

*Abstract*

This paper examines the role played by foreign direct investment (FDI) in economic development and trade strategies following the North American Free Trade Agreement (NAFTA). The process of global competition parallels the process of domestic competition. In the context of world economy, foreign direct investment is a part of the competition between producers within and across industries. A theoretical attempt is made to explain the behavior of multinational corporations (MNCs) with respect to their investment strategies and impact of FDI in a liberalized North American market.

Roy W. Shin  
Professor  
School of Public and Environmental Affairs  
Indiana University  
Bloomington, IN 47405