

**General Information.**

Instructor: Elaine Chyi

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Office Hours. Weds. 3-5 pm or by appointment.

(Email is the best way to reach me.)

Classroom: TSMC #223

Course Home Page: eLearn 數位學習平台

**Course objective and design.**

The growing economic openness expressed in the globalization of independent economic systems has created problems as well as opportunities in new and unexpected ways. In particular, globalization has allowed many countries to emerge from underdevelopment, as well as increase world production and employment. Outward-oriented policies brought greater prosperity to much of East Asia, transforming it from one of the poorest regions of the world about sixty years ago. Multinational firms have been the driving force behind these transformations, favoring the international division of productive processes and the spread of technologies and know-how. This course focuses on the aspects of economic globalization, such as the role of multinational firms as major participants of the globalizing world, global trade, and foreign direct investment, by providing an analytical framework for students to understand decisions of multinational firms. This course is primarily lecture style in around 80 percent of the semester. There will be some class activities, such as coursework or case discussion, held. A final team project with presentation in class is required.

**Grading.**

The final grade will be determined by classwork and homework (30%) and a final report and presentation of projects (70%).

**Course Material.**

- Head, Keith, Elements of Multinational Strategy, Berlin, Springer.
- Related Articles from various books, issues of the Economists, NYT and economic journals.

**Ethics Statement on Generative Artificial Intelligence:**

This course adopts the following policy: Conditionally open

(有條件開放)

- 本門課授課教材或學習資料無涉及 **Generative AI** 使用。
- 學生須於課堂作業或報告中的「標題頁註腳」或「引用文獻後」簡要說明如何使用生 **Generative AI** 進行議題發想、文句潤飾或結構參考等使用方式。若經查核使用卻無在作業或報告中標明，教師、學校或相關單位有權重新針對作業或報告重新評分或不予計分。

修讀本課程之學生於選課時視為同意以上倫理聲明。

## Course Outline

### 1. Introduction

Understanding the forces behind globalization and the current wave of globalization, showing how does the world change recently, and introducing the course outline.

Discussion: The end of Apple's affair with China? *Economist*, Oct. 24, 2022

<https://www.economist.com/business/2022/10/24/the-end-of-apples-affair-with-china>

### 2. Gains from Trade Revisited

Nations do not trade; it is firms that trade. It is important to understand the firm-level facts on sources of comparative advantage and trade pattern.

2.1 Sources of comparative advantage and trade pattern at firm level

2.2 Sources of comparative advantage from plant-level scale economies.

2.3 Factor Advantages and Trade Costs

Reading: Head, Chapter 2, 3, 4

Classwork #1, #2, #3

Homework: "Globalization: It's Not Just Wages," by Louis Uchitelle, NYT, June 17, 2005,

<http://www.nytimes.com/2005/06/17/business/worldbusiness/17whirlpool.html>

### 3. Multinationals and Global Strategy

Forms of MNEs: FDI and outsourcing.

3.1 Introduction of Multinational Formation

3.2 Horizontal FDI vs. Vertical FDI

3.3 LICENSING

3.4 OUTSOURCING

Reading: Head, Chapter 7, 8 and 9

Classwork #4: Some cases of firms' global strategies

Handouts: A Summary of FDI; The production locations of Mercedes-Benz Cars

#### 4. Special Issues\*

4.1 Impact of trade on jobs and wages; do import restrictions bring back Jobs?

Reading:

Feenstra, Robert C., 2007. "Globalization and Its Impact on Labor," Global Economy Lecture, Vienna Institute for International Economic Studies.

David, H., Dorn, D., & Hanson, G.H. (2013). The China syndrome: Local labor market effects of import competition in the United States. American Economic Review, 103(6), 2121-68.

Website: <https://ourworldindata.org/trade-wages-cost-living>

Website: <https://www.cepweb.org/trade-protection-what-impact-on-jobs-and-wages/>

\*optional