

Contents

<i>Preface</i>	<i>page ix</i>
1. The Multinational Enterprise as an Economic Organization	1
1.1. Horizontal Multiplant Enterprises and the MNE	2
1.2. Vertically Integrated MNEs	15
1.3. Portfolio Diversification and the Diversified MNE	22
1.4. Summary	27
2. The MNE and Models of International Economic Activity	29
2.1. Foreign Direct Investment and International Capital Flows	29
2.2. Exporting or Foreign Direct Investment?	32
2.3. Foreign Investment and Resource Allocation in the World Economy	45
2.4. Distribution of Foreign Investment Among Countries	56
2.5. Summary	65
3. Organization and Growth of the MNE	68
3.1. Expansion of the Firm	68
3.2. Organizational Structure	78
3.3. Effects of Organization: New Venture or Acquisition?	85
3.4. Joint Ventures or Other Agreement Between Firms?	91
3.5. Summary	102
4. Patterns of Market Competition	105
4.1. Foreign Investment and Oligopoly	105
4.2. Market Behavior with MNEs Present	113
4.3. Competition Policy and National Welfare	122

vi	<i>Contents</i>
4.4. Vertically Integrated MNEs and Competition for Resource Rents	127
4.5. Summary	135
5. Income Distribution and Labor Relations	137
5.1. Income Distribution in General Equilibrium	137
5.2. Employment and Wages: Short Run and Long Run	143
5.3. Labor-Management Relations and Collective Bargaining	152
5.4. Summary	159
6. Investment Behavior and Financial Flows	161
6.1. Capital Formation and Foreign Direct Investment Flows	162
6.2. Long-Term Financing Decisions and Financial-Asset Markets	170
6.3. Foreign-Exchange Rates, Short-Term Transactions	183
6.4. Summary	187
7. Technology and Productivity	190
7.1. The MNE as Producer of Technical Knowledge	190
7.2. Licensing or Foreign Direct Investment?	195
7.3. General-Equilibrium and Welfare Aspects	206
7.4. Knowledge Stocks and Spillovers	212
7.5. Summary	220
8. Taxation, MNEs' Behavior, and Economic Welfare	222
8.1. Corporation Income Taxes, Market Distortions, and World Welfare	222
8.2. Tax Conventions and National Welfare	227
8.3. National Tax Policies: Empirical Patterns	235
8.4. Effects of Taxation on MNEs' Behavior	240
8.5. Summary	250
9. Multinationals in Developing Countries and Economies in Transition	253
9.1. Determinants of MNEs' Activities	254
9.2. Effects on Economic Development	265
9.3. Third-World Multinationals	280
9.4. Economies in Transition	283
9.5. Summary	286

Cambridge University Press  
978-0-521-67753-0 - Multinational Enterprise and Economic Analysis, Third Edition  
Richard E. Caves  
Table of Contents  
[More information](#)

<i>Contents</i>	vii
10. Public Policy	289
10.1. National and International Welfare	289
10.2. National Policies: A Behavioral Approach	295
10.3. International Regulation	305
10.4. Summary	308
<i>Bibliography</i>	311
<i>Name Index</i>	375
<i>Subject Index</i>	388