The growth of multinational firms in the Great Recession*

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Abstract

We investigate how multinational firms performed during the latest global recession, using a unique firm-level dataset covering 8 million firms in 34 countries over the period 2004-2012. We document that the foreign affiliates of multinational firms grew faster than local firms both before and after the crisis, but that this faster growth was interrupted during the crisis. We explore the mechanisms for this decline in multinational activity and show that multinational firms from certain source countries did systematically worse during the crisis. Building on these results, we use a quantitative model to assess the role of foreign multinational firms in propagating the global recession across countries.

Keywords: Great Recession, multinational firms

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