

Dear Hannes,

Thank you for your very careful and extensive revision.

I am pleased to tell you that your submission, MS 667, entitled

"The Wage Premium of Foreign Ownership: Evidence from European Mergers and Acquisitions" (with Harald Oberhofer and Matthias Stöckl) has now been accepted for publication in Economics pending minor revisions. You will find these minor points below.

Thank you for this interesting and important contribution and for considering Economics as an outlet for your work.

I am looking forward to see your work published. Please also do not hesitate to contact me if you have any questions about my comments.

Best regards,

Sebastian Braun

Minor points:

1. Abstract: You use both "foreign-acquired" and "foreign acquired" (unhyphenated). Please harmonise.
2. Abstract: "exhibit higher short-run (post-acquisition) wages": Would "wage growth" not be more precise than "wages"?
3. Page 1, first paragraph: I think "one common held believe" should read "one **commonly** held belief".
4. Page 1, third paragraph: "Due to better availability firm level data, more recent contributions focus on the economic activities of multinational firms [...]".

Readers may misunderstand this statement as saying that the literature on the effect of globalization on the size of the welfare state has become obsolete with the rise of firm-level data – and researcher now focus only the effects of MNEs (Clearly, this is not the case, as the globalization and the welfare state literature is an independent strand, which also does not benefit much from firm-level data).

Maybe you could instead begin the paragraph with a few sentences like, e.g.,

“The increased availability of firm-level data has allowed researchers to also consider the effects of exports or FDI, and other aspects of globalization, on various firm-level outcomes. One particularly active literature strand has focused on the wage effects of foreign take-overs. Here, two lines of research can be distinguished between. The first and earlier line of research simply compares employment and wage figures of foreign- and domestically-owned firms (see, e.g., Aitken, Harrison and Lipsey 1996, Lipsey and Sjöholm 2004, Görg, Strobl and Walsh 2007). Recent studies, however, have argued that such differences do not necessarily indicate any causal effects of foreign takeovers (see, e.g., Almeida 2007) [...]”

and then finish the paragraph as in the initial discussion paper version of the paper (i.e., without the reference to Geishecker and Görg, 2012, who also do not use firm-level data).

5. Page 3: “Thereby, unconsolidated accounts are compiled at the establishment level and, this information allows to trace changes in average wages in M&A targets.”

I think the second comma is superfluous. Without being an expert on English grammar, I also think that “allows to” requires a direct object (i.e., “allows us to trace” or “allows changes in average wages to be traced”). There are a few such cases, esp. in the introduction (“allows to analyze”). Please check this.

6. Page 6: “and $g(.)$ assign the weights”

I think it should read “assigns”.

7. Page 15: “For most of these variables, we obtain insignificant parameter estimates, which is not surprising as the sample size is generally reduced now.”

It was not immediately obvious to me why your sample size decreases (as you use these alternative outcome variables already as controls in your matching exercise). Is it because the alternative outcome variables are sometimes only available in the pre- but not in the post-acquisition period? Maybe you could add a footnote here.

8. Page 17: “This paper provides evidence on whether cross-border acquisitions of firms, exerts a systematic impact on labor compensation.”

I think the comma is superfluous.