on economic nationalism positions. Manufacturing offshoring is statistically significant for the models which affect both left and right parties, and service offshoring is not statistically significant for any of the models. Empirical evidence provides support for my hypothesis, but interestingly, manufacturing offshoring shows a different impact on the right and left parties; it increases polarization. One standard deviation increase in manufacturing offshoring increases the right parties' economic nationalism position by 2.9 and decreases the left parties' economic nationalism position by -4.6. Considering the standard deviation of right and left parties are 8.5 and 5.9, respectively, my results are also substantially significant and explain most of the variance in left-wing political parties and some of the variance in right-wing parties. Among the control variables, only the rate of refugees and recent economic crises dummy have a significant effect, and only toward right-wing parties and all parties, respectively. One percent increase in refugee to domestic population has a significant -but not substantial- effect, and if the country had an economic crisis prior to an election (up to 12 months), there is a minor opposition to economic nationalism on the aggregate level. The demand for financial help from global organizations/countries could have been picking some of the effects. On an aggregate level, the effect is not visible since the diverging effect on left and right parties cancel out on the aggregate level. One plausible explanation for this polarization might be that left and right parties, depending on their ideology and tradition, promote different ways of coping with economic adversaries. Compensation seekers could ask for higher tariffs when social insurance is not adequate, or they might opt for welfare state policies (Bordo, Eichengreen, and Irwin 1999, 22-23, Hays, Ehrlich, and Peinhardt 2005, 478, Rodrik 1998, Iversen and Cusack 2000, Hicks and Zorn 2005). The welfare state and social securities traditionally being left-parties' policy areas, and the left associated with welfare expansion and the right with welfare retrenchment (Allan and Scruggs 2004). The left might have been the one who helps the losers of globalization with redistribution and welfare

state while opposing economic nationalism. Ross indicates, “. . . voters do not trust rightist parties to reform the welfare state whereas they assume that leftist parties will engage in genuine reform rather than indiscriminate and harsh retrenchment” (2000, 164). Right, lacking (or not preferring) such instruments, have only option to be pro-economic nationalism to cope with adversaries of offshoring. Ruggie (1982)’s embedded liberalism, a bargain for governments to exchange welfare state policies with public support for openness, and Rodrik (1998)’s growing government size with economies’ openness might only apply to the left. Thus, the left might have been refuting economic nationalism to not only capture both offshoring winners and losers for electoral success but also to raise the tax from companies to support welfare state expenditures.

Table 2.4 - OLS Regressions on Political Parties' Economic Nationalism Position

	All Parties	All Parties	All Parties	Right Parties	Right Parties	Right Parties	Left Parties	Left Parties	Left Parties
Total Offshoring	-5.022 (11.24)			26.739 (21.36)			-54.443* (22.12)		
Manufacturing Offshoring		-0.024 (4.36)			14.080* (6.02)			-19.749** (7.27)	
Service Offshoring			9.031 (33.89)			21.960 (61.48)			-28.013 (56.92)
GDP Per Capita	1.110 (3.32)	0.988 (3.38)	0.848 (3.28)	-0.058 (4.66)	0.159 (4.56)	0.231 (4.97)	2.083 (4.86)	1.572 (4.77)	1.322 (4.85)
GDP Growth Rate	0.042 (0.11)	0.040 (0.11)	0.038 (0.11)	0.205 (0.18)	0.208 (0.19)	0.204 (0.18)	-0.191 (0.16)	-0.202 (0.16)	-0.205 (0.17)
Unemployment	0.227 (0.13)	0.229 (0.13)	0.229 (0.13)	0.128 (0.31)	0.130 (0.31)	0.120 (0.31)	0.170 (0.13)	0.164 (0.13)	0.185 (0.13)
Income Inequality	15.899 (18.59)	16.144 (18.58)	16.325 (18.47)	-13.140 (26.39)	-14.163 (26.04)	-12.006 (26.95)	11.610 (19.26)	13.836 (18.91)	16.612 (20.84)
Capital Openness	1.504 (2.44)	1.401 (2.47)	1.406 (2.34)	-0.259 (3.57)	-0.646 (3.70)	0.436 (3.28)	2.916 (3.00)	3.167 (2.96)	1.866 (3.38)
Tertiary Education	-0.019 (0.04)	-0.021 (0.04)	-0.021 (0.04)	-0.068 (0.07)	-0.074 (0.07)	-0.061 (0.07)	-0.072 (0.05)	-0.066 (0.05)	-0.088 (0.05)
Refugee	-0.152 (0.08)	-0.156 (0.08)	-0.159 (0.08)	-0.419* (0.19)	-0.434* (0.20)	-0.402* (0.20)	-0.096 (0.10)	-0.092 (0.10)	-0.134 (0.11)

Continued on the next page

Table 2.4 – Continued from previous page

	All Parties	All Parties	All Parties	Right Parties	Right Parties	Right Parties	Left Parties	Left Parties	Left Parties
Recent Eco. Crises	-4.022* (1.90)	-4.102* (1.89)	-4.100* (1.95)	-3.445 (2.34)	-3.872 (2.33)	-3.065 (2.36)	-3.160 (2.39)	-2.951 (2.38)	-4.089 (2.47)
R^2	0.286	0.285	0.285	0.303	0.309	0.298	0.233	0.235	0.196
N	216	216	216	191	191	191	211	211	211

Notes: Country and year fixed effects are included. The sample period is 1992-2017.

Robust standard errors are given in parentheses. Two-tailed tests. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Here, I demonstrated a relationship between offshoring and economic nationalism and how it varies depending on sector type and party ideology. However, there is still one more relationship to be unfolded. There is one crucial variable that might affect the party positions that I have taken for granted, the existence of *perfect* democracy. I was envisioning to observe economic nationalism policies in an ideal world due to public demand and thereof political parties' manifestations; however, we do not always, if ever, live in an ideal world. Thus, it is quite necessary to take democracy, or its level, into account.

In order to test the deviations from the ideality, I have picked three variables to condition, building upon previous additive models. The openness of elections to check how and to what extent political parties are free to compete, media corruption to test barriers for the public to be well informed, and the rule of law to examine to what degree people perceive themselves as living in a community that is all equally accountable to the law. These three variables to condition are grasping the democracy from different angles. Finally, I have tested these models and presented them in Tables 2.5 to 2.7.

In Tables 2.5 to 2.7., total, left, and right-wing political parties' economic nationalism positions are estimated to assess the effect of the total, manufacturing, and service offshoring conditional on the openness of elections, media corruption, and the rule of law on economic nationalism positions.

In Table 2.5, the interaction of openness of elections and manufacturing offshoring is positive and statistically significant for total, left, and right political parties' positions. However, service offshoring does not yield any significant coefficient. As depicted in Figure 2.4, when elections are least competitive, manufacturing offshoring makes right-wing political parties anti-economic nationalist (around -50), and increasing competitiveness revert the effect, and they become pro-economic nationalist (around +50). However, the effect is more visible for the left-wing parties. The left-wing parties become more neutral with increasing competitiveness. The effect on the mean countries (e.g., France 2002, Finland 2011, Norway 2001) is 12.4 for right and -15.4 for left-wing political parties.

Table 2.5 - OLS Regressions on Political Parties' Economic Nationalism Position with Openness of Elections Interaction

	All Parties	All Parties	All Parties	Right Parties	Right Parties	Right Parties	Left Parties	Left Parties	Left Parties
Total Offshoring	-131.6*** (37.89)			-158.4** (74.11)			-217.3*** (51.65)		
Manufacturing Offshoring		-48.57*** (15.20)			-80.24*** (26.09)			-77.38*** (23.67)	
Service Offshoring			-154.3 (153.3)			-280.2 (294.9)			-142.3 (240.0)
Openness of Elections	-5.963*** (2.061)	-6.317*** (2.152)	-3.341 (2.081)	-12.69** (4.748)	-15.53*** (4.374)	-9.827** (4.319)	-6.684** (2.576)	-6.999** (2.919)	-1.221 (3.013)
Tot. Offs. x Open. of El.	33.35*** (10.08)			47.76** (22.28)			45.96*** (14.54)		
Manuf. Offs. x Open. of Elections		13.39*** (4.315)			25.89*** (7.895)			17.26** (6.693)	
Serv. Offs. x Open. of El.			41.79 (38.23)			79.11 (71.73)			21.64 (55.95)
GDP Per Capita	4.460 (3.396)	3.729 (3.546)	3.865 (3.792)	3.385 (7.191)	2.651 (7.086)	3.739 (8.023)	10.53*** (3.483)	9.216** (3.463)	9.992** (4.476)
GDP Growth Rate	0.0526 (0.106)	0.0479 (0.107)	0.0580 (0.113)	0.240 (0.190)	0.246 (0.195)	0.258 (0.196)	-0.255* (0.133)	-0.274** (0.131)	-0.261* (0.146)
Unemployment	0.241* (0.136)	0.214 (0.134)	0.240 (0.144)	0.152 (0.309)	0.120 (0.302)	0.160 (0.327)	0.353** (0.138)	0.303** (0.137)	0.358** (0.152)

Continued on the next page

Table 2.5 – Continued from previous page

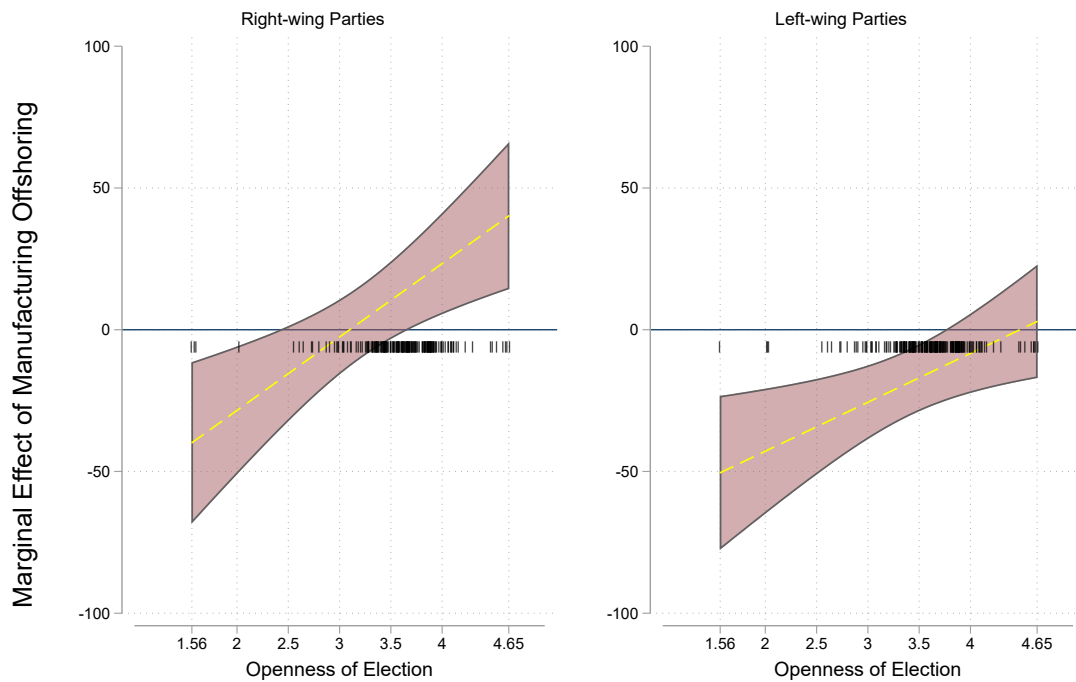
	All Parties	All Parties	All Parties	Right Parties	Right Parties	Right Parties	Left Parties	Left Parties	Left Parties
Income Inequality	12.05 (19.74)	13.42 (20.37)	11.86 (20.22)	-33.86 (22.60)	-34.83 (23.43)	-34.44 (22.11)	22.47 (24.44)	26.15 (24.35)	22.50 (25.79)
Capital Openness	3.254 (2.426)	3.094 (2.496)	2.887 (2.422)	5.698 (4.345)	5.145 (4.394)	5.720 (4.445)	0.267 (2.380)	0.498 (2.386)	-1.145 (2.607)
Tertiary Education	-0.0826* (0.0448)	-0.0833* (0.0442)	-0.0829* (0.0465)	-0.141* (0.0756)	-0.146* (0.0740)	-0.141* (0.0760)	-0.116* (0.0579)	-0.111* (0.0578)	-0.122* (0.0618)
Refugee	-0.0904 (0.0942)	-0.0838 (0.0981)	-0.0964 (0.0920)	-0.262 (0.233)	-0.249 (0.242)	-0.254 (0.234)	-0.0715 (0.0885)	-0.0604 (0.0852)	-0.0839 (0.0960)
Recent Econ. Crises	-3.555** (1.691)	-3.126* (1.747)	-3.618** (1.748)	-4.492** (1.901)	-3.901** (1.864)	-4.034** (1.819)	-1.933 (2.577)	-1.356 (2.666)	-2.062 (2.903)
R^2	0.288	0.287	0.270	0.308	0.322	0.299	0.272	0.267	0.217
N	208	208	208	188	188	188	203	203	203

Notes: Openness of Elections is contestability, higher values indicate higher openness.

Country and year fixed effects are included. The sample period is 1992-2017.

Robust standard errors are given in parentheses. Two-tailed tests. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Figure 2.4 - Marginal Effect of Manufacturing Offshoring on the Economic Nationalism conditional to Openness of Election



In Table 2.6, the interaction of media corruption and manufacturing offshoring is also positive and statistically significant for total, left, and right-wing political parties' positions. However, service offshoring only yields a significant coefficient for left-wing parties. Figure 2.5 demonstrates that left-wing parties were anti-economically nationalist when media were corrupted, and with increasing freedom, offshoring's affected them to be more pro-economic nationalist. However, there are only limited findings for right-wing. The effect on the mean countries (countries with media corruption level between Western democracies and Hungary, Slovakia, and Balkan countries) is 15.7 for right and -13 for left-wing political parties.

Table 2.6 - OLS Regressions on Political Parties' Economic Nationalism Position with Media Corruption Interaction

	All Parties	All Parties	All Parties	Right Parties	Right Parties	Right Parties	Left Parties	Left Parties	Left Parties
Total Offshoring	-42.53 (34.26)			-39.12 (36.40)			-166.3*** (40.03)		
Manufacturing Offshoring		-27.20** (10.79)			-20.95 (14.48)			-59.17*** (12.62)	
Service Offshoring			-34.33 (177.0)			-8.588 (371.0)			-724.4** (326.2)
Media Corruption	-0.261 (1.745)	-1.901 (1.740)	0.708 (1.845)	-1.117 (2.519)	-2.634 (2.880)	0.908 (2.461)	-3.770** (1.570)	-4.083*** (1.383)	-4.786* (2.483)
Total Offs. x Media Corruption	10.89 (9.909)			18.96 (11.75)			35.42*** (9.870)		
Manuf. Offs. x Media Corruption		8.371** (3.272)			10.37** (4.760)			13.09*** (3.436)	
Serv. Offs. x Media Crrpt.			8.576 (45.99)			9.762 (96.13)			174.8** (81.56)
GDP Per Capita	1.117 (3.121)	0.657 (3.115)	1.078 (3.137)	-2.292 (4.769)	-2.195 (4.677)	-2.205 (5.033)	1.564 (4.217)	0.852 (4.186)	1.388 (4.028)
GDP Growth Rate	0.0186 (0.0793)	0.0213 (0.0816)	0.0231 (0.0801)	0.198 (0.185)	0.193 (0.187)	0.209 (0.177)	-0.250* (0.129)	-0.242* (0.129)	-0.263* (0.139)
Unemployment	0.206 (0.123)	0.199 (0.120)	0.207 (0.124)	0.0330 (0.297)	0.0266 (0.296)	0.0274 (0.304)	0.192 (0.128)	0.169 (0.127)	0.242* (0.120)

Continued on the next page

Table 2.6 – Continued from previous page

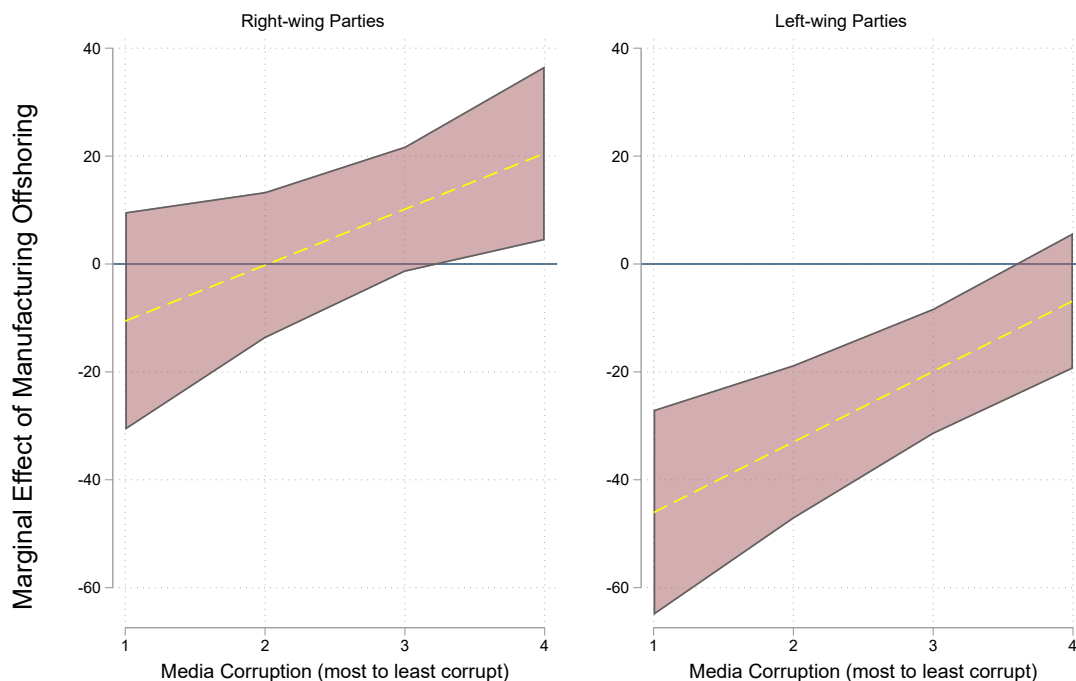
	All Parties	All Parties	All Parties	Right Parties	Right Parties	Right Parties	Left Parties	Left Parties	Left Parties
Income Inequality	7.557 (15.81)	8.699 (16.07)	7.314 (16.05)	-29.43 (24.22)	-27.42 (24.19)	-30.41 (25.01)	18.52 (17.07)	19.55 (17.75)	23.73 (19.56)
Capital Openness	2.987 (2.005)	2.659 (2.010)	2.785 (1.995)	4.563 (3.877)	3.854 (3.928)	5.194 (3.920)	3.455 (2.450)	3.165 (2.485)	2.763 (2.491)
Tertiary Education	-0.0426 (0.0392)	-0.0451 (0.0391)	-0.0446 (0.0405)	-0.0939 (0.0639)	-0.0987 (0.0628)	-0.0913 (0.0630)	-0.0863* (0.0483)	-0.0818* (0.0486)	-0.111** (0.0500)
Refugee	-0.0765 (0.0917)	-0.0689 (0.0917)	-0.0782 (0.0917)	-0.207 (0.269)	-0.199 (0.266)	-0.179 (0.279)	-0.0865 (0.0856)	-0.0598 (0.0843)	-0.0455 (0.0926)
Recent Econ. Crises	-3.311* (1.932)	-3.271 (1.965)	-3.408* (1.976)	-2.132 (2.303)	-2.153 (2.299)	-1.921 (2.380)	-3.731* (2.035)	-3.257 (2.193)	-4.222** (2.039)
R^2	0.247	0.256	0.243	0.262	0.271	0.255	0.224	0.223	0.206
N	240	240	240	209	209	209	235	235	235

Notes: Media Corruption is whether media members alter the news or not in exchange for payment, 0 is the most and 4 is the least corrupted.

Country and year fixed effects are included. The sample period is 1992-2017.

Robust standard errors are given in parentheses. Two-tailed tests. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Figure 2.5 - Marginal Effect of Manufacturing Offshoring on the Economic Nationalism conditional to Media Corruption



In Table 2.7 the interaction of the rule of law and manufacturing offshoring is also positive and statistically significant for total, left, and right-wing political parties' positions. However, service offshoring does not yield any significant coefficient. Similarly, Figure 2.6 illustrates that with the presence of offshoring, political parties tend to adopt a more pro-economically nationalist stance, particularly when the rule of law is strengthening. However, the findings indicate that there is only statistical significance for right-wing parties in countries where the rule of law is already stronger, as well as for left-wing parties in countries where the rule of law is already weak. These intriguing findings may capture the attention of future researchers, prompting further exploration in this area. The effect on the mean countries (e.g., Israel, Greece, and the Czech Republic in the 2000s) is 28.73 for right and -6.99 for left-wing political parties.

Table 2.7 - OLS Regressions on Political Parties' Economic Nationalism Position with Rule of Law Interaction

	All Parties	All Parties	All Parties	Right Parties	Right Parties	Right Parties	Left Parties	Left Parties	Left Parties
Total Offshoring	-19.00 (18.50)			-34.07 (48.52)			-69.96*** (24.26)		
Manufacturing Offshoring		-1.343 (6.390)			-6.563 (16.32)			-21.79** (9.323)	
Service Offshoring			-100.7 (81.84)			-112.9 (120.6)			-153.0 (139.5)
Rule of Law	-3.455 (3.103)	-4.042 (2.979)	-3.185 (2.929)	-2.285 (5.595)	-4.547 (5.297)	0.872 (5.528)	-8.830** (3.625)	-8.604** (3.609)	-6.840 (4.265)
Tot. Offs. x Rule of Law	28.59** (13.53)			88.97*** (31.24)			50.36*** (13.99)		
Manuf. Offs. x Rule of Law		13.31** (5.263)			38.35*** (10.95)			16.10*** (5.832)	
Serv. Offs. x Rule of Law			73.83 (47.56)			117.7 (73.76)			111.3 (74.91)
GDP Per Capita	-0.252 (3.276)	0.160 (3.177)	-0.285 (3.113)	-4.077 (7.110)	-2.373 (7.111)	-4.937 (7.315)	0.229 (4.217)	0.203 (4.067)	-0.572 (4.225)
GDP Growth Rate	-0.0342 (0.0976)	-0.0195 (0.102)	-0.0602 (0.0995)	0.293 (0.241)	0.311 (0.242)	0.247 (0.258)	-0.283* (0.152)	-0.281* (0.157)	-0.320** (0.158)
Unemployment	0.233* (0.136)	0.240* (0.133)	0.215 (0.139)	0.268 (0.457)	0.276 (0.447)	0.171 (0.469)	0.123 (0.154)	0.105 (0.158)	0.0941 (0.146)

Continued on the next page

Table 2.7 – Continued from previous page

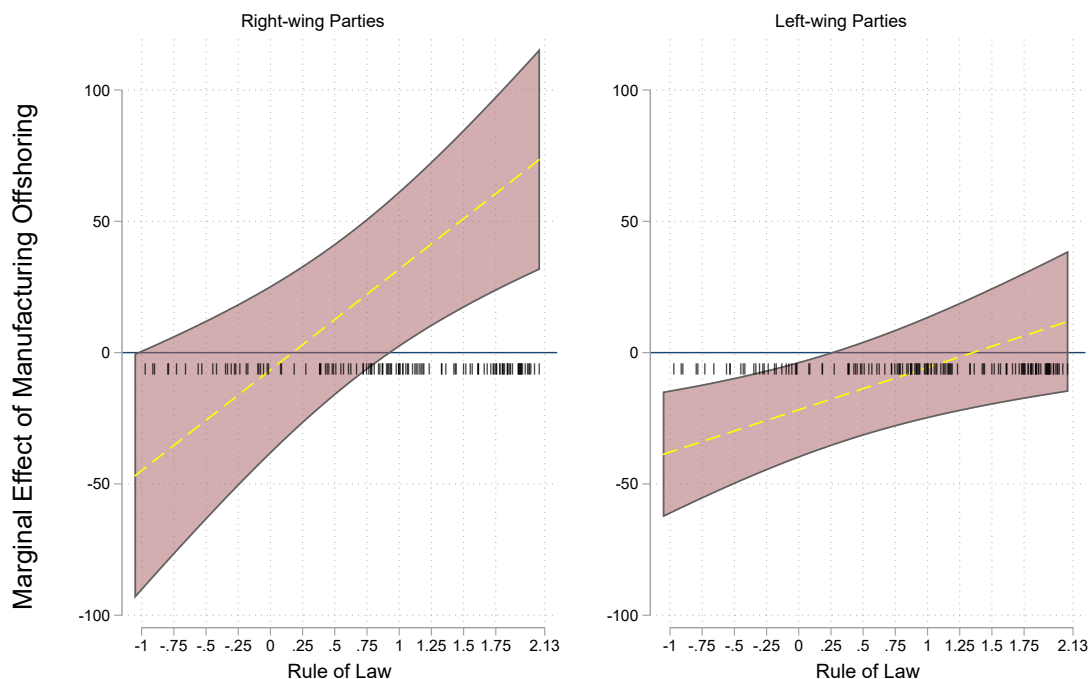
	All Parties	All Parties	All Parties	Right Parties	Right Parties	Right Parties	Left Parties	Left Parties	Left Parties
Income Inequality	24.64 (20.51)	23.03 (20.13)	33.23 (21.59)	-3.509 (34.84)	-3.586 (36.44)	-3.269 (37.82)	32.77 (26.15)	27.50 (25.86)	38.90 (29.63)
Capital Openness	3.756 (3.075)	3.803 (3.233)	3.917 (3.015)	3.423 (4.209)	3.477 (4.255)	2.188 (4.549)	5.876 (3.576)	5.644 (3.616)	5.802 (3.549)
Tertiary Education	-0.0489 (0.0503)	-0.0562 (0.0503)	-0.0487 (0.0487)	-0.0713 (0.124)	-0.112 (0.119)	-0.0573 (0.128)	-0.169*** (0.0591)	-0.171*** (0.0614)	-0.153*** (0.0567)
Refugee	0.129 (0.248)	0.0849 (0.238)	0.168 (0.260)	0.0443 (0.641)	0.0673 (0.668)	0.305 (0.615)	-0.444* (0.226)	-0.391 (0.238)	-0.506 (0.307)
Recent Econ. Crises	-3.205* (1.845)	-3.385* (1.922)	-3.547* (1.827)	-0.963 (2.269)	-0.836 (2.373)	-2.833 (2.249)	-4.011* (2.371)	-3.885 (2.392)	-4.261* (2.363)
R^2	0.202	0.219	0.199	0.232	0.261	0.193	0.274	0.269	0.251
N	172	172	172	154	154	154	169	169	169

Notes: Rule of Law covers variety of areas to indicate how much law is equally applicable toward citizens in practice.

Country and year fixed effects are included. The sample period is 1992-2017.

Robust standard errors are given in parentheses. Two-tailed tests. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

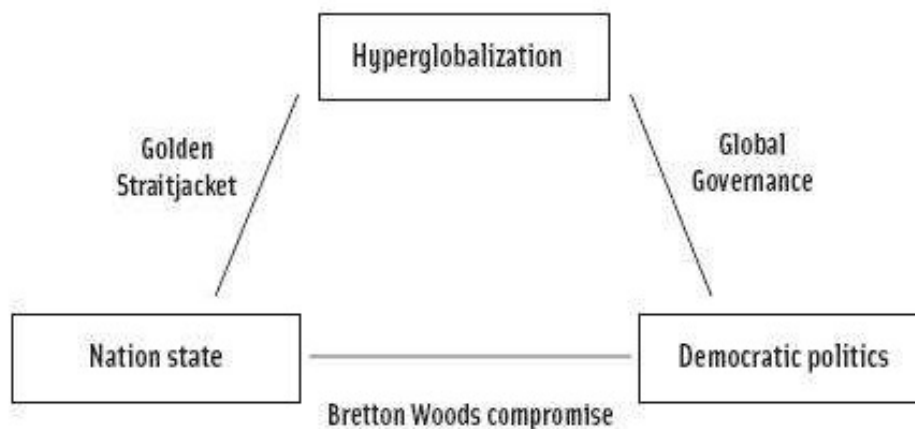
Figure 2.6 - Marginal Effect of Manufacturing Offshoring on the Economic Nationalism conditional to Rule of Law



As has been demonstrated in Tables 5 to 7 and Figures 2.4 to 2.6, offshoring has an effect on the economic nationalism positions of political parties conditioned to the extent of democracy. While my initial consideration was on the mere *ideality* of democracy, there is a prominent theory in literature to link all pieces in my study together. Offshoring is a part, and product of Globalization, and Harvard Professor Dani Rodrik has a ground shaker theory to relate Hyperglobalization, Democratic politics, and the Nation-state.

Rodrik (2011) claims a “Political Trilemma of the World Economy” exists, meaning that Hyperglobalization, as illustrated in Figure 2.7, Democratic politics, and Nation-state can not be obtained at once, at most, two out of three. In *The Globalization Paradox*, he claims “hyperglobalization [is] incompatible with democracy” (2011, xix). He mentions labor standards, corporate tax competition, health and safety standards, regulatory takings, and industrial policies in developing nations as illustrations of how globalization gets in the way of national democracy (2011, 190-200).

Figure 2.7 - The Political Trilemma of the World Economy



Considering the scope of this thesis, I only elaborate on and take into account the labor standards. He argues that since the advanced countries have higher labor standards (e.g., working hours, minimum wage, paid days off), companies offshore to countries with lower labor standards to profit more. While home countries are injured by race to the bottom, market failures, and risks, offshored countries face labor rights, health, and environmental problems. So, hyperglobalization is contradictory to the well-being of workers (but for different reasons), and workers would vote to fix these issue areas. Therefore, Rodrik proposes three solutions: either restriction of democracy to reap the economic benefits of globalization or limiting globalization to keep democratic legitimization at home. Or the third option, globalizing democracy to universalize labor standards and other contradictory topics, by sacrificing national sovereignty.

Rodrik (2011, 203) asks, “If we can simultaneously reap the benefits of globalization and democracy, who cares that national politicians will be out of a job?”. They do, for survival reasons, and political parties and politicians would quite like to stay in their job. Thus, in most parts of the world, and as this study assumes, one of the two options of Trilemma is already occupied, the nation-state. Looking from this perspective and interpreting the results from tables 5 to 7, offshoring (hyperglobalization) and openness of elections/media freedom/the rule of law (democratic politics) indeed do not co-exist. When democratic politics are on the rise, we see higher economic nationalism positions that limit the hyperglobalization and settle for a “thin” version of globalization or the Bretton Woods compromise (2011, 205).

3. CONCLUSION

Production and trade are the backbones of the economy, and companies in the free market strive for the greatest profit. Although there are many ways to maximize their profit, reducing the cost of production is almost always the top priority. One component of the cost of production, the labor, witnessed striking changes in the last century. For the workers, working hours and conditions, social security, pensions, and in general, labor standards improved greatly, especially in the developed countries.

Improving the well-being of labor also increased the cost of labor due to factors such as shortening working hours and increasing wages. In order to tackle with the increasing cost of labor, there arises an opportunity with globalization and neo-liberalism. Pre-globalized economies were more closed, and freight and communication technologies were less developed. Thus, it was not easy for companies to move their production facilities to other countries. However, the rapid liberalization of economies, coupled with advancements in transportation and communication, enabled companies to move production abroad.

Although there is a high initial cost to build a facility to replace the facilities that are in the home country, reasons such as proximity to raw materials and/or market, and especially cheapness of the labor drives firms into offshoring. Moreover, host countries wear a *Golden Straitjacket* (Rodrik 2011), and working conditions and social security are easily worsened. Therefore, while it became highly profitable for companies to offshore, it worsened economic conditions for -especially low-skilled-workers at home, meaning a reduction in wages, unemployment, and re-allocation of labor.

Moreover, the expansion of the middle class and educational opportunities, among other factors, contributed to the growth of human capital in host countries. This human capital, coupled with the advancement of communication technologies, enabled companies to also offshore some of the service sector jobs. However, this new phe-

nomenon put English-speaking countries -whether home or host- in an advantageous position due to the commonality of English (e.g., the US/UK – India). Additionally, offshoring of the service sector is not bounded to low-skilled jobs such as call centers. Many high-skilled jobs such as software engineering or design are quite offshorable, and host countries' growing human capital provides a relatively cheaper workforce for home countries' companies.

Workers who perceive job insecurity or actual economic loss have a rather simple demand. Compensation and limitations to offshoring, popularly said, “bringing jobs back to home”. Therefore, political parties that are trying to grasp the economically dissatisfied workers arrange their position toward economic nationalism according to the offshoring level of the country, as I claim. However, their position might be quite different from each other due to solutions that they offer for such socioeconomic problems, simply compensation or limitations.

Accordingly, I employ the Comparative Manifesto Project (CMP), global multi-regional input–output (MRIO) dataset of EORA to investigate the effects of offshoring on the economic nationalism position of political parties. CMP provides necessary data for computing economic nationalism score, following Burgoon (2009); and EORA enables me to generate offshoring variable, following Hijzen and Swaim (2007).

First, I find that offshoring indeed has an effect on the economic nationalism position of political parties. However, it varies according to the type of offshoring and which side political parties fall on the left-right political spectrum. Service offshoring has no significant effect at all on any type of political party group. Most probably because it is practiced way less than the manufacturing counterpart, as depicted in Figure 2 and Figure 3. Even though service jobs become more offshorable over time, actual offshoring did not follow the same trend and is rarely practiced. Direct data for offshored jobs are not abundant and not reliable due to the many limitations mentioned before. However, for instance, only 25 percent of the US jobs offshored to China between 2001 and 2013 were service sector jobs (Scott and Kimball 2014). Thus, far less service sector workers got affected by the offshoring. Moreover, as Newport (2011)'s survey shows, the top answer (25%) to the question of "In your opinion, what would be the best way to create more jobs in the U.S.?" was "Keep manufacturing jobs here/Stop sending overseas", and the answer did not vary across Democratic and Republican Party voters. So, voters from both sides of the party spectrum perceived manufacturing offshoring, but not service one, as the greatest cause of job destruction. Additionally, the FiveThirtyEight report indicates that people were far more likely to vote for Trump -who emphasized economic nationalist

policies- in countries that have the most routine and manufacturing jobs Kolko (2016). Therefore, since the service sector is less practiced, less service sector workers got affected by offshoring, and voters generally perceive manufacturing offshoring as more vital for their economic adversaries; this might have caused the not significant effect in my analyses.

However, manufacturing offshoring present a rather interesting relationship. Manufacturing offshoring increases the economic nationalism position of right-wing parties, whereas it decreases the position of left-wing parties, and on the sample of all-parties it does not have any significant effect. Thus, only checking a relationship between offshoring and aggregated parties would not show any effect since left and right parties cancel each other out. Moreover, by interacting offshoring with democracy components, namely openness of elections, media corruption, and the rule of law, I find partial support for the notion that offshoring causes an increase in support for economic nationalism policies among right-wing political parties when democracy strengthens, while it places left-wing parties in a neutral position rather than a negative one. These findings provide partial support for my initial hypothesis that political parties become more pro-economic nationalist, but only in an *ideal* democracy. This phenomenon can be explained with Dani Rodrik's "Political Trilemma of the World Economy" theory, where only two out of Hyperglobalization, Nation-state, and Democratic policies can be obtained simultaneously.

All in all, this thesis contributes to the literature in several respects. Firstly, to the best of my knowledge, this thesis is the first study to test the relationship between offshoring and economic nationalism. Furthermore, country-level economic nationalism studies are not numerous, and this thesis helps to enrich economic nationalism literature in this respect. Moreover, empirical support in the thesis presents the polarizing effect of offshoring, and offshoring polarizes political parties depending on their respective party family. Additionally, interactive models present empirical support to Dani Rodrik's "Political Trilemma of the World Economy" theory. This specific finding, I believe, will inspire researchers to look deeper into the mechanisms of parties, voting, and economics and enable them the discover great nuances.

It should be noted, despite its many contributions, this thesis is not without certain limitations either. First of all, due to data availability issues, the analyses in this thesis are limited to only 42 countries, and they are mostly developed ones. Although the EORA dataset enables me to compute offshoring scores for 191 countries in the years 1990 to 2016, the CMP dataset that helps me to generate economic nationalism variable limit our sample to just 42. So, there might be an external validity issue when it is tried to be generalized to all countries. Moreover, the measurement used

in this thesis (and in the literature) for offshoring is a proxy. Even though reliability is not a problem, the accuracy of measurement might be. It is quite hard to come up with a direct measurement of offshoring, and it is still challenging the researchers. Furthermore, the calculation of economic nationalism might be flawed. Following Burgoon (2009), I used 16 CMP variables to compute economic nationalism, but in the following versions, they can add a direct variable specifically for economic nationalism. Lastly, the latest data in my study comes from 2016, and quite a lot changed since then. Especially Donald Trump's administration and pandemic caused significant changes in both offshoring and economic nationalism. Injured trade routes, freight crisis, increasing consumption, and rising oil prices dramatically affected supply chains. Therefore, post-2016 data also needed to be studied in detail.

To sum up, in this thesis, I tested offshoring's effect on economic nationalism and found significant empirical findings. This study, and further studies that would overcome mentioned limitations, would help to grow our understanding of how voters and parties are affected by economic conditions, how parties capitalize on rising, and perhaps ongoing, economic dissatisfaction, and discover whether determinants of the economic nationalism is quite rooted or just a temporal phenomenon.

BIBLIOGRAPHY

- Allan, James P, and Lyle Scruggs. 2004. "Political Partisanship and Welfare State Reform in Advanced Industrial Societies." *American Journal of Political Science* 48(3): 496–512.
- Baughn, C Christopher, and Attila Yaprak. 1996. "Economic Nationalism: Conceptual and Empirical Development." *Political Psychology* 17(4): 759–778.
- Betz, Hans-George. 1993. "The New Politics of Resentment: Radical Right-wing Populist Parties in Western Europe." *Comparative Politics* 25(4): 413–427.
- Blinder, Alan S. 2009a. "How Many US Jobs Might Be Offshorable?" *World Economics* 10(2): 41–78.
- Blinder, Alan S. 2009b. "Offshoring: Big Deal, or Business as Usual?" *Offshoring of American jobs: What response from US economic policy* pp. 19–60.
- Bordo, Michael D, Barry Eichengreen, and Douglas A Irwin. 1999. "Is Globalization Today Really Different than Globalization a Hunderd Years Ago?"
- Born, Benjamin, Gernot J Müller, Moritz Schularick, and Petr Sedláček. 2019. "The Costs of Economic Nationalism: Evidence from the Brexit Experiment." *The Economic Journal* 129(623): 2722–2744.
- Bramucci, Alessandro, Valeria Cirillo, Rinaldo Evangelista, and Dario Guarascio. 2021. "Offshoring, Industry Heterogeneity and Employment." *Structural Change and Economic Dynamics* 56: 400–411.
- Burgoon, Brian. 2009. "Globalization and Backlash: Polayni's Revenge?" *Review of International Political Economy* 16(2): 145–177.
- Chinn, Menzie D, and Hiro Ito. 2006. "What Matters for Financial Development? Capital Controls, Institutions, and Interactions." *Journal of Development Economics* 81(1): 163–192.
- Colantone, Italo, and Piero Stanig. 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, Italo, and Piero Stanig. 2019. "The Surge of Economic Nationalism in Western Europe." *Journal of Economic Perspectives* 33(4): 128–151.
- Coppedge, Michael, John Gerring, Carl Henrik Knutsen, Staffan I. Lindberg, Jan Teorell, David Altman, and Michael Bernhard. 2023. V-Dem [Country-Year/Country-Date] Dataset v13. Technical report Varieties of Democracy (V-Dem) Project.
- Costello, Rory, Dimitar Toshkov, Barend Bos, and André Krouwel. 2021. "Congruence Between Voters and Parties: The Role of Party-level Issue Salience." *European Journal of Political Research* 60(1): 92–113.

- Crinò, Rosario. 2010. "Employment Effects of Service Offshoring: Evidence from Matched Firms." *Economics Letters* 107(2): 253–256.
- Driffield, Nigel, and PC Chiang. 2009. "The Effects of Offshoring to China: Reallocation, Employment and Productivity in Taiwan." *International Journal of the Economics of Business* 16(1): 19–38.
- Ebenstein, Avraham, Ann Harrison, Margaret McMillan, and Shannon Phillips. 2014. "Estimating The Impact of Trade and Offshoring on American Workers Using the Current Population Surveys." *Review of Economics and Statistics* 96(4): 581–595.
- Edwards, Martin S. 2006. "Public Opinion Regarding Economic and Cultural Globalization: Evidence from a Cross-National Survey." *Review of International Political Economy* 13(4): 587–608.
- Engler, Sarah, Lucas Leemann, Tarik Abou-Chadi, Heiko Geibler, Karima Bousbah, Daniel Bochsler, Marc Bühlmann et al. 2020. "Democracy Barometer."
- Feenstra, Robert C, and Gordon H Hanson. 1996. "Globalization, Outsourcing, and Wage Inequality."
- Guiraudon, Virginie, Carlo Ruzza, and Hans-Jörg Trezz. 2016. *Europe's Prolonged Crisis: The Making or the Unmaking of a Political Union*. London: Palgrave Macmillan.
- Harrison, Ann, and Margaret McMillan. 2011. "Offshoring Jobs? Multinationals and US Manufacturing Employment." *Review of Economics and Statistics* 93(3): 857–875.
- Hays, Jude C, Sean D Ehrlich, and Clint Peinhardt. 2005. "Government Spending and Public Support for Trade in The OECD: An Empirical Test of the Embedded Liberalism Thesis." *International Organization* 59(2): 473–494.
- Helleiner, Eric, and Andreas Pickel. 2019. *Economic nationalism in a globalizing world*. Cornell University Press.
- Hicks, Alexander, and Christopher Zorn. 2005. "Economic Globalization, the Macro Economy, and Reversals of Welfare: Expansion in Affluent Democracies, 1978–94." *International Organization* 59(3): 631–662.
- Hijzen, Alexander, and Paul Swaim. 2007. "Does Offshoring Reduce Industry Employment?" *National Institute Economic Review* 201: 86–96.
- Hobsbawm, Eric J. 1992. *Nations and Nationalism Since 1780: Programme, Myth, Reality*. Cambridge: Cambridge University Press.
- Iversen, Torben, and Thomas R Cusack. 2000. "The Causes of Welfare State Expansion: Deindustrialization or Globalization?" *World Politics* 52(3): 313–349.
- Kaltenthaler, Karl C, Ronald D Gelleny, and Stephen J Ceccoli. 2004. "Explaining Citizen Support for Trade Liberalization." *International Studies Quarterly* 48(4): 829–851.

- Kaufmann, Daniel, Aart Kraay, and Massimo Mastruzzi. 2011. “The Worldwide Governance Indicators: Methodology and Analytical Issues1.” *Hague Journal on the Rule of Law* 3(2): 220–246.
- Kolko, Jed. 2016. “Trump Was Stronger Where the Economy is Weaker.” *FiveThirtyEight* .
- Laeven, Luc, and Fabian Valencia. 2020. “Systemic Banking Crises Database II.” *IMF Economic Review* 68: 307–361.
- Lenzen, Manfred, Daniel Moran, Keiichiro Kanemoto, and Arne Geschke. 2013. “Building Eora: A Global Multi-Region Input–Output Database at High Country and Sector Resolution.” *Economic Systems Research* 25(1): 20–49.
- Lenzen, Manfred, Keiichiro Kanemoto, Daniel Moran, and Arne Geschke. 2012. “Mapping the Structure of the World Economy.” *Environmental Science Technology* 46(15): 8374–8381.
- Mansfield, Edward D, and Diana C Mutz. 2009. “Support for Free Trade: Self-Interest, Sociotropic Politics, and Out-Group Anxiety.” *International Organization* 63(3): 425–457.
- Mayda, Anna Maria, and Dani Rodrik. 2005. “Why are Some People (and Countries) More Protectionist than Others?” *European Economic Review* 49(6): 1393–1430.
- Moffitt, Benjamin. 2016. *The Global Rise of Populism: Performance, Political Style, and Representation*. Stanford: Stanford University Press.
- Montgomery, Martin. 2017. “Post-Truth Politics? Authenticity, Populism and the Electoral Discourses of Donald Trump.” *Journal of Language and Politics* 16(4): 619–639.
- Mudde, Cas, and Cristóbal Rovira Kaltwasser. 2011. “Voices of the Peoples: Populism in Europe and Latin America Compared.”
- Mughan, Anthony, Clive Bean, and Ian McAllister. 2003. “Economic Globalization, Job Insecurity and the Populist Reaction.” *Electoral Studies* 22(4): 617–633.
- Nakano, Takeshi. 2004. “Theorising Economic Nationalism.” *Nations and Nationalism* 10(3): 211–229.
- Newport, Frank. 2011. Americans’ Top Job-Creation Idea: Stop Sending Work Overseas. Report Gallup.
- Otero, Patricia, and Juan Rodriguez-Zepeda. 2010. Measuring Representation in Latin America: A Study of the Ideological Congruence Between Parties and Voters. In *APSA 2010 Annual Meeting Paper*.
- Ottaviano, Gianmarco I P, Giovanni Peri, and Greg C Wright. 2013. “Immigration, Offshoring, and American Jobs.” *American Economic Review* 103(5): 1925–1959.

- Pemstein, Daniel, Kyle L Marquardt, Eitan Tzelgov, Yi-ting Wang, Joshua Krusell, and Farhad Miri. 2018. “The V-Dem Measurement Model: Latent Variable Analysis for Cross-National and Cross-Temporal Expert-Coded Data.” *V-Dem Working Paper* 21.
- Phongpaichit, Pasuk, and Chris Baker. 2008. “Thaksin’s Populism.” *Journal of Contemporary Asia* 38(1): 62–83.
- Reflund, Bjarke, and Jørgen Goul Andersen. 2014. “Offshoring of Jobs and Internationalisation of Production: Empirical Investigations of Labour Market and Welfare State Effects in Denmark and the Nordic Countries.”
- Reich, Robert B. 2010. *The Work of Nations: Preparing Ourselves for 21st Century Capitalism*. New York: Vintage.
- Rodrik, Dani. 1998. “Why Do More Open Economies Have Bigger Governments?” *Journal of Political Economy* 106(5): 997–1032.
- Rodrik, Dani. 2011. *The Globalization Paradox: Democracy and the Future of the World Economy*. New York: WW Norton & Company.
- Roosma, Femke, John Gelissen, and Wim Van Oorschot. 2013. “The Multidimensionality of Welfare State Attitudes: A European Cross-National Study.” *Social Indicators Research* 113: 235–255.
- Ross, Fiona. 2000. “‘Beyond Left and Right’: The New Partisan Politics of Welfare.” *Governance* 13(2): 155–183.
- Ruggie, John Gerard. 1982. “International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order.” *International Organization* 36(2): 379–415.
- Ruzza, Carlo, and Laura Balbo. 2013. *Italian Populism and the Trajectories of Two Leaders: Silvio Berlusconi and Umberto Bossi*. London: Bloomsbury Publishing pp. 163–176.
- Scheve, Kenneth F, and Matthew J Slaughter. 2001. “Labor Market Competition and Individual Preferences over Immigration Policy.” *Review of Economics and Statistics* 83(1): 133–145.
- Scott, Robert E, and Will Kimball. 2014. “China Trade, Outsourcing and Jobs.” *Economic Policy Institute Briefing Paper* 385.
- Spoon, Jae-Jae, and Heike Klüver. 2014. “Do Parties Respond? How Electoral Context Influences Party Responsiveness.” *Electoral Studies* 35: 48–60.
- Stockemer, Daniel. 2017. *The Front National in France: Continuity and Change Under Jean-Marie Le Pen and Marine Le Pen*. Cham: Springer Cham.
- UNHCR. 2023. “Population Figures. UNHCR Data on Displacement at the End of the Year.” Data File. Accessed on June 1, 2023. Retrieved from: <https://www.unhcr.org/refugee-statistics/download/?url=51CjQg,.>

- Van der Waal, Jeroen, and Willem De Koster. 2018. "Populism and Support for Protectionism: The Relevance of Opposition to Trade Openness for Leftist and Rightist Populist Voting in the Netherlands." *Political Studies* 66(3): 560–576.
- Varga, Mihai. 2021. "The Return of Economic Nationalism to East Central Europe: Right-Wing Intellectual Milieus and Anti-Liberal Resentment." *Nations and Nationalism* 27(1): 206–222.
- Volkens, Andrea, Tobias Burst, Werner Krause, Pola Lehmann, Theres Matthieß, Nicolas Merz, and Sven Regel. 2021. "The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR). Version 2021a."
- Wolfe, Robert, and Matthew Mendelsohn. 2005. "Values and Interests in Attitudes Toward Trade and Globalization: The Continuing Compromise of Embedded Liberalism." *Canadian Journal of Political Science/Revue Canadienne de Science Politique* 38(1): 45–68.
- World Bank. 2023a. "GDP Growth Rate (Annual %)." Data File. Accessed on June 1, 2023. Retrieved from: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>,.
- World Bank. 2023b. "GDP per Capita (Constant 2015 US\$)." Data File. Accessed on June 1, 2023. Retrieved from: <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD>,.
- World Bank. 2023c. "Gini Index." Data File. Accessed on June 1, 2023. Retrieved from: <https://data.worldbank.org/indicator/SI.POV.GINI>,.
- World Bank. 2023d. "School Enrollment, Tertiary (% Gross)." Data File. Accessed on June 1, 2023. Retrieved from: <https://data.worldbank.org/indicator/SE.TER.ENRR>,.
- World Bank. 2023e. "Unemployment, Total (% of Total Labor Force) (Modeled ILO Estimate)." Data File. Accessed on June 1, 2023. Retrieved from: <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS>,.
- Wright, Greg C. 2014. "Revisiting the Employment Impact of Offshoring." *European Economic Review* 66: 63–83.

APPENDIX

Table A.1 - Offshorability Index

Occupation	SOC code	Category	Index number
Computer programmers	15-1021	I	100
Telemarketers	41-9041	I	95
Computer systems analysts	15-1051	I	93
Billing and posting clerks and Machine operators	43-3021	I	90
Bookkeeping, accounting, and auditing clerks	43-3031	I	84
Computer support specialists	15-1041	I and II	92/68
Computer software engineers, applications	15-1031	II	74
Computer software engineers, systems software	15-1032	II	74
Accountants	13-2011	II	72
Welders, cutters, solderers, and brazers	51-4121	II	70
Helpers—production workers	51-9198	II	70
First-line supervisors/managers of production and operating workers	51-1011	II	68
Packaging and filling machine operators and tenders	51-9111	II	68
Team assemblers	51-2092	II	65
Bill and account collectors	43-3011	II	65
Machinists	51-4041	II	61
Inspectors, testers, sorters, samplers, and weighers	51-9061	II	60
General and operations managers	11-1021	III	55
Stock clerks and order fillers	43-5081	III	34
Shipping, receiving, and traffic clerks	43-5071	III	29
Sales managers	11-2022	III	26
Business operations specialists, all other	13-1199	IV	25
Source: Blinder (2009 <i>a</i> , 59)			

Table A.2 - Industries in EORA Dataset

Industries	Sector
Agriculture	Manufacturing
Fishing	
Mining and Quarrying	
Food & Beverages	
Textiles and Wearing Apparel	
Wood and Paper	
Metal Products	
Electrical and Machinery	
Transport Equipment	
Other Manufacturing	
Recycling	
Electricity, Gas and Water	
Construction	
Maintenance and Repair	
Wholesale Trade	
Retail Trade	
Hotels and Restaurants	
Transport	
Post and Telecommunications	
Financial Intermediation and Business Activities	

Table A.3 - Variables and Sources

Variable	Description	Sources
Economic Nationalism Position (All Parties)	All/Total Political Parties is the average Economic Nationalism Position of all political parties that compete in respective election-year, weighted by their vote share.	Comparative Manifesto Project (Volkens et al. 2021)

Table A.3 – Continued

Variable	Description	Sources
Economic Nationalism Position (Right-wing Parties)	Right-wing Political Parties is the average Economic Nationalism Position of Right-wing political parties, indicated by positive rile variable of CMP dataset, that compete in respective election-year, weighted by their vote share.	Comparative Manifesto Project (Volkens et al. 2021)
Economic Nationalism Position (Left-wing Parties)	Left-wing Political Parties is the average Economic Nationalism Position of Left-wing political parties, indicated by negative rile variable of CMP dataset, that compete in respective election-year, weighted by their vote share.	Comparative Manifesto Project (Volkens et al. 2021)
Offshoring (Total)	Total Offshoring is the ratio of imported intermediate purchases from all industries to total Value Added.	EORA (Lenzen et al. 2013, 2012)
Offshoring (Manufacturing)	Manufacturing Offshoring is the ratio of imported intermediate purchases from the manufacturing sector to the manufacturing sector's Value Added.	EORA (Lenzen et al. 2013, 2012)
Offshoring (Service)	Service Offshoring is the ratio of imported intermediate purchases from the service sector to the service sector's Value Added.	EORA (Lenzen et al. 2013, 2012)
GDP Per Capita	GDP per capita is GDP per capita in thousands of constant 2015 dollars.	World Bank, [NY.GDP.PCAP.KD] (World Bank 2023b)

Table A.3 – Continued

Variable	Description	Sources
GDP Growth Rate	GDP growth is the rate of real GDP growth.	World Bank, [NY.GDP.MKTP.KD.ZG] (World Bank 2023 <i>a</i>)
Unemployment	Unemployment is the ratio of total unemployed to the total labor force.	World Bank, [SL.UEM.TOTL.ZS] (World Bank 2023 <i>e</i>)
Income Inequality	Income Inequality is the Gini index.	World Bank, [SI.POV.GINI] (World Bank 2023 <i>c</i>)
Capital Openness	Capital Openness is the Chinn-Ito Index, normalized.	PDX, The Chinn-Ito Index (Chinn and Ito 2006)
Tertiary Education	Tertiary Education is the ratio of gross enrollment in tertiary education by the population of the age group that corresponds to tertiary education.	World Bank, [SE.TER.ENRR] (World Bank 2023 <i>d</i>)
Refugee	Refugee is the ratio of total refugees to the population times 100.	UNHCR (UNHCR 2023)
Recent Economic Crises Dummy	Whether a country faced an economic crisis in the past year or not.	Systemic Banking Crises Database II (Laeven and Valencia 2020)
Openness of Elections	Openness of Elections is contestability, higher values indicate higher openness.	Democracy Barometer (Engler et al. 2020)
Media Corruption	Media Corruption is whether media members alter the news or not in exchange for payment, 0 is the most and 4 is the least corrupted.	Varieties of Democracy (Coppedge et al. 2023; Pemstein et al. 2018)
Rule of Law	Rule of Law covers a variety of areas to indicate how much law is equally applicable toward citizens in practice.	World Governance Indicators (Kaufmann, Kraay, and Mastruzzi 2011)

Table A.4 - List of Countries and Elections

Country	Years
Albania	1997 2001
Armenia	1999 2003 2012
Australia	1993 1996 1998 2016
Austria	1994 1995 1999 2008 2013 2017
Belgium	1995 2003 2007 2010 2014
Bulgaria	1997 2001 2005 2013 2014 2017
Canada	2000 2008 2011 2015
Croatia	2000 2003 2007 2015 2016
Cyprus	1996 2001 2006 2011 2016
Czech Republic	1998 2002 2006 2010 2013 2017
Denmark	1994 2001 2005 2007 2011 2015
Estonia	2003 2007 2011 2015
Finland	1995 1999 2003 2007 2011 2015
France	1993 1997 2002 2012 2017
Georgia	2003 2004 2008 2012 2016
Germany	1994 1998 2017
Greece	1993 1996 2000 2004 2007 2012 2015
Hungary	1994 1998 2002 2006 2010 2014
Iceland	1999 2003 2007 2009 2013 2016 2017
Ireland	1992 1997 2002 2007 2011 2016
Israel	1999 2003 2006 2009 2013 2015
Italy	1992 1994 1996 2001 2006 2008 2013
Japan	1993 1996 2000
Latvia	2006 2010 2011 2014
Lithuania	2000 2004 2008 2012 2016
Malta	1996 1998
Mexico	1994 1997 2000 2003 2006 2009 2012 2015
Netherlands	1994 1998 2002 2003 2006 2010 2012 2017
New Zealand	1993 1996 2014 2017
Norway	1993 1997 2001 2005 2009 2013 2017
Poland	1993 1997 2001 2005 2007 2011 2015
Portugal	1995 1999 2002 2005 2009 2015
Romania	1992 2000 2004 2008 2012
Slovenia	2000 2004 2008 2011 2014
South Africa	1994 2014
Spain	1993 1996 2000 2004 2008 2011 2015 2016
Sweden	1994 1998 2002 2006 2010 2014
Switzerland	1999 2003 2011 2015
Turkey	1995 1999
Ukraine	2002 2006 2007 2012 2014
United Kingdom	1992 1997 2001 2005 2010 2015 2017
United States	1992 1996 2000 2016