

Firms, Trade, and Development

Summer 2022, LMU

This mini-course is focused on three main topics: (i) trade and distortions; (ii) multinational firms; and (iii) industrial policy. All three topics will be mainly addressed in the context of developing countries where (i) distortions on domestic markets are pronounced and can alter the standard effects of trade; (ii) multinationals are exceptional firms whose entry in developing economies can trigger domestic upgrades (e.g., productivity upgrades); and (iii) the debate on the effectiveness and efficiency of industrial policies is far from settled.

1. Trade and Distortions

Main Readings

Atkin, David; Donaldson, Dave (2021). *The Role of Trade in Economic Development*. Tech. rep. National Bureau of Economic Research.

Atkin, David; Khandelwal, Amit K (2020). "How Distortions Alter the Impacts of International Trade in Developing Countries". In: *Annual Review of Economics* 12, pp. 213–238.

Other Readings

Atkin, David et al. (2019). "Firms, Trade, and Productivity". In: *International Growth Centre, London*.

Autor, David; Dorn, David; Hanson, Gordon H (2013). "The China Syndrome: Local Labor Market Effects of Import Competition in the United States". In: *American Economic Review* 103.6, pp. 2121–68.

Dix-Carneiro, Rafael; Goldberg, Pinelopi K, et al. (2021). *Trade and Informality in the Presence of Labor Market Frictions and Regulations*. Tech. rep. National Bureau of Economic Research.

Dix-Carneiro, Rafael; Kovak, Brian K (2017). "Trade liberalization and regional dynamics". In: *American Economic Review* 107.10, pp. 2908–46.

McCaig, Brian; Pavcnik, Nina (2018). "Export Markets and Labor Allocation in a Low-Income Country". In: *American Economic Review* 108.7, pp. 1899–1941.

Rodriguez-Clare, Andres; Ulate, Mauricio; Vasquez, Jose P (2022). *Trade with Nominal Rigidities: Understanding the Unemployment and Welfare Effects of the China Shock*. Tech. rep. National Bureau of Economic Research.

2. Multinational Firms

Main Readings

Alfaro-Ureña, Alonso; Manelici, Isabela; Vasquez, Jose P. (2022). "The Effects of Joining Multinational Supply Chains: New Evidence from Firm-to-Firm Linkages". In: *Quarterly Journal of Economics* 137(3).

Alfaro-Ureña, Alonso et al (2022). "Responsible Sourcing? Theory and Evidence from Costa Rica". In: *Working Paper*.

Other Readings

- Abebe, Girum; McMillan, Margaret; Serafinelli, Michel (2021). "Foreign Direct Investment and Knowledge Diffusion in Poor Locations". In: *Working Paper*.
- Alfaro-Ureña, Alonso; Manelici, Isabela; Vasquez, Jose P. (2021). "The Effects of Multinationals on Workers: Evidence from Costa Rican Microdata". In: *Working Paper*.
- Boudreau, Laura (2022). "Multinational Enforcement of Labor Law: Experimental Evidence from Bangladesh's Apparel Sector". In: *Working Paper*.
- Guillouet, Louise et al. (2021). "Language Barriers in Multinationals and Knowledge Transfers". In: *Working Paper*.
- Javorcik, Beata Smarzynska (2004). "Does Foreign Direct Investment Increase the Productivity of Domestic Firms? In Search of Spillovers through Backward Linkages". In: *American Economic Review* 94.3, pp. 605–627.
- Mendez-Chacon, Esteban; Van Patten, Diana (2021). "Multinationals, Monopsony and Local Development: Evidence from the United Fruit Company". In: *Working Paper*.
- Poole, Jennifer P. (2013). "Knowledge Transfers from Multinational to Domestic Firms: Evidence from Worker Mobility". In: *Review of Economics and Statistics* 95.2, pp. 393–406.
- Setzler, Bradley; Tintelnot, Felix (2021). "The Effects of Foreign Multinationals on Workers and Firms in the United States". In: *Quarterly Journal of Economics* 136.3, pp. 1943–1991.

3. Industrial Policy

Main Readings

- Atkin, David; Khandelwal, Amit K.; Osman, Adam (2017). "Exporting and Firm Performance: Evidence from a Randomized Experiment". In: *Quarterly Journal of Economics* 132(2), pp. 551–615.
- Harrison, Ann; Rodriguez-Clare, Andres (2010). "Trade, Foreign Investment, and Industrial Policy for Developing Countries". In: *Handbook of Development Economics* 5, pp. 4039–4214.
- Manelici, Isabela; Pantea, Smaranda (2021). "Industrial Policy at Work: Evidence from Romania's Income Tax Break for Workers in IT". In: *European Economic Review* 133, p. 103674.

Other Readings

- Bartelme, Dominick et al. (2021). "The Textbook Case for Industrial Policy: Theory Meets Data". In: *Working Paper*.
- Juhász, Réka (2018). "Temporary Protection and Technology Adoption: Evidence from the Napoleonic Blockade". In: *American Economic Review* 108.11, pp. 3339–76.
- Lane, Nathan (2021). "Manufacturing Revolutions: Industrial Policy and Industrialization in South Korea". In: *Available at SSRN* 3890311.
- Lane, Nathaniel (2020). "The New Empirics of Industrial Policy". In: *Journal of Industry, Competition and Trade* 20.3.
- Liu, Ernest (2019). "Industrial Policies in Production Networks". In: *Quarterly Journal of Economics* 134.4, pp. 1883–1948.
- Rodrik, Dani (2004). *Industrial Policy for the Twenty-first Century*. Tech. rep. UNIDO Working Paper.