

EC 484/584: Multinational Corporations

**Tuesdays and Thursdays
10:00 – 11:20, Deady Hall 208**

Contact Information:

Instructor: Anca CRISTEA
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Office Hours: Tue 2:30 – 3:30 pm
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Course website: Canvas

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Course Description:

Multinational corporations are a prime driver of the rapid globalization of the world economy that we have witnessed in the past few decades. In this course, we will first examine the primary factors that lead firms to locate production in other countries, and the related issue of how they organize their production processes across multiple plants in various country locations. We will then explore the various impacts multinational firms have on both the parent and host countries. Finally, we will examine the various government policies that are used to affect multinational firms' investment decisions and other operational activities.

Expected Learning Outcomes:

After completing this course, students should attain:

- The ability to identify the economic factors influencing foreign direct investments as well as the global operations of multinational corporations
- The ability to apply microeconomic and macroeconomic concepts to evaluate the costs and benefits of multinational corporations
- The ability to analyze economic data and use statistical methods to test hypotheses and uncover relationships between foreign direct investments and economic outcomes of interest

Course Prerequisites:

The prerequisites for this course are Intermediate Microeconomic Theory (EC 311) and Introduction to Econometrics (EC 320).

Readings:

The recommended textbook for this course is *Elements of Multinational Strategy*, Keith Head, Springer, 2007, which is available at the UO Duckstore. I will also supplement this text with a number of academic readings that will be made available online (on Canvas). You should not treat the text and readings as a substitute for attending class, as I will also supplement these readings with additional information in class during lectures (which you will not find in these readings).

Grading:

Course grades will be determined as follows:

Homework (x3)	25%
Midterm Exam	30%
Final Exam (cumulative)	45%

There will be three problem sets to be completed during the course period. All written assignments

are due in class *before the lecture starts* on the day specified and announced well in advance. Late problem sets will not be accepted. *All three assignments must be completed*, but only two of your best scores will count towards your final grade.

Exams are mandatory. The final exam is cumulative. In marginal cases, class attendance and participation will be taken into account in deciding the final grade.

For more details on the grading policy please see the Economics department guidelines available at <http://economics.uoregon.edu/undergraduate-studies/departments-grading-standards/>

Important dates:

Exams:

Midterm: Thursday, February 6, 2020 (during class time)

Final Exam: 8:00am – 10:00am Monday, March 16, 2020

Assignment due dates (subject to change):

Homework #1: January 28, 2020

Homework #2: February 13, 2020

Homework #3: February 27, 2020

Make-up Exams:

Exams can only be made up in emergency circumstances. If you know in advance that you must miss an exam, you must let me know *before* the exam is administered and if the excuse is valid we will work something out.

Re-grade Policy:

I do not accept re-grades for the homework assignments. Exam re-grade requests are subject to the following rules:

1. Requests must be submitted within one week of handing the exams back.
2. Requests must be in written form, explaining clearly why you think you deserve more points.
3. Re-grade requests imply re-evaluating your entire exam, not just the question you have highlighted. Since errors in grading go both ways, *this means that your grade can go up and it can go down.*

Requirements for 584 Students:

Students taking the course for graduate level credit will be required to write a term paper (not to exceed 15 pages double-spaced) on a topic related to the course material. The paper will have to include a data analysis part. Please schedule to see me no later than the *end of the fourth week to discuss and agree on a paper topic* and identify data sources. Further along the quarter, students are encouraged to discuss with me their progress on the project. The term paper will comprise 25% of your grade, with the other components accounting for the following percentages: homework 15%, midterm exam 25%, and final exam 35%. The paper is *due on the last day of class (Thursday, March 12, 2020)*.

Accessibility and Disability Accommodation:

The University of Oregon is working to create inclusive learning environments. If there are aspects of the instruction or design of this course that result in barriers to your participation, please notify me as soon as possible. If you have a documented disability and anticipate needing accommodations in this course, please make arrangements with me during the first week of the term. Please request that the counselor for students with disabilities (164 Oregon Hall) send me a letter verifying your disability.

Academic Integrity Policy:

All students are expected to complete assignments in a manner consistent with academic integrity. Students must produce their own work and properly acknowledge and document all sources. Academic dishonesty (from plagiarizing work to cheating on exams) will not be tolerated. Please acquaint yourself with the Student Conduct Code, published online at <https://uodos.uoregon.edu/StudentConductandCommunityStandards/StudentConductCode>. If I have reasons to believe that a student is violating the Student Conduct Code, I will involve the Office of the Dean of Students.

Outline of the Course Topics (subject to change with notice):

- Week 1:** Course introduction + Basic concepts and definitions (Head, chapter 1)
Facts about multinational corporations
- Week 2:** Theories of trade and their implications for multinational corporations
(Head, chapters 2, 3, 4)
- Week 3:** Motivations for foreign direct investments (FDI) (Head, chapter 7)
Horizontal FDI: theory + evidence
- Week 4:** Vertical FDI: theory + evidence (Head, chapter 7, 8)
- Week 5:** M&A Model of FDI
Midterm Exam
- Week 6:** Other forms of FDI
- Week 7:** Effects of multinational corporations on host economies (Head, chapter 11)
- Week 8:** Country level case studies
Guest lecture (Tuesday, February, 25, 2020)
- Week 9:** Effects of multinational corporations on home countries
- Week 10:** International taxation (Head, chapter 12)
Review for the final exam

FINAL EXAM: 8:00am – 10:00am Monday, March 16, 2020