

CONTENTS

LIST OF FIGURES	xi
LIST OF TABLES	xiii
PREFACE	xv
ACKNOWLEDGEMENTS	xvii
1 MERGERS AND GEOGRAPHY	1
MERGER TRENDS	3
THE IMPORTANCE OF GEOGRAPHY	6
PLAN OF ANALYSES	10
REFERENCES	12
2 THE PROCESS OF MERGERS AND ACQUISITIONS	15
MERGER MOTIVATIONS	15
The market for corporate control	16
Tax reasons	17
Synergy	17
Financial market inefficiencies	18
Managerial motivations	18
TYPES OF MERGERS	19
Horizontal mergers	19
Vertical mergers	20
Conglomerate mergers	20
THE MERGER PROCESS	21
Space and Mergers	23
MERGER EFFECTS	26
Distribution of income and wealth	26
Local community welfare	27
External control	28
Mergers, acquisitions and regional development	31
CONCLUSIONS	32
REFERENCES	33
3 RESOURCE DEPENDENCY AND SPATIAL STRUCTURE	39
RESOURCE DEPENDENCY	40
EXTERNAL CONTROL MECHANISMS	41
MANAGEMENT OF ENVIRONMENTAL DEMANDS	43
AVOIDING EXTERNAL CONTROL	45
THE CORE-PERIPHERY MODEL	47

THEORETICAL STRUCTURE OF ECONOMIC LINKAGES	48
REFERENCES	54
4 DATA AND PROCEDURES	57
OVERVIEW	57
Data	58
Merger Classification	60
Principal Components Analysis	61
Definitions	62
WEIGHTED BLOCKING PROCEDURE	64
THE GRAVITY MODEL	67
CONCLUSIONS	68
REFERENCES	69
5 U.S. MERGERS: STATE PATTERNS	71
PLAN OF ANALYSIS	72
FINANCIAL DATA	72
STATE PATTERNS	75
External Control	77
Gravity Models	84
WBLOC Results	86
CONCLUSIONS	88
REFERENCES	90
6 U.S. MERGERS: SMSA PATTERNS	91
CITIES' DISTRIBUTIONS	91
MERGER FIELDS	101
EXTERNAL CONTROL	105
INTERURBAN CONNECTIONS	106
CONCLUSIONS	111
REFERENCES	113
7 U.S. FOREIGN MERGERS	114
THE WHY OF FOREIGN MERGERS	114
Advantages of Investing in the United States	115
REGULATION OF FOREIGN DIRECT INVESTMENT	116
GEOGRAPHIC WORK	117
IMPACTS OF ACQUISITION	117
MODEL OF FOREIGN ACQUISITIONS	119
U.S. FIRMS' ACQUISITIONS	120
Industry Classes	124
Acquisitions of U.S. Firms	126
Industrial Classes of U.S. Targets	129
CONCLUSIONS	132
REFERENCES	133
8 CANADIAN ACQUISITIONS	136
CORE-PERIPHERY RELATIONS IN CANADA	136

Peripheral Areas	138
ACQUISITION PATTERNS	139
City Patterns	141
Industry Patterns	146
Implications for the Canadian Economy	146
Penetration Model	149
CONCLUSIONS	150
REFERENCES	151
9 INDUSTRIAL CLASS PATTERNS	154
MERGER TYPES	154
INDUSTRY FREQUENCIES	158
Merger Propensities	161
INDUSTRY AND SPATIAL STRUCTURE	165
MERGERS AND RESOURCE DEPENDENCY	165
CONCLUSIONS	169
REFERENCES	170
10 CONCLUDING REMARKS	172
FUTURE DIRECTIONS	174
REFERENCES	175
APPENDIX A: METROPOLITAN AREAS INCLUDED	176
A.1 U.S. Standard Metropolitan Statistical Areas	176
SMSA Definition	179
APPENDIX B: PRINCIPAL COMPONENTS ANALYSES	180
B.1 Principal Components Analysis of U.S. Mergers by State by Year, 1955-85	180
B.2 Principal Components Analysis of U.S. Mergers by Industry by Year, 1955-85	181
APPENDIX C: EXTERNAL CONTROL RATIOS	182
C.1 Frequencies and External Control Ratios for the Period, 1955-1969	182
C.2 Frequencies and External Control Ratios for the Period, 1970-1978	184
C.3 Frequencies and External Control Ratios for the Period, 1979-1985	186
C.4 Frequencies and External Control Ratios for Major Metropolitan Areas, 1970-1978	188
C.5 Frequencies and External Control Ratios for Major Metropolitan Areas, 1979-1985	196

Contents

APPENDIX D: SIC CLASSES FREQUENCIES	204
D.1 SIC Classes for Acquiring Firms, 1955-1969	204
D.2 SIC Classes for Acquired Firms, 1955-1969	207
D.3 SIC Classes for Acquiring Firms, 1970-1978	209
D.4 SIC Classes for Acquired Firms, 1970-1978	211
D.5 SIC Classes for Acquiring Firms, 1979-1985	213
D.6 SIC Classes for Acquired Firms, 1979-1985	215
APPENDIX E: INDUSTRY STRUCTURE REGRESSIONS	217
E.1 Industry Spatial Structure Regressions	217
E.2 Correlations of Percentage of Total Mergers of Industry i with Industry j with IO Technical Coefficients	221
AUTHOR INDEX	223
SUBJECT INDEX	226

FIGURES

1.1	U.S. Merger Trends, 1895-1985	7
2.1	The Merger Framework	22
3.1	Relationships Among Dimensions of Organizational Environments	44
3.2	Environmental Alteration Options	45
3.3	Core-Periphery Model	50
4.1	Core-Periphery Relations for 1955-69	66
5.1	U.S. Merger Activity	73
5.2	Sales and Price for Acquiring and Acquired Firms	74
5.3	Acquiring States 1955 to 1985	76
5.4	Acquired States 1955 to 1985	76
5.5	External Control 1955 to 1985	82
5.6	External Control 1955 to 1969	82
5.7	External Control 1970 to 1978	83
5.8	External Control 1979 to 1985	83
5.9	Hierarchy for Merger Periods 1 and 2	87
5.10	Hierarchy for Merger Period 3	89
6.1	Acquiring Firms' City Activity, 1955-1985	92
6.2	Acquired Firms' City Activity, 1968-1985	93
6.3	Acquiring and Acquired Firms' Cities Activity, 1968-1985	94
6.4	Acquiring Firms' Centroids, 1955-1985	97
6.5	Acquired Firms' Centroids, 1968-1985	98
6.6	Acquisition Fields	102
6.7	Target Fields	103
6.8	WBLOC Solutions for 1970-1978	107
6.9	City Interaction by Standard Deviation, 1970-1978	108
6.10	WBLOC Solutions for 1979-1985	108
6.11	City Interaction by Standard Deviation, 1979-1985	112
7.1	Foreign Penetration Model	120
7.2	Foreign Versus Domestic Acquisitions, 1971-1985	121
7.3	Foreign Merger Industries	125
7.4	Acquired U.S. Firms' Industry Classes	132
8.1	Canada and Major Cities	137
8.2	U.S. Acquisitions of Canadian Firms	139

Figures

8.3	Target Provinces of U.S. Acquisitions	142
8.4	Major Merger Patterns	143
8.5	Major Target Cities	144
8.6	Toronto Area Targets	144
8.7	Major State Acquiring Industries	147
8.8	Canadian Merger Penetration Model	150
9.1	Merger Type Trends	155
9.2	Merger Types by Industry by Time	155
9.3	Merger Types by Industry by Time	157
9.4	Merger Types by Industry by Time	157

TABLES

1.1	Largest U.S. Mergers	4
1.2	Most Active U.S. Acquirers, 1955-85	5
2.1	Effects of Absentee Ownership and External Control	29
5.1	Acquiring State Propensities	78-9
5.2	Acquired State Propensities	80-1
5.3	Gravity Model Parameters Fitted by Regression	85
6.1	Acquiring Firms' Cities Distribution, 1970-1978	95
6.2	Acquiring Firms' Cities Distribution, 1979-1985	96
6.3	Acquired Firms' Cities Distribution, 1970-1978	99
6.4	Acquired Firms' Cities Distribution, 1979-1985	100
6.5	External Control Ratios for Selected SMSAs	105
6.6	Urban Groups for WBLOC Analysis for 1970-1978	109
6.7	Urban groups for WBLOC Analysis for 1979-1985	110
7.1	Costs and Benefits of Foreign Investment for States	118
7.2	Most Active U.S. Acquirers for Foreign Acquisitions, 1971-1985	122
7.3	Foreign Targets, 1971-1985	123
7.4	U.S. Acquiring Firms' Cities	125
7.5	Foreign Target Firms' Headquarters	126
7.6	Most Active Foreign Acquirers, 1971-1985	127
7.7	Countries of Foreign Acquirers	128
7.8	Major U.S. Target SMSAs	129
7.9	Target States	130
7.10	Headquarters of Foreign Acquirers	131
7.11	Industrial Class Correlations	131
8.1	Acquiring States	141
8.2	Major U.S. Acquiring Cities	143
8.3	Industry Distributions	145
8.4	Provincial Target Industries	149

Tables

9.1	Merger Type Characteristics	159
9.2	Industry Classes, 1955-1969	160
9.3	Industry Classes, 1970-1978	162
9.4	Industry Classes, 1979-1985	163
9.5	Industry Merger Propensity Ratios	164
9.6	Industry Spatial Structure Coefficients	166
9.7	Multiple Correlation Coefficients of Interindustry Mergers	167