IWB III - Firms in International Markets (LV-Nr: 34064)

Lecturer

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Content

The recent international economics literature puts particular emphasis on the role of firms in international markets. On the one hand, imperfect competition and the preference of consumers to purchase goods from different firms are broadly accepted to be important aspects for understanding the empirical observation that, in contrast to the predictions of traditional trade theory, most of the trade flows are in the form of two-way exchanges (i) within narrow industry classifications and (ii) between relatively similar countries. On the other hand, firm organization itself is important for understanding the international transaction patterns. In particular, the international fragmentation of production processes and the organization of firms across national borders seem to be important aspects that render the recent wave of globalization different from previous ones.

It is the purpose of the lecture "Firms in International Markets" to shed light on these two phenomena. Thereby, the focus lies on the discussion of workhorse models for analyzing these aspects. Beyond that, some empirical evidence is presented in order to emphasize the relevance of the aforementioned phenomena.

Organization

Both the course and the exam will be in English. The course is blocked and takes place weekly from Thursday, 23\textsuperscript{th} of April 2020, 8:30am-12am in room S58.

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Part I: The multinational firm

1. Definitions and stylized facts
2. Dunning’s OLI framework
3. Horizontal and vertical MNEs
4. FDI in a three-country setting
5. Greenfield versus M&A

Part II: In-house production versus outsourcing

6. Introducing the problem
7. Internal production versus outsourcing

Material and Literature Recommendations

Lecture Notes and further material for this course can be downloaded from the E-Learning Server.

Recommended Literature


Exercise Course

We will discuss exercises interchangeably with lecture parts during the course.

Grading

Grading of the course is based on a written exam (1h) after the end of the course. If the number of participating students is less than 5, an oral examination may replace the written one. The exam will take place on the 18th of June 2020, 10:30am-11:30am.