

The Political Economy of Multinational Corporations

Professor Nathan Jensen

Eliot 316

T: 9:00AM-11:00 AM

Description

In this class we will explore the literature in political science and economics on the relationship between multinational enterprises and domestic governments. The four main themes of the course are: 1) defining and understanding multinational enterprises, 2) governments attracting and competing for multinationals 3) the impact of multinationals on economic development and groups within society, and 4) attempts to regulate multinationals both domestically and internationally. All students are required to have taken political science 102 or 103 and encouraged to have a background in economics (micro and macro).

Grading

- Participation 20%
Attendance is required. Students are expected to come to class having read all of the material. Participation in the discussion is a must if you want to ace this course.

- 4 Short papers (10% each, total of 40%)

Students are required to write three short reading response papers. These papers should be roughly 5 pages (doubled spaced) and react to the readings prior to the class.

- Take-home exam (40%)
I will hand out a final take-home exam on the last day of class. This is a cumulative final exam that will consist of 2 essay style questions. The final exam should be typed and be rough 10 pages, double-spaced.

Office Hours/Contact Information:

Professor Nathan Jensen

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Office Hours:

Tuesday: 11:00-12:00

Dan O'Neill

106 Eliot Hall

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Office Hours

Wednesday: 2:00-3:00

Required Books

Foreign Direct Investment in the United States
Edward Graham and Paul Krugman
Washington D.C. Institute for International Economics
ISBN 088132-204-0

Beyond Sweatshops
Theodore Moran
Washington D.C.: Brookings
ISBN 0-8157-0615-4

Foreign Direct Investment and Development
Theodore H. Moran
Washington D.C. Institute for International Economics
ISBN 0-88132-263-6

The Multilateral Investment System and Multinational Enterprises
Thomas Brewer and Stephen Young
Oxford: Oxford University Press
ISBN 0-19-924110-4

Fighting the Wrong Enemy
Edward Graham
Washington D.C.: Institute for International Economics
ISBN 0-88132-272-5

Behind the Open Door” Foreign Enterprises in the Chinese Marketplace
Daniel Rosen
Washington D.C.: Institute for International Economics
ISBN 0-88132-263-6

Other Required Readings

Readings can be accessed through electronic reserve. The Eres password for this course is “enterprises”.

Class Schedule

Section 1: Theoretical Insights

Tue 9/7: Introduction and Course Overview

Tue 9/14: What is FDI (Defining MNEs)

- 1) John Stopford. “Multinational Corporations”. Foreign Policy Winter 1998: 113. (ERes)

- 2) Markusen, James R. 1995. The Boundaries of Multinational Enterprises and the Theory of International Trade. *Journal of Economic Perspectives* 9 (2): 169-189. (ERes)
- 3) John Dunning. "Reappraising the Eclectic Paradigm in an Age of Alliance Capitalism". *Journal of International Business* 1995, 26 (3): 461-491. (ERes)
- 4) Klaus Meyer 2004. "Perspectives on Multinational Enterprises in Emerging Economies." *Journal of International Business Studies* 35: 259-276. (ERes)

Tue 9/21: FDI Trends, Statistics, Questions and Concerns

- 1) Rugman and Verbeke. 2004. A Perspective on Regional and Global Strategies of Multinational Enterprises. *Journal of International Business Studies* 35: 3-18. (ERes)
- 2) United Nations. 2004. World Investment Report (Eres)
- 3) Atlas of multinationals (Handout)
- 4) Investment Promotion Literature (Handout)

Tue 9/28: FDI into and out of the US

- 1) Graham and Krugman. *FDI into the United States* (Buy Book)
- 2) Daniel W. Drezner. The Outsourcing Bogey. *Foreign Affairs*, May/June 2004 (ERes)
- 3) BEA update on FDI position of the US (Handout)
- 4) Kerry Edwards Tax Reform (Handout)

Section 2: Attracting FDI

Tue 10/05: Committing to Investors

- 1) Ravi Ramamurti. 2001. "The Obsolescing Bargaining Model". *Journal of International Business Studies*. (ERes)
- 2) Minor. 1994. "The Demise of Expropriation as an Instrument of LDC Policy". *Journal of International Business Studies* 177-188. (ERes)
- 3) Sobel, *A Micro Political Economy Toolbox for Investigating Globalization*. (Eres)

Tue 10/12: Political Regimes/Political Risk

- 1) Li and Resnick. 2003. Reversal of Fortunes: Democracy, Property Rights and Foreign Direct Investment Inflows in Developing Countries. *International Organization*, 57(1): 1-37. (ERes)
- 2) Henisz. 2000. The Institutional Environment for Multinational Investment. *Journal of Law, Economics, and Organization*. 16 (2): 334-64. (ERes)
- 3) Brewer. 1993. Government Policies, Market Imperfection, and Foreign Direct Investment. *Journal of International Business Studies* 24 (1): 101-120. (ERes)

- 4) Examples of contract disputes (Handout)

The Impact of FDI on domestic societies

Tue 10/19: FDI and Development I (Direct Impact on Growth)

- 1) Moran, "Foreign Direct Investment and Development"
- 2) Michael Santoro. "Should LDCs Love MNCs?" *Foreign Policy* Jan 2002: 94-95.

Tue 10/26: FDI and Development II (Indirect)

- 1) Greico 1982 "Between Dependence and Autonomy" *International Organization* 36: 609-32.
- 2) Goodman et al 1996 "FDI and Demand for Protection" *International Organization* 639-666
- 3) Li and Reuveny. 2003. Economic Openness, Democracy and Income Inequality: An Empirical Analysis *Comparative Political Studies*, 36(5):575-601.
- 4) Aitken and Harrison. 1999. Do Domestic Firms Benefit from Direct Foreign Investment? Evidence from Venezuela. *American Economic Review* (89) 3: 605-618.

Tue 11/02 (ELECTION DAY): FDI and Labor

- 1) Moran. *Sweatshop Labor* (Buy Book)

Tue 11/09: FDI into China

- 1) Rosen *Behind the Open Door* (Buy Book)

Tue 11/16: Domestic Governments and Multinational Enterprises

- 1) Luo. 2001. "Toward a Cooperative View of MNC-Host Government Relations: Building Blocks and Performance Implications". *Journal of International Business Studies* 32 (3): 401-419. (ERes)
- 2) Vernon. 2001. "Big Business and National Governments: Reshaping the Compact in a Globalized Economy". *Journal of International Business Studies* 32 (3): 509-518. (ERes)
- 3) Hansen, Wendy L. And Neil J, Mitchell. 2000. Disaggregating and explaining corporate political activity: Domestic and Foreign Corporations in National Politics. *American Political Science Review* 94 (4): 891-903. (ERes)
- 4) Handout on Enron and Union Carbide

Tue 11/23: Regulating FDI (I)

- 1) Graham *Fighting the Wrong Enemy* (Buy Book)

Tue 11/30: Regulating FDI (II)

- 1) Brewer and Young (Buy Book)

Tue 12/07

Class wrap-up

Hand out final exam.

Monday 12/13 Final Exam Due