

Global Goliaths: Multinational Activity

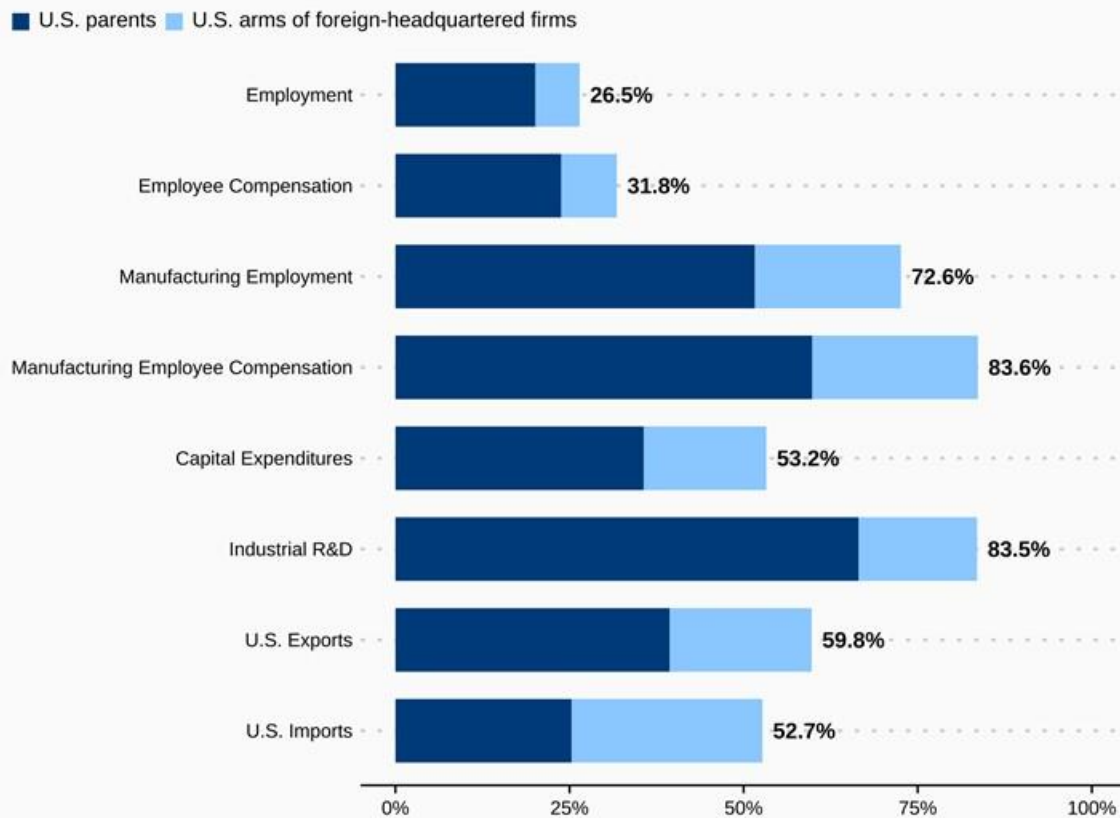
Fritz Foley

How dominant are multinational firms?

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Multinationals are major players in the U.S. economy

Multinationals' share of economic activity in 2017, by category



Note: The original figure appears in *Global Goliaths*, Brookings Institution Press, 2021.

Source: Bureau of Economic Analysis, National Income and Product Accounts; National Science Foundation, Science and Engineering Indicators; Census Bureau Annual Capital Expenditure Survey.

How dominant are multinational firms?

U.S. operations of U.S. multinationals have grown at the same pace as the economy

U.S. multinational parent share of U.S. private sector activity

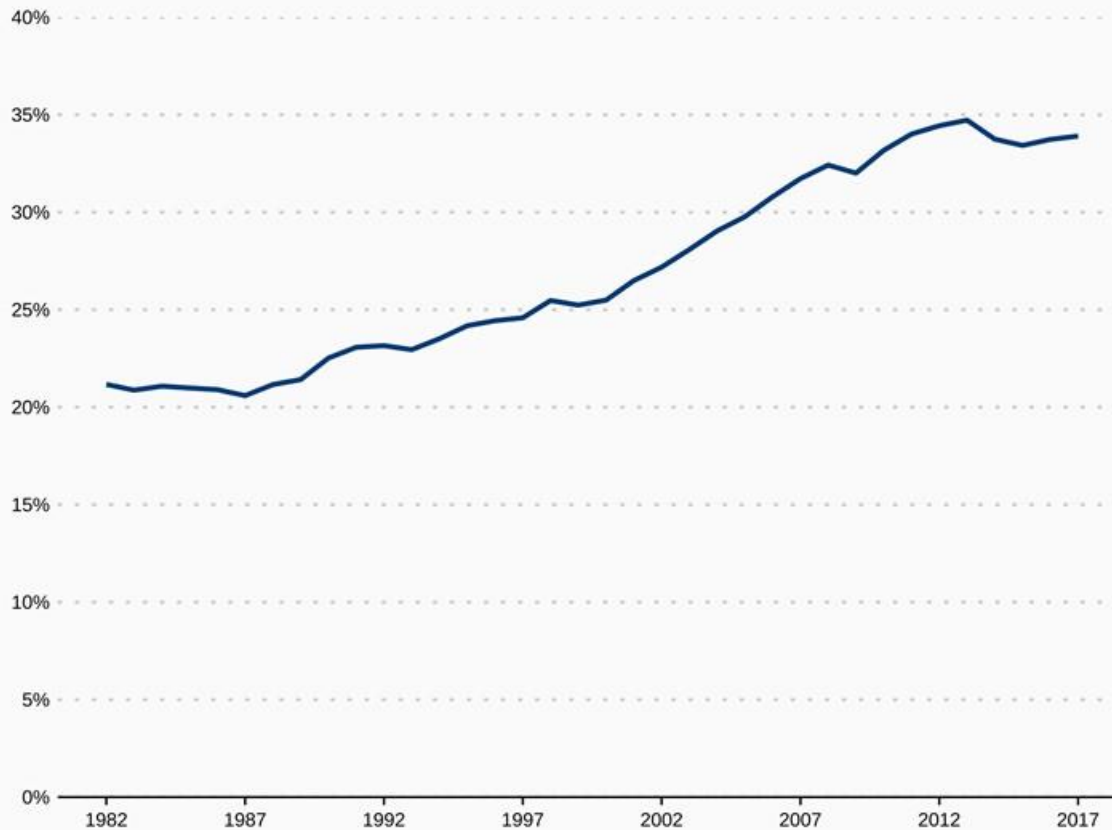


Note: The original figure appears in *Global Goliaths*, Brookings Institution Press, 2021.
Source: Bureau of Economic Analysis.

How dominant are multinational firms?

A growing share of U.S. multinationals' workers are overseas

Share of employees of U.S. multinationals who work abroad



Note: The original figure appears in *Global Goliaths*, Brookings Institution Press, 2021.

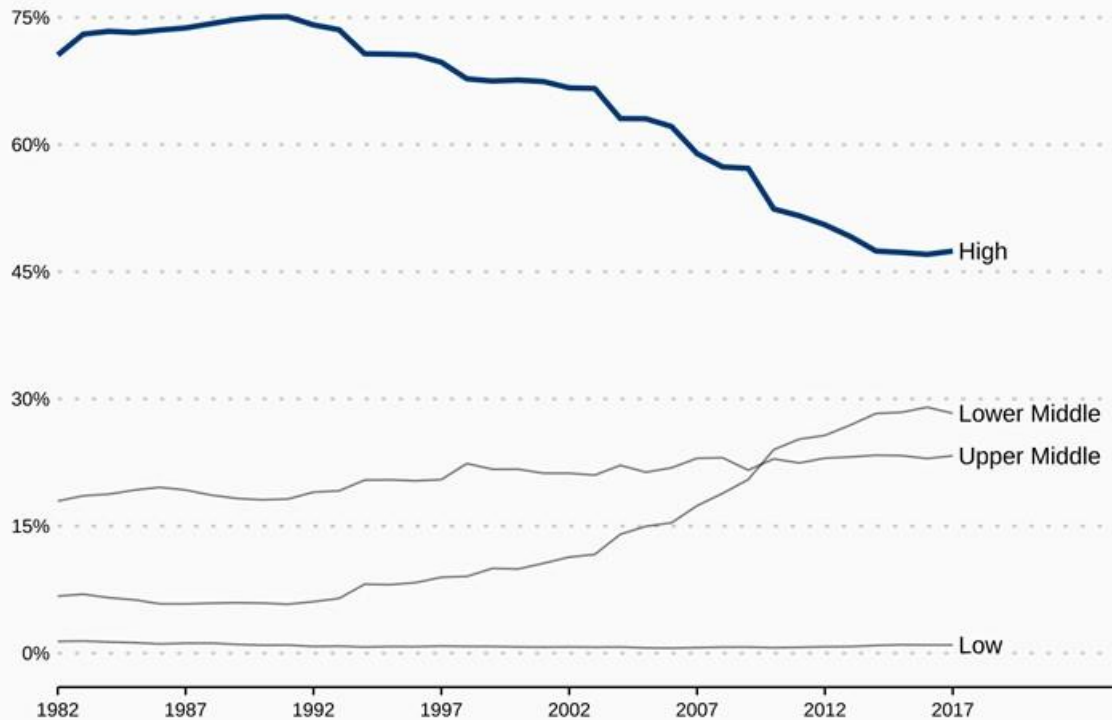
Source: Bureau of Economic Analysis.

How aggressive are multinational firms in reducing their labor costs?

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The bulk of multinationals' employees are in high-wage economies

Share of U.S. multinational foreign affiliate employment, by host country income



Note: The original figure appears in *Global Goliaths*, Brookings Institution Press, 2021.

Source: Bureau of Economic Analysis.

How aggressive are multinational firms in reducing their labor costs?

	Decrease in Foreign Employment	Increase in Foreign Employment
Increase in U.S. Employment	293	704
Decrease in U.S. Employment	336	354

Note: The original figure appears in *Global Goliaths*, Brookings Institution Press, 2021.
Source: Bureau of Economic Analysis

What role do multinationals play in innovation?

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U.S. multinationals still do the bulk of U.S. private sector R&D spending

U.S. parent share of U.S. business R&D



Note: The original figure appears in *Global Goliaths*, Brookings Institution Press, 2021. This figure also previously appeared in "The Rise of Global Innovation by U.S. Multinationals Poses Risks and Opportunities", Peterson Institute for International Economics, 2019.

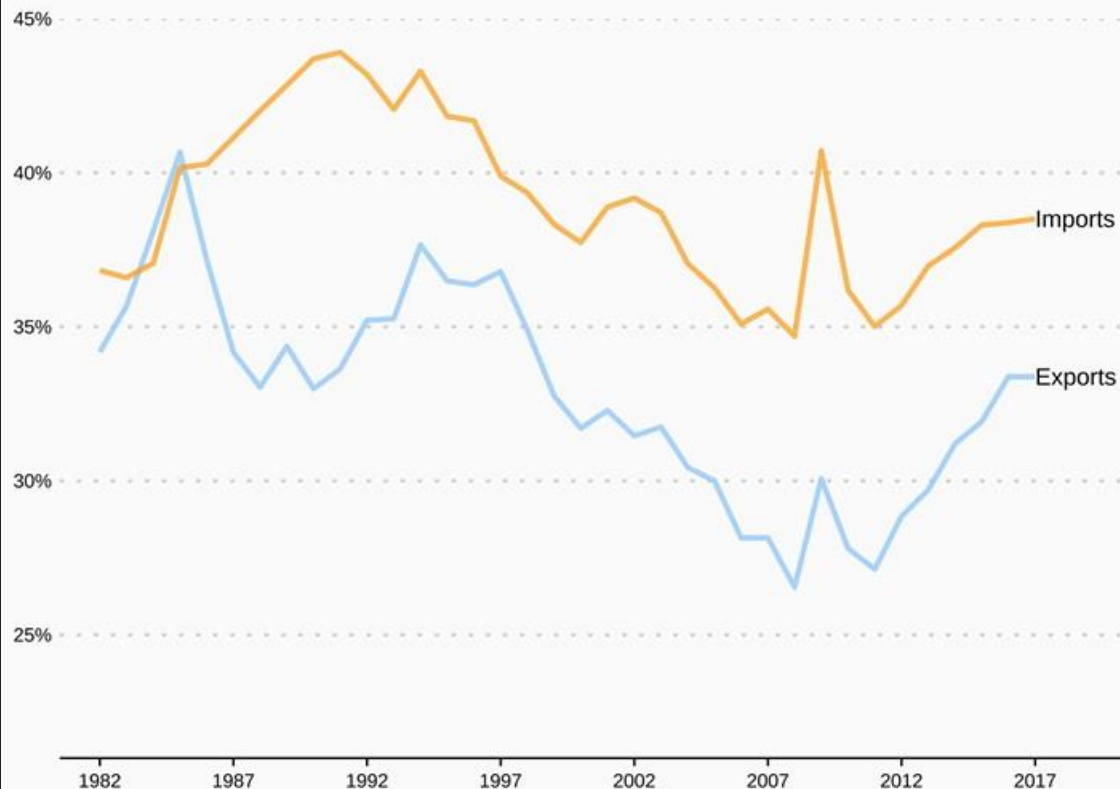
Source: Bureau of Economic Analysis.

How integrated are the operations of multinationals?

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Intra-company trade has grown at the same pace as overall international trade

Related party share of U.S. imports and exports



Note: The original figure appears in *Global Goliaths*, Brookings Institution Press, 2021.

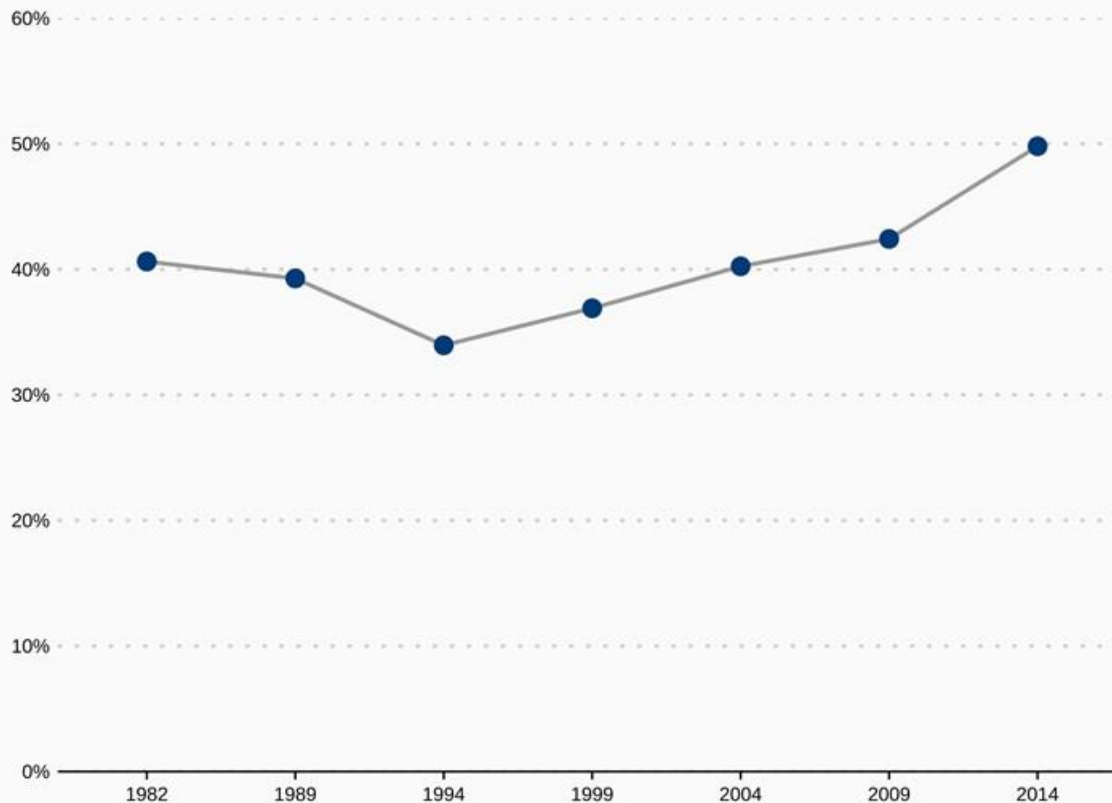
Source: Bureau of Economic Analysis.

How aggressive are multinationals in minimizing their tax obligations?

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Multinationals' use of tax havens has increased

Share of U.S. multinational parent firms with affiliates in tax havens



Note: The original figure appears in *Global Goliaths*, Brookings Institution Press, 2021. Tax Haven countries are those identified in James R. Hines Jr. "Treasure islands." *Journal of Economic Perspectives* 24.4 (2010): 103-26, with the exception of the Cook Islands, the UK Channel Islands, and Niue, which cannot be separately identified in the BEA data.

Source: Bureau of Economic Analysis.

Summary

Multinationals play a predominant role in the U.S. and other economies

Most U.S. multinational employees are in high or upper income countries

U.S. firms that expand abroad tend to expand at home

Around 75% of U.S. private sector R&D is accounted for by U.S. multinationals

The operations of multinationals are integrated across countries

Taxes matter for many multinational choices