COURSE DESCRIPTION

This is a graduate course focusing on the empirical aspects of multinational firms and international trade. The goal of the course is to familiarize graduate students with empirical work on multinational firms in the global economy, by reviewing the recent as well as older literature on this topic. Econometrics and statistical techniques for doing empirical work in international trade will be discussed. Topics over the course of the semester will include patterns in the expansion of multinational firms, horizontal and vertical multinationals; the linkages between openness to trade and investment and growth; trade orientation and firm performance; technology transfer and spillovers; innovation and productivity; immigration; and inequality and multinational firms.

The course’s emphasis on the econometric and statistical techniques used for doing applied empirical work is likely to be valuable not only for students of multinational management or international trade, but also for any PhD student interested in conducting applied and rigorous empirical work.

TEXTBOOKS AND READINGS

You can find the readings on Canvas. Required readings must be read in advance of class. Additional relevant readings – listed at the end of the syllabus - are optional and for your reference should you have particular interest in diving deeper into a topic.

We will rely primarily on journal articles and working papers, although you may find the following two texts to be helpful references: *Advanced International Trade: Theory and Evidence* by Robert Feenstra, and *Multinational Enterprise and Economic Analysis* by Richard Caves.
COURSE REQUIREMENTS & GRADING

Students will be graded on the basis of:

1. Class attendance and participation (20%)
2. Referee report and presentation (25%). Due October 14.

Write a referee report and accompanying presentation on one of the following papers. These are job market papers from recent years. Your report should include: a summary of the main features of the paper; a description of its contribution to the literature; its main strengths and weaknesses; and your recommendations to improve it.

- Chauvin, Jasmina, “When Distance Shrinks: The Effects of Competitor Proximity on Firm Survival”
- Boudreau, Laura. “Multinational Enforcement of Labor Lab: Experimental Evidence from Bangladesh’s Apparel Sector”
- Feng, YiLan. “Overseas Operations and Regulatory Arbitrage of Multinational Firms”
- Steinwender, Claudia. “Information Frictions and the Law of One Price: ‘When the States and the Kingdom became United’”
- Juhasz, Reka. “Temporary Protection and Technology Adoption: Evidence from the Napoleonic Blockade”
- Magelssen, Catherine. “Allocation of Property Rights and Technological Innovation within Firms”
- Quintana Gonzalez, Javier. “Import Competition, Regional Divergence, and the Rise of the Skilled City”
- Lee, Jieun. “Foreign Direct Investment in Political Influence”.

3. Presentation of one article from the syllabus (20%).

The presentation should include: a summary of the main features of the paper; a description of its contribution to the literature; and its main strengths and weaknesses. Please sign up for your paper of choice by September 16 on Canvas.

4. A research proposal (35%). Due December 9.

Write a research proposal on a topic of your choice in the area of MNCs in the global economy. Expected length of the proposal is 4-7 pages. Please include a bibliography. You may include an Appendix if you want to display additional figures/tables/etc.
SCHEDULE AND REQUIRED READINGS

Week 1: Introduction and Trends in Multinational Activity (Sept 2)

Readings are optional for the first week.

Week 2: Horizontal FDI (Sept 9)


Week 3: Vertical FDI (Sept 16)


Week 4: Mode of Entry (Sept 23)


Weeks 5: Spillovers, Agglomeration, and Technology Transfer Part 1 (Sept 30)


Poole, Jennifer (2013) “Knowledge Transfers from Multinational to Domestic Firms: Evidence from Worker Mobility”. The Review of Economics and Statistics.


Week 6: Spillovers, Agglomeration, and Technology Transfer Part 2 (Oct 7)


Week 7: Student Presentations of JMPs (Oct 14)

Week 8: Does Internationalization Improve Firm Performance? (Oct 21)


Week 9: Trade Policy and Economic Development/Growth (Oct 28)


Week 10: Trade and Inequality (Nov 4)


Pavcnik, Nina (2017), “The Impact of Trade on Inequality in Developing Countries”

Week 11: Trade, Offshoring, and Innovation (Nov 11)

Autor, David H., David Dorn, Gordon H. Hanson, Gary P. Pisano, and Pian Shu. (Forthcoming), “Foreign Competition and Domestic Innovation: Evidence from US Patents.” AER Insights


Week 12: Immigration, Trade, and MNCs (Nov 18)


**Week 13: MNCs, Trade, and Politics (Dec 2)**


**Week 14: Student Presentations of Original Research Proposals (Dec 9)**
ADDENDUM (Optional) Relevant Readings

(Note that this list is not comprehensive; it is meant to provide you with somewhere to start if you want to read further into any of the topics introduced in the seminar)

Introduction and Trends in Multinational Activity

- Chapter 1 of Multinational Enterprise and Economic Analysis by Richard Caves

Horizontal FDI

- Chapters 1-2 of Multinational Enterprise and Economic Analysis by Richard Caves
- Chapter 12 of Feenstra textbook

Vertical FDI

• Chapters 1-2 of Multinational Enterprise and Economic Analysis by Richard Caves
• Chapter 12 of Feenstra textbook

Mode of Entry

• Head K, Ries J. 2008. FDI as an outcome of the market for corporate control. J. Int. Econ. 74:2–20
• Meyer, Estrin, Bhaumik, and Peng (2009), “Institutions, Resources, and Entry Strategies in Emerging Economies”
• Chapter 3 of Multinational Enterprise and Economic Analysis by Richard Caves
• Feinberg, Susan and Anil Gupta (2009), “MNC Subsidiaries and Country Risk: Internalization as a Safeguard Against Weak Internal Institutions”

**Spillovers, Agglomeration, and Technology Transfer**

Does Internationalization Improve Firm Performance?


Trade Policy and Economic Development/Growth

• Chapter 9 of Multinational Enterprise and Economic Analysis by Richard Caves

Trade and Inequality

• Dorn, David. “Commentary: The Impact of Trade on Inequality in Developed Countries”
• Helpman, Itskhoki, and Redding (2010): “Inequality and unemployment in a global economy”, Econometrica
• Chapter 5 of Multinational Enterprise and Economic Analysis by Richard Caves
• Chapter 4 of Advanced International Trade by Robert Feenstra

Trade, Offshoring, and Innovation


Immigration and MNCs


MNCs, Trade, and Politics