

Contents

<i>Preface</i>	v
<i>List of Figures</i>	ix
<i>List of Tables</i>	xi
Introduction	1
Chapter 1 Foreign Direct Investment and the Liberalization of Capital Movements <i>Lars Oxelheim</i>	11
Chapter 2 Prospects for the World Economy <i>Kjell Andersen</i>	51
Chapter 3 The International Competition for Investment <i>Richard J. Sweeney</i>	71
Chapter 4 International Direct Investment Patterns <i>John H. Dunning</i>	107
Chapter 5 The Instability of the International Financial System and Its Implications for Trade and Investment <i>Gunther Dufey</i>	133
Chapter 6 The Role of Mergers and Acquisitions in Foreign Direct Investment <i>Ingo Walter</i>	151

Chapter 7	Foreign Direct Investment in Emerging Market Countries <i>Thomas L. Brewer</i>	177
Chapter 8	The Role of Japanese Foreign Direct Investment <i>Thomas Andersson</i>	205
Chapter 9	Globalization and the Future Role of Small and Medium-Sized Enterprises <i>Pontus Braunerhjelm</i>	233
	About the Contributors	271

List of Figures

1.1	The Monetary Policy Option Triangle	16
1.2	Outline of Total Financial Integration under Different Market Assumptions	17
1.3	Evolving Degree of Liberalization of Capital Movements, 1964-1990	20
1.4	Routes to a Foreign Production Subsidiary	31
1.5	Secondary-Market Prices on LDC-Debt	40
2.1	Output Growth and Inflation in Six Major Industrial Countries	54
2.2	Public Expenditure and Total Productivity	56
2.3	U.S. Manufacturing - Total Factor Productivity	59
4.1	Current Trends in MNE Activity	117
4.2	Assumptions about the Future	118
5.1	The Firm, the Markets and the System	135
5.2	Dimensions of Globalization	139
5.3	Schematic Summary of the Corporate Foreign Exchange Exposure Challenge	145
8.1	Flows of Japanese and U.S. Foreign Direct Investment in 1985 and 1990	216
8.2	Stocks of Japanese and U.S. Foreign Direct Investment in 1990	217

x

8.3	Increase of Japanese Foreign Direct Investment, Flow Base, 1985-1990	218
9.1a	Production of Swedish Subcontractors Distributed by Different Product Groups, 1990	249
9.1b	Production of Small Swedish Firms Distributed on Different Product Groups, 1990	249
9.2a	The Deliveries of Swedish Subcontractors to Different Groups of Customers, 1990	250
9.2b	The Deliveries of Small Swedish Firms to Different Groups of Customers, 1990	250
9.3a	The Composition of Customers in Different Subcontraction Production, 1990	252
9.3b	The Composition of Customers in Different Small Firm Production, 1990	252
9.4	Rate of Return Over the Interest Rate (ϵ) of Small Firms, Large Firms and of Subcontractors, 1988	255

List of Tables

2.1	Productivity in the Business Sector in OECD Countries	52
4.1	Stocks of Outward Foreign Direct Investment, by Major Home Country and Regions, 1967 - 1988	110
4.2	Stocks of Inward Foreign Direct Investment, by Major Host Countries and Regions, 1967 - 1988	111
4.3	Sectoral Composition of Outward Foreign Direct Investment of Major Home Countries	124
5.1	The Relative Size of the U.S. Economy	140
6.1	Merger Activities	152
6.2	Number and Volume of Completed International Merger and Corporate Transactions, United States, 1985-1991	153
6.3	Number and Volume of Completed International Merger and Corporate Transactions, Europe, 1985-1991	155
6.4	Volume of Completed Intra-European M&A Transactions by Country, 1985-1991	157
6.5	Rankings of Industry Groups of U.S. and European M&A Seller Companies by SIC Code, 1985-1991	160
6.6	Rankings of Industry Groups of U.S. and European M&A Buyer Companies by SIC Code, 1985-1991	162
6.7	Spearman Rank Correlation of U.S. and European Industries Participating in M&A Transactions, 1985-1991	164
6.8	Partial Ownership Positions as a Percentage of All Completed U.S. and European M&A Transactions, 1985-1990	165

6.9	Unsolicited or Hostile Offers as a Percentage of All Completed U.S. and European M&A Transactions, 1985-1991	169
6.10	Leveraged Buyouts as a Percentage of All Completed U.S. and European M&A Transactions, 1985-1991	170
6.11	U.S. and European Corporate Use of Financial Advisers as a Percentage of All Completed Merger and Acquisition Transactions 1985-1991	171
7.1	Average Annual FDI Inflows	178
7.2	Importance of FDI In Manufacturing in Selected Host Economies	179
7.3	Host Government Policy Changes	186
7.4	FDI Inflows in Emerging and Developed Market Economies at Constant Prices, 1970-1989	190
7.5	FDI Inflows in Developing Countries by Region at Constant Prices, 1970-1989	191
7.6	FDI Stocks in Emerging Economies by Region	192
7.7	Foreign Direct Investment Flows in Selected Asian Countries	193
7.8	Major Recipients of FDI Among Emerging Economies	194
7.9	Actual and Forecasted Real Changes in GDP	196
7.10	Actual and Forecasted Demand for Motor Vehicles	197
7.11	Actual and Forecasted Real Changes in Commodity Prices	198
8.1	GDP Ratios 1970 - 1990	206

8.2	Distribution of Exports and Imports Between Regions	208
8.3	Total and Japanese Direct Investment in Selected Asian Countries	211
8.4	Sectoral Distribution of Japanese Direct Investment in Selected European Countries 1951-1989 (cumulative)	221
9.1	Employment Shares by Enterprise Size, Time Series for the Total Economy	242
9.2	Employment Shares by Establishment Size, Time Series for the Total Economy	243
9.3	Employment Shares by Enterprise Size, Time Series for the Manufacturing Sector	244
9.4	Employment Shares by Establishment Size, Time Series for the Manufacturing Sector	245
9.5	Average Employment, Turnover and Rates of Return for Small Firms and Subcontractors, 1989	248
9.6	R&D, Marketing, and Education Expenditures as Percentage of Total Costs in Small Firms, Subcontractors and Large Firms, 1989	253
9.7	The Skill Composition of the Labor Force in Small Firms, Subcontractors and Large Firms, 1990	254
9.8	Number of Swedish Small MNF With Production Units Abroad	256
9.9a	The Distribution of Swedish Subcontractors' Exports to Different Regions, 1988-1990	257
9.9b	The Distribution of Small Swedish Firms' Exports to Different Regions, 1988-1990	257

XIV

9.10	Distribution of Swedish Subcontractors Production in Different Regions, 1988-1992	258
9.11	Strategies for Small Firms and Subcontractors in the 1990s	260