

Giorgio Barba Navaretti

Fifth Summer School in Trade Industrialisation and Development Outsourcing and International Fragmentation of Production: Implications for Developing Countries

Syllabus

1. The theory of Vertical Foreign Direct Investment in partial and general equilibrium and effects on home and host countries (3 hrs)

Barba Navaretti, Giorgio and Anthony Venables et al., (2004) '*Multinational Firms in the World Economy*' Chapter 4

Feenstra, Robert C and Gordon H, Hanson, (1996) "Globalization, Outsourcing, and Wage Inequality," *American Economic Review*, American Economic Association, vol. 86(2), pages 240-45.

Feenstra, Robert C. and Gordon H. Hanson. (1996) "Foreign Investment, Outsourcing and Relative Wages," in R.C. Feenstra, G.M. Grossman and D.A. Irwin, eds., *The Political Economy of Trade Policy: Papers in Honor of Jagdish Bhagwati*, MIT Press, 89-127.

Helpman, Elhanan (1984), "A Simple Theory of International Trade with Multinational Corporations", *Journal of Political Economy*, 92:3, pp. 451-471.

Helpman, Elhanan and Paul R. Krugman (1985), *Market Structure and Foreign Trade*, Cambridge, MA: MIT Press. Chapter 12.

2. Empirical analysis of effects of vertical FDI (1 hr ½)

Barba Navaretti Giorgio, Bertola Giuseppe and Alessandro Sembenelli (2006). "Immigration vs. Offshoring under Firm Heterogeneity" mimeo.

Barba Navaretti, Giorgio and Anthony Venables et al., (2004) '*Multinational Firms in the World Economy*' Chapter 7

Brainard, S. Lael (1997). "An Empirical Assessment of the Proximity-Concentration Trade-off Between Multinational Sales and Trade". *American Economic Review*; V.87(4), pp. 520-544.

Carr, David L., Markusen, James R., and Maskus, Keith E. (2001). "Estimating the Knowledge-Capital Model of the Multinational Enterprise." *American Economic Review*, V.91(3), pp 693-708.

Criscuolo C. (2006), "The Contribution of Foreign Affiliates to Productivity Growth: Evidence from OECD Countries", STI Working Paper 2005/8, OECD.

Falk, M. and B. Koebel (2002), 'Outsourcing, Imports and Labour Demand', *Scandinavian Journal of Economics* V.104(4), pp.567-586.

Feenstra, R. and G.H. Hanson (1997), "Foreign Direct Investment and Relative Wage: Evidence from Mexico's Maquiladoras," *Journal of International Economics*, V. 42, pp. 371-93.

Feenstra, Robert, and Gordon Hanson (1999), "The Impact of Outsourcing and High-Technology Capital on Wages: Estimates for the United States, 1979-1990," *Quarterly Journal of Economics*, V.114(3), 907-940.

Geishecker, I., and H. Gorg (2004), "Winners and Losers: Fragmentation, Trade and Wages Revisited," Working Paper 385, German Institute for Economic Research.

Giorgio Barba Navaretti, Davide Castellani and Anne-Célia Disdier (2006), "How Does Investing in Cheap Labour Countries Affect Performance at Home? France and Italy", Working Paper Centro Studi Luca d'Agliano.

Gorg, H., Hanley, A. and Strobl, E. (2004), "Outsourcing, Foreign Ownership, Exporting and Productivity", at *DIW / GEP Workshop on FDI and International Outsourcing, Berlin*.

Hansson, Pär,(2001), "Skill Upgrading and Production Transfer within Swedish Multinationals in the 1990s" FIEF Working Paper Series, No 166.

Head, K. and J. Ries (2002), "Offshore production and skill upgrading by Japanese manufacturing firms", *Journal of International Economics*, V.58, pp. 81-105.

Hijzen A., H.Görg and B.Hine (2005), "International Outsourcing and the Skill Structure of Labour Demand in the UK", *Economic Journal*, Vol. 115, pp. 860-878.

Karsten Bjerring Olsen (2006), "Productivity Impacts of Offshoring and Outsourcing: A Review" STI Working Paper 2006/1, OECD.

Marin, Dalia (2004), "A nation of poets and thinkers – less so with eastern enlargement? Austria and Germany", CEPR Discussion Paper 4358.

Markusen J.R. and K. Maskus (2002), "A Unified Approach to Intra-Industry Trade and Foreign Direct Investment" in Lloyd, Peter, Herbert Grubel, and Hyun-Hoon Lee (eds.), *The Frontiers of Intra-Industry Trade*, London: Macmillan, 199-219.

Slaughter M. (2000), "Production Transfer within Multinational Enterprises and American Wages," *Journal of International Economics*, 50, pp. 449-472.

Yeaple, Stephen (2003), "The Role of Skill Endowments in the Structure of U.S. Outward FDI", *Review of Economics and Statistics*, V.85(3), pp. 726-734.

3. Offshoring of high skill services (1hr. ½)

Markusen James (2006), "Modelling the Offshoring of White-Collar Services: from Comparative Advantage to the New Theories of Trade and FDI" in Lael Brainard and Susan M. Collins eds. *Offshoring White-Collar Work — The Issues and the Implications Brookings Institution*, Washington

Trefler Daniel (2006), “Offshoring, Threats and Opportunities” in Lael Brainard and Susan M. Collins eds. *Offshoring White-Collar Work — The Issues and the Implications* Brookings Institution, Washington

4. Offshoring and Contracts (3 hrs)

Antras, P and E. Helpman (2004), “Global Sourcing”, *Journal of Political Economy*, V.112, pp. 552-580.

Antras, P. (2004), “Incomplete Contracts and the Product Cycle”, Working Paper, Harvard University, NBER, CEPR.

Barba Navaretti, Giorgio and Anthony Venables et al., (2004) ‘*Multinational Firms in the World Economy*’ Chapter 5.

Grossman G.M and E. Helpman (2003), “Outsourcing vs. FDI in industry equilibrium”, *Journal of the European Economic Association*, V.1(2), pp. 317-327.

Grossman, G. M., and E. Helpman, (2002), “Integration versus outsourcing in industry equilibrium”, *Quarterly Journal of Economics*, V.117, pp.85-119.