

Global firms in a fragmented world: strategies, shocks, and value chains

Professor: Gianluca SANTONI
Contact information: office P153
gianluca.santoni@psemail.eu

Department: LSO
Semester: 2

Course level: L3 Undergraduate, Graduate
Domain: Economics
Teaching language: English
Number of in-class hours: 18
Number of course sessions: 6
ECTS: 3

Course description and objectives

This course explores the evolving landscape of globalization through the lens of multinational firms and global value chains (GVCs). It combines analytical insights with real-world case studies to help students understand how firms make strategic decisions about exporting, offshoring, and investing abroad. Key questions include: How do firms decide where to operate globally? What barriers do they face, and how are they changing in today's geopolitically charged world? How are global production networks adapting to rising trade tensions, new technologies, and environmental standards?

Throughout the course, students will use both economic concepts and applied examples to analyze the strategies firms use to navigate globalization. Particular attention will be paid to how the global trading system is fragmenting in the post-Trump era with the rise of regionalism, friend-shoring, and shifts in trade policy. By the end of the course, students will be able to critically assess the implications of firm-level globalization strategies for countries, industries, and workers.

Prerequisites

Solid bases in economics and international economics are strongly encouraged

Learning outcomes

By the end of the course, students will be able to:

- Explain the role of multinational firms and global value chains (GVCs) in the globalization process.
- Analyze how firms make strategic decisions about exporting, offshoring, and foreign investment.
- Evaluate the barriers firms face in global operations and how these barriers evolve in a geopolitically charged environment.
- Assess how global production networks adapt to trade tensions, technological changes, and environmental standards.
- Apply economic concepts and real-world case studies to understand firm-level globalization strategies.
- Critically discuss the fragmentation of the global trading system, including regionalism, friend-shoring, and shifts in trade policy.
- Examine the implications of firm-level globalization strategies for countries, industries, and workers.
- Interpret and critique recent empirical evidence on globalization and its impact on welfare.

Assignments and grading

- The final evaluation is based on a participation (25%) and a final exam (75%)

The numerical grade distribution will dictate the final grade. The passing grade for a course is 10/20.

Attendance

Attendance is mandatory. Students are expected to attend all classes, arrive on time, and stay for the entire session. Repeated absences or lateness may affect the final grade.

Class Participation

Active participation is encouraged, as it contributes to making classes more engaging and instructive. Students are expected to come prepared and contribute thoughtfully to discussions. When participation is part of the course assessment, it is evaluated based on the quality of contributions rather than their quantity.

Exam Policy

Students are not allowed to bring any materials into exams, except those explicitly authorized by the instructor. Unexcused absences from exams or failure to submit assigned cases will result in a grade of zero when calculating final averages. All exams must be submitted at the end of the examination period.

Communication and Grading

All questions or concerns regarding grading or course policies must follow the official procedures. No direct negotiation with instructors about grades or assessments is permitted.

Course structure

Session	Topic
1	Globalization then and now: the role of firms in a changing world
2	Who trades with whom, and why? Understanding global trade patterns
3	Where to go global? How firms choose between exporting, offshoring, and FDI
4	Barriers, standards, and the politics of trade
5	Global value chains in a geopolitical age (incl. case-based examples)
6	Final Exam

Bibliography

Krugman, P., Obstfeld, M., and Melitz, M. (2008). *International Economics: Theory and Policy*, Pearson, 9th Ed.

- Chapter 2: World Trade: An Overview
- Chapter 6: External Economies of Scale and the International Location of Production
- Chapter 9: The Instruments of Trade Policy

Baldwin, R. and Martin, P. (1999). *Two Waves of Globalization: Superficial Similarities, Fundamental Differences*. NBER Working Paper 6904.

World Bank. (2020). *World Development Report 2020: Trading for Development in the Age of Global Value Chains*. World Bank Publications.

Antras, P. and Chor, D. (2022). *Global Value Chains*. *Handbook of International Economics*, Vol. 5, Elsevier.

Recent developments: fragmentation, shocks, and trade tensions

International Monetary Fund (2023). *Geoeconomic Fragmentation and the Future of Multilateralism*. [IMF Staff Discussion Note SDN/2023/001]

Bonadio, B., Huo, Z., Levchenko, A., & Pandalai-Nayar, N. (2021). "Global Supply Chains in the Pandemic." *Journal of International Economics*, 133, 103534.

Amiti, Mary, Stephen J. Redding, and David E. Weinstein. 2019. "The Impact of the 2018 Tariffs on Prices and Welfare." *Journal of Economic Perspectives* 33 (4): 187–210.

Moodle

This course is on Moodle: **Yes**

Academic integrity

Be aware of the rules in Université Paris Dauphine about plagiarism and cheating during exams. All work turned in for this course must be your own work, or that of your own group. Working as part of a group implies that you are an active participant and fully contributed to the output produced by that group.