



Course and Examination Fact Sheet: Spring Semester 2018

8,276: Firms in the Global Economy

ECTS credits: 4

Overview examination/s

(binding regulations see below)

Decentral - Written examination (50%, 60 mins.)

Decentral - Presentation (in groups - all given the same grades) (50%)

Attached courses

Timetable -- Language -- Lecturer

[8,276,1.00 Firms in the Global Economy](#) -- Englisch -- [Pisch Frank](#)

Course information

Course prerequisites

Good command of microeconomic theory is necessary, basic knowledge of undergraduate econometrics is highly recommended, overview of classical trade theory is of course helpful, but not essential.

Course content

The objective of this course is to create a comprehensive overview of current research on the role of firms in the global economy, i.e. the "hot topics" and main insights from landmark empirical and theoretical research that deals with the international supply side. In particular, we are interested in (heterogeneous) firms as *traders* of goods and services, as *investors* in other countries, and as *organizations* that require strategic management approaches. We also analyse the impact of firm behaviour on central questions of our time, like inequality, international taxation, or global value chains.

This course is taught in two parts. The first consists of 6 lectures on the role of firms in international trade and FDI as well as on the organizational/management ideas that try to explain why (multinational) firms exist and what factors shape their boundaries.

The second part is a two day presentation session, where you are asked to present either an important research paper or an overview article that outlines the main ideas and research questions in (one of) the following areas that further our understanding of global firms (these are examples and the reading list will be provided – you can pick pretty much whatever is interesting for you and for us, however): Management, finance, offshoring/global value chains, culture and institutions, gains from trade, transfer pricing, misallocation, inequality, within firm adjustments to the global environment etc.

Course structure

The following is a provisional reading list. The final reading list will be made available on Study Net by the start of the Semester.

	Type of Session	Topic	Readings
Week 1	Lecture	Introduction – Case Studies	TBC
Week 2	Lecture	Firms in International Trade – Empirics	Bernard et al (2007), Gravity literature
Week 3	Lecture	Firms in International Trade – Theory	Krugman (1979), Melitz (2003) + Mayer et al (2015)



Week 4	Lecture	Multinational Firms – Empirics	Various Sources
Week 5	Lecture	Multinational Firms – Theory I	Helpman, Melitz, Yeaple (2004), Antras (2014, pp.40)
Week 6	Lecture	Multinational Firms – Theory II	Antras (2003), Aghion/Holden (2011), Gibbons (2005)
Week 6	Assignment of Papers for Presentations		
Weeks 11, 12	Presentations		

Course literature

- Management
 - Bloom, Manova, Sun, Van Reenen, Yu (working paper): “Managing Trade: Evidence from China and the US”
 - Bloom, Van Reenen (2010): “Why Do Management Practices Differ across Firms and Countries?”
- Finance
 - Manova (2013): “Credit Constraints, Heterogeneous Firms, and International Trade”
- Offshoring
 - TBA
- Culture, Institutions, and Firm Behaviour
 - Gorodnichenko, Kukharskyy, Roland (working paper): “Cultural Distance, Firm Boundaries, and Global Sourcing”
 - Acemoglu, Johnson, Mitton (2009): “Determinants of Vertical Integration: Financial Development and Contracting Costs”
 - Eppinger, Kukharskyy (2017): “Contracting Institutions and Firm Boundaries”
 - Zingales (2017): “Towards a Political Theory of the Firm”
- Misallocation/ Development
 - Restuccia, Rogerson (2017): “The Causes and Costs of Misallocation”
- Gains from Trade
 - Melitz, Trefler (2012): “Gains from Trade when Firms Matter”
 - Haskel et al (2012): “Globalization and U.S. Wages: Modifying Classic Theory to Explain Recent Facts”
- Transfer Pricing
 - Zucman (2014): “Taxing across Borders: Tracking Personal Wealth and Corporate Profits”
 - Flaaen (2017) : “The Role of Transfer Prices in Profit-Shifting by U.S. Multinational Firms : Evidence from the 2004 Homeland Investment Act”
- Inequality
 - TBA
- Within Firm Issues
 - Lazear, Shaw (2007): “Personnel Economics: The Economist’s View of Human Resources”
 - Bertrand, Schoar (2006): “The Role of Family in Family Firms”

Additional course information

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Examination information

Examination sub part/s



1. Examination sub part (1/2)

Examination time and form

Decentral - Written examination (50%, 60 mins.)

Remark

Examination takes place in week 6 or in break

Examination-aid rule

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

Supplementary aids

no supplementary aids allowed

Examination languages

Question language: English

Answer language: English

2. Examination sub part (2/2)

Examination time and form

Decentral - Presentation (in groups - all given the same grades) (50%)

Remark

Presentations take place at the end of semester

Examination-aid rule

Practical examination

No examination-aid rule is necessary for such examination types. The rules and regulations of the University of St. Gallen apply in a subsidiary fashion.

Supplementary aids

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Examination languages

Question language: English

Answer language: English

Examination content

There will be an exam after six weeks of lectures, which will cover the material discussed in lectures. It will be essay question based.

The presentations will be assessed by the lecturer. They involve submitting the slides at least a week before the presentation and a short meeting to make sure everything is understood properly. They will either be in groups or individual, depending on attendance.

Examination relevant literature



Everything on the final reading list provided after the presentations have been assigned.

Please note

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members' personal databases, information provided in lectures, etc.

When will the fact sheets become binding?

- Information about courses and examination time (central/decentral and grading form): from the start of the bidding process on 25 January 2018
- Information about decentral examinations (examination-aid rule, examination content, examination relevant literature): after the 4th semester week on 19 March 2018
- Information about central examinations (examination-aid rule, examination content, examination relevant literature): from the start of the enrolment period for the examinations on 09 April 2018

Please look at the fact sheet once more after these deadlines have expired.