

Migration Reforms and Patenting within Multinational Firms: Causal Multi-country Evidence

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Abstract

The international mobility of inventors is increasingly considered a key mechanism for the geography of knowledge production by MNEs, but evidence of this relationship remains thin. This study investigates whether and to what extent MNEs' subsidiary-level investments in innovation change following migration reforms that either ease or reinforce barriers to immigration into country. We leverage a unique dataset merging patent data with exhaustive information on business-related migration reforms taking place in 15 countries over 26 years, and a novel event study approach. Our results show that both positive and negative reforms significantly affect the innovation activities of MNEs within a country, and that mobile inventors generate significant spill-overs on the knowledge production of never-movers.

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