

Foreign Direct Investment (8751.720-001)

Instructor: Ahn, JaeBin

Class hours: Tuesday 14:00-17:00 (140-2; #202)

Office hours: by appointment only (140-1; #602)

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Teaching Assistant: Choi, Hyungmo (hyungmochoi@yahoo.com)

Prerequisite Course:

Although there are no official course requirements, it is strongly recommended to have taken “International Economic Relations” (875.512) and “Research Methodology and Skills” (875.810) in advance.

Course Description:

This course introduces the main conceptual issues and (theoretical and empirical) methodologies of frontier research on Foreign Direct Investment (FDI) in *economics* (as opposed to *business* literature), with a goal to be able to better understand the behaviour of Multinational corporations (MNCs) and its impacts on the pattern of trade as well as on the global economy.

Materials and Reference:

Recommended readings

[Multinational Firms in the World Economy \(Barbar Navaretti and Venables; Princeton University Press\)](#)

[Global Production \(Antras; Princeton University Press\)](#)

Students are recommended to read materials posted or distributed in class.

Evaluation Method:

- Class attendance and participation: 10%
- Assignments (individual): 20% (10% each)
- Mid-term exam (take home referee report): 30%
- Research Proposal and Presentation (group): 40%

Lecture Plan:

Week 1 (Sep 3): Introduction and Course Overview

Week 2 (Sep 10): Various types of FDI & Stylized facts (I)

Week 3 (Sep 17): Various types of FDI & Stylized facts (II)

Week 4 (Sep 24): Firm's location decision: Horizontal FDI vs. Trade

Week 5 (Oct 1): Firm boundaries: Vertical FDI vs. Outsourcing

Week 6 (Oct 8): Empirical evidence on the relative prevalence of different types of FDI

Week 7 (Oct 15): Corporate income tax and transfer pricing: theory and empirics

Week 8 (Oct 22): Empirical investigations on determinants of FDI

Week 9 (Oct 29): **Midterm Exam (take home referee report)**

Week 10 (Nov 5): *Guest lecture* on the latest research on FDI (TBA)

Week 11 (Nov 12): Empirical evidence on the performance of MNCs

Week 12 (Nov 19): Theory and empirics on host country effects of FDI

Week 13 (Nov 26): Theory and empirics on source country effects of FDI

Week 14 (Dec 3): FDI and international trade flows: policy implications

Week 15 (Dec 10): **Research proposal presentation**