

The dissertation consists of three papers presenting applications of meta-analysis in international economics. The first paper examines the effect of common currency on international trade, while the remaining two papers address the relationship between foreign investment and the productivity of domestic firms. An introductory chapter puts these applications into perspective.

In the first application I present a meta-analysis of the effect of currency unions on trade, focusing on the euro area. I find strong publication bias in the literature. The estimated trade-promoting effect of currency unions other than the euro reaches more than 60%. In contrast, the euro's trade-promoting effect is insignificant when I correct for publication bias. The empirical literature on this topic shows signs of the so-called economics research cycle: the relation between the reported t-statistics and publication years has an inverse U-shaped form.

During the last decade more than 100 researchers have examined productivity spillovers from foreign affiliates to local firms in upstream or downstream sectors. Yet results vary broadly across methods and countries. To examine these vertical spillovers in a systematic way, in the second application I collect 3,626 estimates of spillovers and review the literature quantitatively. The meta-analysis indicates that model misspecifications reduce the reported estimates. Taking these biases into consideration, the average spillover to suppliers is economically significant, whereas the spillover to buyers is statistically significant but small.

In the third application I collect 1,205 estimates of horizontal spillovers from the literature and examine which factors influence spillover magnitude. To identify the most important determinants of spillovers among 43 collected variables, I employ Bayesian model averaging. The results suggest that the most important determinants are the technology gap between domestic and foreign firms and the ownership structure in investment projects. Foreign investors who form joint ventures with domestic firms and who come from countries with a modest technology edge create the largest benefits for the domestic economy.