Multinational Firms in the Global Economy (MGMT 962001 and MGMT 963001)

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2016 SH-DH
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Class Times: Wednesdays, 9 am to noon
Office Hours: Wednesdays 2 to 4 and by appointment

This is a graduate course focusing on the empirical aspects of multinational firms and international trade. We will focus on a variety of issues that are related to the multinational firm, beginning with trends in multinational activity, then moving to both horizontal and vertical theories of the multinational firm. In the first half of the course (MGMT962001) the topics 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, and labor markets and multinational firms. We complete the first half of the course reviewing the evidence on offshoring and multinationals and the implications for the US labor market, as well as new evidence on corporate social responsibility and the multinational firm.

In the second half of the course (MGMT963001) we examine the empirical evidence on multinational firms and technology transfer via horizontal and vertical channels, and then examine the relationship between multinational firms and the environment. We then turn to the implications of the new theories of firm heterogeneity for multinational activity and empirical tests. We conclude the course by surveying the evidence on how government policies via taxes and trade policy affect multinational firm behavior.

We will rely primarily on journal articles and working papers, although students will consult Robert Feenstra’s book, Advanced International Trade: Theory and Evidence, which is recommended but not required.

The goal of this 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 also be discussed. The main requirement for the course will be a paper and a presentation. Students may design a topic of their choice in the area of multinational firms in the global economy.

The breakdown for grading the course will be as follows: 20 percent class participation, 80 percent a final paper.

Week #1, August 30: Trends in Multinational Activity


Week #2, September 6: Why Multinational Firms Exist: Horizontal foreign investment


Week #3, September 13: Vertical FDI and the Boundaries of the Multinational Firm


Week #4, September 20: Macro-level: Globalization and Outcomes Across Countries


Week #5, September 27: Micro-level: Firm Performance in the Global Economy

• “Routes, Exports, and Employment in Developing Countries: Following the Trade of the Inca Roads, Christian Volpe Martinicus, mimeo, 2013.

Week #6, October 4: Labor Markets and Multinational Firms,
• Daniel Trefler, American Economic Review, “The Long and the Short of the US-Canada Free Trade Agreement”
• Critique of Autor, Dorn, and Hanson by Robert Feenstra and colleagues, working papers (2017a, 2017b).
• Rafael Dix-Carneiro and Brian Kovak, “Trade Reform and Regional Dynamics: Evidence from 25 years of Brazilian matched employer-employee data”, 2017.

Week #7, October 11: Guest Lecture by Santosh Anagol.

Week #8, October 20: Corporate Social Responsibility. NOTE SPECIAL DATE FOR THIS CLASS.


Week #9, October 25: Management of Multinational Firms

• “The organization of firms across countries, Nicholas Bloom, Raffaella Sadun, and John Van Reenen, Quarterly Journal of Economics, 2012.

Week #10, November 1: The multinational firm and technology transfer


Week #11, November 8: Multinational Firms, International Trade, and the Environment

• Millimet and John List, “The Case of the Missing Pollution Haven Hypothesis”.
• Arik Levinsohn and Scott Taylor, “Unmasking the Pollution Haven Effect”.

Week #12, November 15: FDI and Trade with Heterogeneous Agents


NOVEMBER 22, NO CLASS (Thanksgiving break)

Week #13, November 29: Multinational Firms and Innovation, Student Presentations


• John Van Reenen and co-authors on competition and innovation, working papers.

Week #14, December 6: Student Presentations