

Innovation in a Global Economy

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It is not a stretch to say that innovation is key to human progress. As societies strive to deal with pressing issues such as climate change, hunger, and pandemics the development and spread of new technologies is a necessary part of the solution. In the modern economy, it is impossible to separate the process of innovation from its global environment since access to foreign markets provides a broader base across which to spread costs, inspiration derived from ideas developed overseas, and import competition that can spur or hinder the desire to innovate locally. In addition, innovation is now dominated by a small number of global firms who, among other things, have the ability to shift R&D activities and profits to suit their desires.

In this short course, we will cover an overview of innovation in this global context. Although theory will be touched on, the overall focus will be on the empirical side of the literature including comparing/contrasting data sources.

All slides and papers (as well as additional papers I think are worth reading if you want to dig deeper) will be made available by Dropbox.

1. An Overview of Innovation

- Measuring innovation
- Broad patterns in innovative activity
- Spillovers and absorptive capacity

2. The Link(s) between Trade and Innovation

- Import Competition: Bloom, Draca, and van Reenan (2016, REStat)
- Diffusion of Ideas: Bagayev, Davies, and Kogler (working paper)
- Exporting and Patenting: Coelli, Moxnes, Ulltveit-Moe (forthcoming, REStat)

3. FDI and Innovation

- M&A vs. Greenfield FDI: Guadalupe, Kuzmina, and Thomas (2012, AER)
- Mergers and R&D Activity within the Multinational: Stieble (2016, JIE)

4. Innovation and Taxation

- Cost-based Incentives and the b-index: Bösenberg and Egger (2017, EconPol)
- Patent Boxes: Davies, Hynes, Kogler (working paper)
- Profit Shifting: Davies, Martin, Parenti, and Toubal (2018, REStat)

5. Taxation, Profits, and Innovation

- Patent Boxes, the Characteristics, and Innovation: Alstadsaeter, et al (2017, Research Policy). R&D Spending
- Profits and Patent Boxes: Koethenbueger, Liberini, and Stimmelmayer (2019, Working Paper)

6. The Strategic Location of R&D

- Location of R&D within the MNE: Schwab and Totenhaupt (2021, Working Paper) and Ciaramella (2017, Working Paper)