Multinational Firms

Prof. Dr. Peter Eppinger
University of Oldenburg
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Content

Multinational firms are dominant actors in the world economy. In this course, we study foreign direct investment (FDI) and multinational firms using theoretical and empirical methods from international economics. We set up economic models to study different motives for multinational firm activity: horizontal and vertical FDI. We analyze the trade-offs involved in firms' decisions to integrate vs. outsource their activities. We investigate data sources and conduct empirical analysis to study multinational firm activity. Finally, we assess the state of knowledge about the effects of multinational activity in the source and host countries and various other aspects of multinational firm activity, such as innovation and tax planning.

Eligibility

This course is eligible in the module wir823 or wir876 for students in the Master programs Applied Economics and Data Science as well as Business Administration: Management and Law; in the module wir911 for students in the Master program in Sustainability Economics and Management; and for exchange students. The course is not eligible for Bachelor students.

Organization and schedule

The course consist of a combined lecture and seminar.
Both the lecture and the seminar will be held on a weekly basis (starting October 14, 2025):

- Lecture: Tuesdays: 2.15 pm – 3.45 pm, in A05 0-056
- Seminar: Wednesdays: 12.15 pm – 1.45 pm, in A01 0-008

Note that lecture and seminar belong together, so you need to register for both and attend both.

Registration

Please register for **both** the lecture and the seminar on Stud.IP, where all course materials will be made available.

Prerequisites

No formal prerequisites.
You should have knowledge of microeconomic theory and econometric methods at an intermediate level from your undergraduate studies.

Assessment

Grading is based on a portfolio of a **short exam (60 minutes, 70% of the grade) and a presentation (15 minutes, 30%)**.
Attendance in the lecture and seminar is mandatory (unless justified in exceptional circumstances). Active participation is encouraged and expected. Frequent and fruitful contributions to the discussions can improve your grade for the presentation by 0.3 or 0.7.

Literature

The lecture is not centered on a single textbook. The following books are suggested readings:

- Antràs, Pol (2015), Global Production: Firms, Contracts, and Trade Structure, Princeton University Press (selected chapters).
- Barba Navaretti, Giorgio, and Anthony J. Venables (2006), Multinational Firms in the World Economy, Princeton University Press (selected chapters).

Further readings for the lecture and seminar will be announced during the course.

Outline (tentative)

The lecture covers the following topics:

1. Facts about multinational firms and foreign direct investment
2. Horizontal foreign direct investment
3. Vertical foreign direct investment
4. Integration vs. outsourcing
5. Effects of multinational activity in the source country
6. Effects of multinational activity in the host country
7. Further topics, such as innovation and tax planning by multinational firms

In the seminar, students apply theoretical and empirical methods to analyze multinational firms, learn how to approach and evaluate the economics literature on this topic, and present recent research on topical questions of multinational firm activity.

Contact details

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