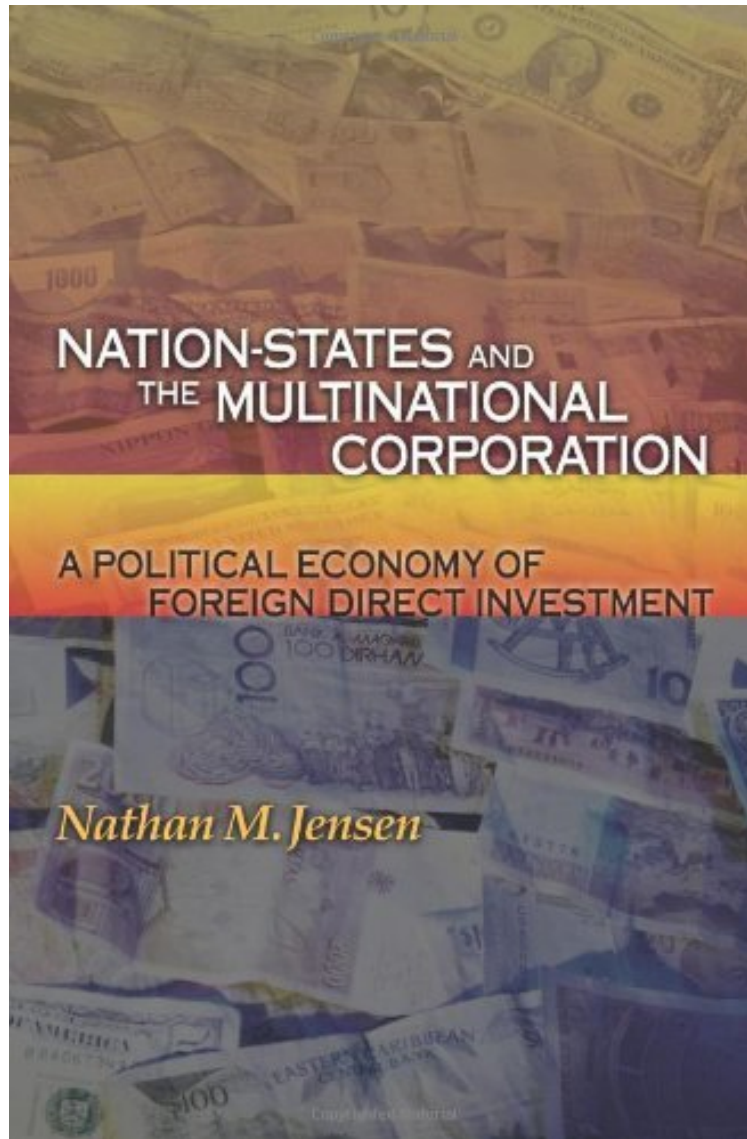


Nation-States and the Multinational Corporation: A Political Economy of Foreign Direct Investment

Nathan M. Jensen

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Nathan M. Jensen : Nation-States and the Multinational Corporation: A Political Economy of Foreign Direct Investment before purchasing it in order to gauge whether or not it would be worth my time, and all praised Nation-States and the Multinational Corporation: A Political Economy of Foreign Direct Investment:

1 of 1 people found the following review helpful. What are the determinants of foreign direct investment? By Marko Kovic The author is analyzing the reasons for the distribution of FDI. His most striking conclusion is that democracies

generally attract more FDI than authoritarian systems do. Furthermore, he empirically tests for the influence of political and fiscal federalism, the impact of the IMF, or the race to the bottom theory. This book might also be interesting for people not involved in (social or economical) science, but the methodology probably won't be understood and therefore the results would have to be trusted blindly. The major flaw of this book is that the author's conduct of qualitative research is downright sluggish: Jensen mistook "qualitative research" for "unscientific interviews". But, as the qualitative parts are only supposed to complement the empirical ones, this book is, in my opinion, still recommendable. 3 of 3 people found the following review helpful. Good Book, interesting insights By Edwin This book challenges the traditional "race to the bottom" theory of FDI. Arguing that instead of low taxes and labor costs, MNCs actually look for stable political institutions and policy environments. By arguing that MNCs look for this type of stability, Jensen persuasively argues that democracy and additional veto players at the state level encourage FDI. The only critique that I will offer is that Jensen uses an aggregate measure of FDI. One could imagine that the conditions that encourage FDI in natural resource exploration are different than the conditions that encourage FDI in engineering consulting services. 0 of 2 people found the following review helpful. Great Read By Nascamist Nathan Jensen hits the proverbial "nail on the head" in this stunning piece of literature. Mr. Jensen's progressive theories regarding Foreign Direct Investment on the multinational stage highlight his firm understanding of the subtle yet critical nuances of the multinational corporation. U.S. Corporations hoping to make the leap into the International arena would be wise to read this book and commit to memory the economic principles contained within. This bread tastes like wood.

What makes a country attractive to foreign investors? To what extent do conditions of governance and politics matter? This book provides the most systematic exploration to date of these crucial questions at the nexus of politics and economics. Using quantitative data and interviews with investment promotion agencies, investment location consultants, political risk insurers, and decision makers at multinational corporations, Nathan Jensen arrives at a surprising conclusion: Countries may be competing for international capital, but government fiscal policy--both taxation and spending--has little impact on multinationals' investment decisions. Although government policy has a limited ability to determine patterns of foreign direct investment (FDI) inflows, political institutions are central to explaining why some countries are more successful in attracting international capital. First, democratic institutions lower political risks for multinational corporations. Indeed, they lead to massive amounts of foreign direct investment. Second, politically federal institutions, in contrast to fiscally federal institutions, lower political risks for multinationals and allow host countries to attract higher levels of FDI inflows. Third, the International Monetary Fund, often cited as a catalyst for promoting foreign investment, actually deters multinationals from investment in countries under IMF programs. Even after controlling for the factors that lead countries to seek IMF support, IMF agreements are associated with much lower levels of FDI inflows.