

Course Goals

The goal of this course is to give you a thorough understanding of foreign direct investment. This will include an appreciation of why firms become multinationals, the impact that FDI has on home and host countries, the tax issues surrounding multinationals, and the ways governments compete for FDI. We will cover both theory and empirics. A key part of this will be on the practical side of research including how to present ideas, workarounds for common data problems, and other "tricks of the trade" applicable regardless of the topic. Thus, by the end, you will be conversant in the issues surrounding FDI as well as have a stronger ability to carry out applied economic research.

Lecturer



Professor Ronald Davies is a Full Professor of Economics at University College Dublin. He specialises in trade and foreign direct investment, with a particular interest in government policies affecting globalisation. He is Editor-in-Chief of *International Tax and Public Finance* among other editorial positions.
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Course Content

A. Why FDI?

1. The basics of FDI: Davies, Desbordes, Ray (forthcoming)
2. Cost-driven, vertical FDI: Helpman (1984)
3. Market-seeking, horizontal FDI: Markusen (1984)
4. Testing the theories: Carr, et al (2001), Blonigen et al (2008)

B. Impacts of FDI

5. Growth: an overview: Borenzstein, et al (1998); Javorcik (2004)
6. Child Labour: Davies and Voy (2009)
7. Employment: Davies and Desbordes (2015)

Course Content

C. Taxation of Multinationals

8. Davies, et al (2018)

D. Competition for FDI

9. Taxes: Devereux, et al. (2008)
10. Labour Standards: Davies and Vadlamannati (2013)
11. Environmental Policies: Davies and Naughton (2014)

Grading

Class participation (10%); take-home exam (90%).

Organisation

The course is intended for PhD students. A limited number of persons with relevant professional or academic interest may be also admitted.

Lecture hours: 25 ECTS: 4

Participants taking this course for credit must attend all lectures and complete a take-home exam.

Timetable and Registration

The course takes place from Monday to Friday from 9.30 to 12.00 and from 13.30 to 16.00 in the Silva Casa at the World Trade Institute, University of Bern, Hallerstrasse 6, 3012 Bern. This is an intensive course. You will be provided with a link to the readings and course slides. Please try to complete (some) readings before the course-week starts and bring the slides with you.

Tuition fee: 500 CHF. Financial support may be available.

For more information, please visit the doctoral programme section of our website:

<https://www.wti.org/education/doctoral-programme/>

Send your application to: phd.applications@wti.org

This course is organised in the context of the *Doktoratsprogramme universitäre Hochschulen 2017-2020*.

Bibliography

Blonigen, Bruce A., Ronald B. Davies, Glen R. Waddell and Helen Naughton (2007). "FDI in Space: Spatial Autoregressive Relationships in Foreign Direct Investment," *European Economic Review*, 51(5), pp. 1303-1325.

Borenzstein, E.; De-Gregorio, J.; Lee, J.W. "How Does Foreign Direct Investment Affect Economic Growth?" *Journal of International Economics*, 45(1), June 1998, pages 115-35.

Helpman, Elhanan. "A Simple Theory of International Trade with Multinational Corporations." *Journal of Political Economy*, June 1984, 94(3), pp. 451-71.

Markusen, James R. "Multinationals, Multi-plant Economies, and the Gains from Trade." *Journal of International Economics*, May 1984, 16(3/4), pp. 205-26.

Davies, Ronald B., Rodolphe Desbordes, and Anna Ray. "Greenfield vs. Merger and Acquisition FDI: Same Wine, Different Bottles?" forthcoming at *Canadian Journal of Economics*.

Davies, Ronald B., Julien Martin, Mathieu Parenti, and Farid Toubal. (2018). "Knocking on Tax Haven's Door: Multinational Firms and Transfer Pricing," *Review of Economics and Statistics*, 100(1), 120-134.

Davies, Ronald B. and Helen T. Naughton. (2014) "International Cooperation in Environmental Policy: A Spatial Approach," *International Tax and Public Finance*, 21(5), 923-954.

Davies, Ronald B. and Krishna C. Vadlamannati. (2013) "A Race to the Bottom in Labour Standards? An Empirical Investigation," *Journal of Development Economics*, 103(1), 1-14.

Davies, Ronald B. and Annie Voy. (2009). "The Effect of FDI on Child Labor," *Journal of Development Economics*, 88(1), pp. 59-66.

Devereux, Michael P., Ben Lockwood and Michela Redoano (2008) "Do Countries Compete over Corporate Tax Rates?" *Journal of Public Economics*, 92(5-6), pp. 1210-1235.

Javorcik, Beata Smarzynska "Does Foreign Direct Investment Increase the Productivity of Domestic Firms? In Search of Spillovers through Backward Linkages" *American Economic Review* v94, n3 (June 2004): 605-27