

Maxwell Tuuli

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Research Interests International Trade, Industrial Organization, Development Economics

Education

PhD, Economics, McGill University	Expected 2017
Dissertation: Three Essays on the Economics of International Firms	
Committee: Ngo, Van Long (Supervisor), Francesco Amodio, Sonia Laszlo	
MA, Economics, University of Manitoba	2012
BA, Economics, University of Ghana	2010

Working Papers

"Intra-firm Trade in the Presence of Uncertainty" (Job Market Paper)

"Outsourcing, Productivity and Exports: Theory and Evidence from Firm Level Data for Emerging Economies"

"Offshoring and Re-shoring: The Roles of Incomplete Contracts and Unequal Bargaining Power" (*with* Ngo, Van Long)

Work in Progress

"Trading Goods and Trading Tasks: A Simple Model of Firm Heterogeneity with Innovation" (*with* Chan Ying Tung)

"Leverage, Product Market Competition and Firm Level Performance in China"

"International Trade, Financial Liberalization and Economic Growth in a Sample of Developing Countries"

Conferences and Presentations

CIREQ Lunch Seminar, McGill University, October 2016.
Canadian Economics Association (CEA) Annual Conference, June 2016.
12th CIREQ Phd Students Annual Conference, May 2016.

Professional Experience

Course Lecturer, McGill University *Winter*(2017)

Econ 314: Economic Development

Teaching Fellow, McGill University 2012 – 2016

Teaching Fellow, Political Economy of Trade Policy

Teaching Fellow, Economic Development

Teaching Fellow, Macroeconomic Analysis and Application

Teaching Fellow, Microeconomic Analysis and Application

Teaching Fellow, University of Manitoba 2011 – 2012

Teaching Fellow, Introduction to Microeconomics

Teaching Fellow, Introduction to Macroeconomics

Research Fellow, McGill University

Research Fellow for Prof Ngo, Van Long, 2015

Research Fellow for Prof Animesh, Animesh, 2016

Selected Awards and Scholarships

2012–2016: Graduate Excellence Award

2012–2016: WYNG Trust Fellowship

2011–2012: Manitoba Graduate Fellowship

2011–2012: University of Manitoba Graduate Fellowship

2012: Clarence Barber Award in Macroeconomics

Programming Skills

Stata, Matlab, LyX, L^AT_EX, Microsoft Office

Citizenship Canadian Permanent Resident, Ghanaian

Languages English, French (Beginner)

References

Ngo, Van Long (Supervisor)

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Dissertation Abstracts

In this dissertation, I examine topics related to international trade and the organizational structure adopted by international firms. The activities of multinational firms have gained prominence over the past several decades therefore, an in-depth understanding of the key determinants of the behaviour of these firms is important for delivering evidence based policy prescription that guide and enhance their activities. My job market paper investigates, both theoretically and empirically, the role played by uncertainty in the vertical integration decision of firms. My second paper uses data from emerging economies to examine the relationship between outsourcing, productivity and the export status of firms. A recent observable behaviour is the re-shoring efforts by U.S multinational firms, where manufacturing firms bring back production activities previously offshored. My third paper develops a theoretical model to explain the re-shoring efforts by these multinational firms.

Job Market Paper: Intra-firm Trade in the Presence of Uncertainty

This paper investigates the role of uncertainty in the choice of organizational structure adopted by a firm. Specifically, the decision by the firm to either vertically integrate or outsource production of intermediate inputs. We propose a model of incomplete contracting and unequal bargaining á la Antras and Helpman (2004), where we incorporate demand uncertainty by assuming that firms do not know the industry demand they face before making production decisions. Uncertainty is resolved after firms make a relationship-specific investment in the production of intermediate inputs. We find that, in the presence of demand uncertainty, firms engage more in vertical integration compared to when they know the industry demand with certainty. This is because by vertically integrating with an intermediate input supplier, the firm is able to adjust better to fluctuations in the demand of its final output. We also find in the theoretical model that, under uncertainty, vertical integration tendency is less strong in more capital intensive industries. This is because firms located in capital intensive industries find it more profitable to concentrate on producing the capital intensive input while they outsource the production of the intermediate input. We empirically test the predictions of the model by using industry-level data from the manufacturing sector in the US and find results consistent with the implications of the model. In particular, our point estimates suggest that a one standard deviation increase in demand uncertainty increases the share of intra-firm trade by approximately 6.4%. We interpret these results as evidence that the interaction between strategic behaviour and uncertainty influences the choice of organizational structure.

Outsourcing, Productivity and Exports: Theory and Evidence from Firm Level Data for Emerging Economies

A significant amount of the international trade literature is concentrated on developed countries. In this paper, we explore the relationship between outsourcing and the export status of firms using data from over 30 emerging and developing countries in Europe for the period 2001-2009. We first develop a simple theoretical model that links outsourcing to the decision by firms to export final output. Participating in outsourcing leads to an increase in total efficiency level of firms which is important for

export market participation. My empirical analyses reveal that firms that engage in outsourcing are more likely to export their final output. We also find that these firms export a higher proportion of their final output compared to firms that do not engage in outsourcing. We implement instrumental variable strategy to address endogeneity concerns of the decision to outsource and provide a causal link between outsourcing and exports. We show that the direct link between outsourcing and the export status of the firm varies in relation to whether the firm is located in an EU member country or not and also the degree to which the country in which the firm is located is open to international trade.

Offshoring and Re-shoring: The Roles of Incomplete Contracts and Relative Bargaining Power (*with N, V. Long*)

Re-shoring, the practice of bringing manufacturing and services back to the U.S. from overseas, has become a noticeable phenomenon of some US firms especially in the past decade. What is the reason for this observed pattern in the US? To answer this question, we develop a simple theoretical model that incorporates several elements of incomplete contracts and unequal bargaining power between upstream and downstream firms. We show in this paper that an increase in bargaining power of Northern firms relative to that of their Southern contractors can trigger re-shoring if the North-South wage differential is moderate, but increases offshoring if the wage differential is very high. We also explore the idea that changes in wage differential affect offshoring dynamics. We find that, given the productivity level of downstream firms in the North, a decrease in the wage differential will lead some downstream firms in the South to re-shore production if this decrease in wage differential is not accompanied by an increase in downstream firm productivity. The paper suggests that there appears to be a shift in bargaining power from the North to the South accompanied by a reduction in the wage differential, thus leading to the observed pattern of re-shoring.