

Contents

<i>List of tables</i>	viii
<i>Preface</i>	xii
<i>Acknowledgements</i>	xiv
<i>Abbreviations</i>	xvi

PART I GOVERNMENTS AND MULTINATIONALS

1	Introduction	3
2	What Governments are Trying to Do	12
	National Economic Welfare and the MNE	14
	Political Independence and the MNE	16
	MNEs and the Distribution of Income within the State	17
	The MNE and the Distribution of Power within the State	21
3	Constraints on National Policy: MNE Strategies	24
	Internalization	30
	Market Structure and Firm Strategy	34
	Locational Approaches	37
	Evidence on a Transaction Cost–Locational Approach	40
	Qualifications to the Conventional Approach	42
4	Country Strategies: Opportunities and Constraints	50
	Scope for Bargaining	51
	Country-Specific Policy Environments	53
	Firm-Specific and Industry-Specific Bargaining Issues	55

PART II COUNTRY POLICIES: ORIGINS, NATURE, EFFECTIVENESS

5	The Approach to the Country Studies	65
	Summary of Part I	65
	Rationale for Country Studies	68
	Types of Policy Instruments	69

	Organization of Studies	71
	Sources of Information	72
6	Establishment Review: the Natural Resource-Based Economies	79
	Australia	79
	Canada	113
	New Zealand	150
	Norway	170
	Sweden	184
7	Other Countries with Review: France and Japan	208
	France	208
	Japan	236
8	Host Countries Lacking Review	288
	Belgium	288
	Ireland	295
	Italy	312
9	Home Countries Lacking Review	322
	Federal Republic of Germany (pre-unification)	322
	Netherlands	329
	Switzerland	333
	United Kingdom	339
	United States	362
 PART III A COMPARATIVE EVALUATION OF POLICIES		
10	Origins of Policies	403
	Evidence from the Country Studies: an Overview	405
	A Statistical Test of the Determinants of Policy	412
	Variables Used and Expected Relationships	413
	Estimation Procedures	418
	Test Results	421
11	Effectiveness of Policies	429
	Policies on Performance	429
	Policies on Ownership	443
	Foreign Takeovers: Explicit and Implicit Constraints	455
	Further Consequences: MNE Reactions, Rent Seeking, International Effects	459

Tables

1.1	Selected economic characteristics of countries surveyed, 1980	8
1.2	Selected economic characteristics of countries surveyed, average 1975–80	9
1.3	Selected economic characteristics of countries surveyed, 1987	10
2.1	Determinants of public policy on the MNE: possible objectives	14
3.1	Outward stocks of foreign direct investment, by major home country and region, 1960–85	26
3.2	Inward stocks of foreign direct investment, by major host region, 1975–85	27
3.3	Inward and outward direct investment flows for OECD countries, 1961–88	28
3.4	Cut-off points for foreign ownership of stock in classifying FDI flows in OECD countries	31
3.5	Employment in foreign-owned firms as percentage of all employment, manufacturing industries, OECD countries	32
3.6	A typology of international industrial cooperation modes	45
3.7	Increase in the number of inter-firm agreements by form of cooperation	47
5.1	Classification used for country studies, 1980 data	73
6.1	Inward foreign investment in enterprises in Australia by type of investment, 1960–87	80
6.2	Selected data on foreign ownership of Australian industry, 1972–3 to 1983–4	81
6.3	Development of federal government policies on inward direct investment in Australia	82
6.4	Criteria for examination of proposals, Australia, 1982	90
6.5	Summary of Australia's foreign investment policy, as at June 1988	98
6.6	Conditional approvals and rejections of foreign investment proposals, Australia, 1976–7 to 1987–8	100
6.7	Conditions applied to approved foreign investment proposals, Australia, 1977–8 to 1986–7	102

6.8	Foreign ownership and control of Australian mining	110
6.9	A selective outline of the development of federal government policy in Canada	114
6.10	Control of capital employed in non-financial industries, Canada, 1926–90	117
6.11	Flows and retained earnings of direct investment to and from Canada, 1960–90	118
6.12	FDI gross flows to and from Canada	120
6.13	Inward and outward stock of FDI, Canada	121
6.14	Rate of allowance of foreign investment proposals, Canada, 1975–84	133
6.15	Undertakings to Investment Canada, June 1985–June 1989	136
6.16	Development of New Zealand's policies on inward direct investment	151
6.17	Inward direct investment in New Zealand and income earned, comparisons with national accounts, 1951–80	152
6.18	Share of overseas companies in overall company activity, New Zealand, 1977–8	153
6.19	Criteria for examination of proposals, New Zealand, 1973 and 1979	158
6.20	Approval rates for overseas new business proposals and takeovers, New Zealand, 1965–85	161
6.21	Summary of policy development in Norway	171
6.22	Inward and outward flows of FDI in Norway, 1970–87	173
6.23	Foreign-owned enterprises as a percentage of total enterprise activity, Sweden 1971 and 1979	185
6.24	Net outward and inward direct investment in Sweden, 1961–87	186
6.25	Policy development in Sweden	199
7.1	Manufacturing sectors where foreign affiliates exceed 30 per cent of sales, France, 1980	210
7.2	Percentage share in French industry of firms with foreign participation, 1972 and 1980	210
7.3	Flows of direct investment, France, 1967–86	226
7.4	Policy development in France	228
7.5	Direct investment flows (Ministry of Finance), Japan, 1950–87	238
7.6	Net direct investment flows and stocks (balance of payments), Japan, 1961–87	239
7.7	Japan's policies on foreign direct investment, 1949–80	250
7.8	Liberalization of securities markets in Japan	261
7.9	International royalty receipts and payments, Japan, 1970–84	264

12	The New Policies: Managed Internationalism in the 1980s	470
	Origins of Policy Changes	470
	The New Policies	474
	Strategic Industrial Policy Approaches	485
13	Conclusions	495
	Summary of Policy Experience	495
	Policy in Terms of a Bargaining Model	498
	A Political Economy View of Policy	503
	New Policies and New Choices?	506
	<i>Appendix I List of Interviews</i>	512
	<i>Appendix II Letters to Interviewees</i>	515
	<i>Appendix III Selected Decisions on Investment Proposals</i>	520
	<i>Appendix IV Variables Used to Measure the Determinants of Policy on FDI in Chapter 10</i>	533
	<i>Bibliography</i>	538
	<i>Name Index</i>	569
	<i>Subject Index</i>	575

7.10	Guidance in international contracts, Japan, Fair Trade Commission, 1979	266
7.11	Territorial restrictions on technology import contracts, Japan, fiscal 1981	267
7.12	Industry distribution of licensing contracts and inward direct investment, Japan, 1950–80	281
8.1	Overall development of direct investment, Belgium–Luxembourg	289
8.2	Trade and investment policy development in Ireland	296
8.3	IDA programmes, 1977–80	298
8.4	Direct investment flows to Ireland, 1960–87	299
8.5	Overall development of direct investment in Italy	314
9.1	Direct investment stocks and flows, Federal Republic of Germany, 1960–87	324
9.2	Foreign direct investment, Netherlands	331
9.3	The geographical distribution of the activities of the 15 largest Swiss industrial MNEs, 1980	335
9.4	Direct investment stocks, United Kingdom, 1962–87	341
9.5	Industrial distribution of foreign firms in United Kingdom and UK firms abroad, 1978	342
9.6	Direct investment flows, United Kingdom, 1960–84	345
9.7	Some aspects of UK policy on inward FDI	346
9.8	Area composition of US direct investment stock, inward and outward, 1970–86	364
9.9	US direct investment flows and stocks, 1960–90	365
9.10	The effects of international enterprises on US employment: summary of selected studies	372
9.11	Policy development in the United States	380
9.12	US state limitations on foreign direct investment, 1980–81	391
10.1	Policies on FDI: origins and effectiveness	404
10.2	Origins of inward review policies for FDI to 1980	411
10.3	Degree of restrictiveness of policy on FDI: comparative measures	414
10.4	Expected relationship between degree of restriction and various determinants of public policy	417
10.5	Reasons for expected signs in regressions	419
10.6	Test results, determinants of policy on FDI, 1981	420
10.7	Test results, determinants of policy on FDI, 1985	422
10.8	Test results, determinants of policy on FDI, 1985 on 1981	424
10.9	Expected and actual signs, test results for determinants of policy on FDI	427

11.1	Characteristics of general review systems for inward FDI, early 1980s	430
11.2	National treatment in selected OECD countries, 1983	444
11.3	Position of OECD countries regarding sectoral controls and impediments to inward direct investment (August 1986)	448
11.4	Industry concentration of sectoral controls and state monopolies	451
11.5	Shareholders' rights in selected countries	459
12.1	Changes in degree of restrictiveness of policy, 1981-5	474
12.2	Subsidies as percentage of GDP	477
AIV.1	Summary of components of DOR, 1981, 1985	534