

Syllabus, Luca d'Agliano Summer School on Outsourcing and Migration, Summer 2009

OUTSOURCING LECTURES

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My plan is to cover two of the major topics in international outsourcing: outsourcing and the boundary of the multinational firm and outsourcing and labor markets. If there is time I will also discuss recent research that relates outsourcing to spinoff entrepreneurship. I will cover the readings marked with an asterisk; the other readings are for background.

I. Outsourcing and the Boundary of the Multinational Firm

A. Outsourcing, relationship-specific investment, and the product cycle

*Antras, Pol. 2005. "Incomplete contracts and the product cycle." *American Economic Review* 95 (September): 1054-1073.

Grossman, Sanford J. and Hart, Oliver D. 1986. "The costs and benefits of ownership: A theory of vertical and lateral integration." *Journal of Political Economy* 94(4): 691-719.

Hart, Oliver D. and Moore, John. 1990. "Property rights and the nature of the firm." *Journal of Political Economy* 98(6): 1119-1158.

Vernon, Raymond. 1966. "International investment and international trade in the product cycle." *Quarterly Journal of Economics* 80(2): 190-207.

B. Outsourcing, routineness, and adaptation

Autor, David H.; Levy, Frank; and Murnane, Richard J. 2003. "The skill content of recent technological change: An empirical exploration." *Quarterly Journal of Economics* 118(4): 1279-1333.

*Costinot, Arnaud; Oldenski, Lindsay; and Rauch, James E. 2009. "Adaptation and the boundary of multinational firms." National Bureau of Economic Research Working Paper No. 14668 (January).

Nunn, Nathan and Trefler, Daniel. 2008. "The boundaries of the multinational firm: An empirical analysis." Forthcoming in E. Helpman, D. Marin, and T. Verdier (eds.), *The Organization of Firms in a Global Economy*, Harvard University Press.

II. Outsourcing and Labor Markets

A. Outsourcing and vertical disintegration

Berman, Eli; Bound, John; and Griliches, Zvi. 1994. "Changes in the demand for skilled labor within U.S. manufacturing: Evidence from the Annual Survey of Manufactures." *Quarterly Journal of Economics* 104: 367-398.

Berman, Eli; Bound, John; and Machin, Stephen. 1998. "Implications of skill-biased technological change: International evidence." *Quarterly Journal of Economics* 113: 1245-1280.

*Crinò, Rosario. 2007. "Service offshoring and white collar employment." CESifo Working Paper No. 2040 (July).

*Feenstra, Robert C. 2008. "Offshoring in the global economy: Microeconomic structure." *The Ohlin Lectures* (September).

Feenstra, Robert C. and Hanson, Gordon H. 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.

Feenstra, Robert C. and Hanson, Gordon H. 1999. "The impact of outsourcing and high-technology capital on wages: Estimates for the U.S., 1979-1990." *Quarterly Journal of Economics* 114(3): 907-940.

B. Outsourcing, matching and networks

Freeman, Richard. 1995. "Are your wages set in Beijing?" *Journal of Economic Perspectives* 9 (Summer): 15-32.

*Rauch, James E. and Casella, Alessandra. 2003. "Overcoming informational barriers to international resource allocation: Prices and ties." *Economic Journal* 113 (January): 21-42.

*Rauch, James E. and Trindade, Vitor. 2003. "Information, international substitutability, and globalization." *American Economic Review* 93 (June): 775-791.

III. Outsourcing and Entrepreneurship

Hirakawa, Oana; Muendler, Marc; and Rauch, James E. 2009. "Employee spinoffs and other entrants: Stylized facts from Brazil." University of California, San Diego Working Paper (April).

Hortaçsu, Ali and Syverson, Chad. 2007. "Vertical integration and production: Some plant-level evidence." University of Chicago Working Paper (July).

*Rauch, James E. 2008. "Spinout entrepreneurship, crony capitalism, and development." University of California, San Diego Working Paper (May).