

MIEPP Seminar: Multinational Firms
Kick-off, 28. April 2021, 6pm - 8pm, online via Teams
Presentations, 17 June 2021, 9am - to be determined, online via Teams

Instructor:

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Prerequisites: Students should be familiar with international trade theory. This seminar is not intended for first-semester students.

Course Objectives: Multinational firms are important actors in our globalized world because they account for the lion's share of global output, employment, investment and trade. This seminar seeks to understand the importance of offshoring, foreign direct investment, global value chains, and the costs of international production and trade. Four questions are pertinent. First, why do some firms operate in more than one country while others do not? Second, what determines in which countries production facilities are located? Third, why do firms own foreign facilities rather than simply contract with local producers or distributors? Fourth, do multinational firms avoid taxes? We review key contributions to these topics.

Optional precourse reading:

Antràs, Pol and Stephen R. Yeaple (2014). *Multinational Firms and the Structure of International Trade* (<https://scholar.harvard.edu/antras/publications/multinational-firms-and-structure-international-trade>)

Andrew B. Bernard, J. Bradford Jensen and Peter K. Schott (2009). *Importers, Exporters and Multinationals: A Portrait of Firms in the U.S. that Trade Goods*. Chapter in NBER book *Producer Dynamics: New Evidence from Micro Data* (2009) : 513-552.

Grading: Each seminar participant will present one paper, with an in-depth discussion and a critical assessment of its method and key findings. I am happy to provide personal feedback on your presentation. The final version of the seminar paper should be submitted by July 2, 2021. Successful students will receive 6 ECTS.

Academic Honesty: As a JGU student, I expect you to abide by the University's academic integrity code and a culture of honesty. Lack of knowledge thereof is not a reasonable explanation for violation. Questions related to exams and the Disciplinary Code should be directed to the *Studienbüro*. For information see also <https://www.studium.uni-mainz.de/pruefungsleistungen-und-urhebergesetz/> (in German).

Reading list (Subject to slight changes):

1. Alfaro, Laura and Andrew Charlton (2009). *Intra-industry Foreign Direct Investment*. American Economic Review 99(5): 2096-2119.
2. Alfaro, Laura, Pol Antràs, Davin Chor, and Paola Conconi (2019). *Internalizing Global Value Chains: A Firm-Level Analysis*. Journal of Political Economy 127(2): 509-559. <https://scholar.harvard.edu/antras/publications/internalizing-global-value-chains-firm-level-analysis>
3. Antràs, Pol (2003). *Firms, Contracts, and Trade Structure*. Quarterly Journal of Economics 118(4): 1375-1418. <https://scholar.harvard.edu/antras/publications/firms-contracts-and-trade-structure>
4. Antràs, Pol, and Elhanan Helpman (2004). *Global Sourcing*. Journal of Political Economy 112(3): 552-580. <https://scholar.harvard.edu/antras/publications/global-sourcing>
5. Antràs, Pol, and Elhanan Helpman (2008). *Contractual Frictions and Global Sourcing*. The Organization of Firms in a Global Economy, edited by Elhanan Helpman, T. Verdier, and D. Marin, 9-54. Cambridge, MA: Harvard University Press. <https://scholar.harvard.edu/antras/publications/contractual-frictions-and-global-sourcing>
6. Antràs, Pol, and Davin Chor (2013). *Organizing the Global Value Chain*. Econometrica 81(6): 2127–2204. <https://scholar.harvard.edu/antras/publications/organizing-global-value-chain>
7. Antràs, Pol, Mihir A. Desai and C. Fritz Foley (2009). *Multinational firms, FDI flows and imperfect capital markets*. Quarterly Journal of Economics 124(3): 1171-1219.
8. Bilicka, Katarzyna A. (2019). *Comparing UK Tax Returns of Foreign Multinationals to Matched Domestic Firms: Dataset*. American Economic Review 109(8): 2921–2953.
9. Bloom, Nicholas, Raffaella Sadun and John van Reenen (2012). *Americans Do IT Better: US Multinationals and the Productivity Miracle*. American Economic Review 102(1): 167-201.
10. Buch, Claudia M., Jörn Kleinert, Alexander Lipponer, Farid Toubal and Richard Baldwin (2005). *Determinants and Effects of Foreign Direct Investment: Evidence from German Firm-level Data*. Economic Policy 20(41): 52–110.
11. Grossman, Gene M. and Elhanan Helpman (2002). *Integration versus Outsourcing in Industry Equilibrium*. The Quarterly Journal of Economics 117(1): 85-120.
12. Head, Keith and Thierry Mayer (2019). *Brands in Motion: How Frictions Shape Multinational Production*. American Economic Review 109(9): 3073-3124.
13. Helpman, Elhanan, Marc J. Melitz and Stephen Yeaple (2004). *Export Versus FDI with Heterogeneous Firms*. American Economic Review 94(1): 300-316. <https://scholar.harvard.edu/melitz/publications/export-versus-fdi-heterogeneous-firms>

14. Helpman, Elhanan (2006). *Trade, FDI, and the Organization of Firms*. Journal of Economic Literature 44(3): 589-630.
15. Ramondo, Natalia and Andrés Rodríguez-Clare (2013). *Trade, Multinational Production, and the Gains from Openness*. Journal of Political Economy 121(2): 273-322.
16. Tintelnot, Felix (2017). *Global Production with Export Platforms*. The Quarterly Journal of Economics 132(1): 157–209. <http://felix-tintelnot.wdfiles.com/local--files/research/GlobalProductionWithExportPlatforms.pdf>

These papers will be uploaded to MS Teams. Also, let me know if you have a specific contribution in mind, which is not covered by this list. I am happy to discuss.

Extra Help: Please pass by my (virtual) office during office hours (by appointment) to discuss your questions concerning the course.