Table 1
Studies of investment patterns: U.S. direct investment abroad.

Study	Method/(Data)	Estimates
Hartman (1981)	Time series, aggregate US investment financed by retained earnings, 1965-79. (BEA annual; 15 years.)	1.4 elasticity with respect to after-tax earnings, and -0.66 elasticity with respect to domestic after-tax returns.
Bond (1981)	Responses to Puerto Rican tax holidays, SIC 2342, 1949-72. (Labor Dept. survey; 152 firms.)	Significant effect of losing tax holiday on firm's decision to exit the industry.
Frisch/Hartman (1983)	Cross section, US investment aggregated by 15 industries, 1972. (SOI aggregates, 16 countries.)	-0.26 elasticity of subsidiary assets to local tax rates.
Boskin/Gale (1987)	Time series estimates of aggregate FDI out of the US, 1965-84 (BEA annual; 20 years.)	1.2 elasticity with respect to after-tax return for FDI financed by retained earnings.
Newlon (1987)	Time series estimates of aggregate FDI out of the US, 1953-84 (Corrected BEA data; 32 years.)	US and foreign after-tax returns influence FDI financed by retained earnings.
Grubert/Mutti (1991)	Capital demand by US affiliates in cross section, manufacturing only, 1982. (BEA benchmark; 33 countries.)	-0.11 elasticity of capital demand with respect to local tax rate.
Harris (1993)	Foreign investment as fraction of total investment by US multinationals, 1984-90. (Compustat; 36 firms.)	Firms with higher cost of capital in US after 1986 shift investment significantly toward foreign countries.
Hines/Rice (1994)	Capital demand by US affiliates in cross-section, 1982. (BEA benchmark; 73 countries.)	1% higher tax rates reduce capital demand by 3%.
Grubert/Slemrod (1994)	Demand for affiliates located in Puerto Rico. (Tax data; 4,099 firms.)	Firms with greater intangible assets more likely to have Puerto Rican affiliates.
Cummins/Hubbard (1995)	Investment Euler equations for unbalanced panel of foreign subsidiaries of US firms, 1980-91. (Compustat; 1,047 firms.)	1% higher after-tax cost of capital reduces annual investment by 1-2%.

Table 2
Studies of investment patterns: Foreign direct investment in the United States.

Study	Method/(Data)	Estimates
Hartman (1984)	Time series estimates of aggregate FDI into the US, 1965-79. (BEA annual data; 15 years.)	FDI financed by retained earnings responds negatively to higher US taxes.
Boskin/Gale (1987)	Time series estimates of aggregate FDI into the US, 1956-84. (BEA annual data; 29 years.)	-1.7 elasticity with respect to relative tax rates for FDI financed by retained earnings.
Newlon (1987)	Time series estimates of aggregate FDI into the US, 1956-84. (Corrected BEA data; 29 years.)	1.1 elasticity with respect to after-tax return for FDI financed by retained earnings.
Young (1988)	Time series estimates of aggregate FDI into the US, 1953-84. (Revised BEA data; 32 years.)	1.7 elasticity with respect to after-tax return for FDI financed by retained earnings.
Slemrod (1990)	Estimates of aggregate FDI into the US distinguished by investing country, 1962-87. (Adjusted BEA data; 7 countries.)	Higher US taxes significantly reduce FDI financed by new fund transfers; no effect of home country repatriation taxes.
Auerbach/Hassett (1993)	Cross sectional estimates of capital composition of US firms acquired by foreigners, 1980-90. (Compustat; 243 acquired firms.)	Acquirers eligible to claim FTCs exhibit no shift of demand toward equipment-intensive firms after 1986.
Swenson (1994)	Time series estimates of tax effects on new investments by industry, 1979-91. (BEA data; 18 industries.)	1.13 elasticity of investment with respect to tax changes around 1986.
Coughlin et al. (1991)	Location of new manufacturing plants within the US, 1981-83. (Commerce survey; 736 plants.)	Insignificant tax effects.
Ondrich/Wasylenko (1993)	Location of new plants within the US, 1978-87. (Commerce survey; 1,184 plants.)	-0.57 elasticity of location probability with respect to state corporate tax rates.
Hines (forthcoming)	Location of FDI within the US, distinguishing investments by tax regime of investing country, 1987. (BEA benchmark; 7 countries.)	1% higher state tax rates reduce investment by 10%.

Table 3
Studies evaluating effects of specific incentives/penalties.

Issue/Study	Method/(Data)	Estimates
Debt Finance:		
Collins/Shackelford (1992)	Preferred stock issuances by US multinationals subject to interest allocation (Fortune 100), 1982-89. (Compustat plus 10-Ks; 100 firms.)	Significant effect of foreign assets on proclivity to issue preferred stock after 1986.
Altshuler/Mintz (1995)	Location of borrowing by US multinationals subject to interest allocation, 1988-92. (Survey responses from 8 firms.)	1.7 elasticity of foreign indebtedness to interest allocation rate.
Froot/Hines (1995)	Borrowing and investment by US multinationals subject to interest allocation, 1986-91. (Compustat; 416 firms.)	50% interest allocation reduces annual debt accumulation by 5% and capital accumulation by 3%.
Hines (1994a)	Loans by US parent firms to foreign subsidiaries, 1984. (Aggregate tax data; 57 countries.)	Nonlinear effect of tax rates on parent loans to subsidiaries; strongest at low tax rates.
R&D:		
Hines (1993)	R&D by US multinationals subject to expense allocation, 1984-89. (Compustat; 116 firms.)	0.8-1.8 elasticity of R&D to after-tax cost (as affected by cost allocation).
Hines (1995a)	R&D by US and foreign firms subject to withholding taxes on royalties; 1987 and 1989. (BEA benchmarks; 43 countries.)	0.1-0.3 cross elasticity of R&D with respect to royalty withholding taxes.
Exports:		
Kemsley (1995)	Exports as a fraction of total foreign sales by US multinationals, 1985-92. (Compustat; 544 firms.)	Foreign-sourcing of export earnings generates additional $70 million of exports for firms with excess FTCs.
Bribery:		
Hines (1995b)	Location of aggregate US business activity after tax and criminal penalties imposed on bribe payments, 1977-1982. (BEA benchmark; 41 countries.)	Reduced US activity in corrupt countries equivalent to 6% annual declines in GDP.

Table 4
Transfer pricing studies.

Study	Method/(Data)	Estimates
Lall (1973)	Pharmaceutical imports in Colombia. (Government audits; 14 firms.)	Significant underinvoicing of imports in response to taxes and capital controls.
Jenkins/Wright (1975)	Profit rates of US oil affiliates, aggregate, 1966 and 1970. (BEA data; 10 country groups.)	Tax payments by US firms to oil-consuming countries only 1/3 of predicted.
Kopits (1976)	Royalties paid by US subsidiaries in developed countries, aggregated by country-industry, 1968. (SOI data; 14 countries.)	1% higher tax rate on royalties relative to dividends reduces royalties by 0.56%.
Bernard/Weiner (1990)	Differences between 3rd party prices and within-firm transfer prices for oil, 1973-84. (EIA transaction data; 77 country-year observations.)	No significant effect of tax rates on price differences.
Grubert/Mutti (1991)	Profit/equity and profit/sales ratios for US manufacturing affiliates, 1982. (BEA benchmark; 29 countries.)	1% higher tax rates reduce after-tax profit/equity by 0.26%.
Harris et al. (1993)	US tax liabilities of American multinationals with tax haven affiliates, 1984-88. (Compustat; 469 firms.)	Significant dummy variables indicate firms with haven affiliates have lower domestic tax liabilities.
Grubert et al. (1993)	US tax liabilities of foreign-owned affiliates in the United States, 1987. (Tax returns; 600 foreign firms.)	Observable variables explain only half of profit disparities between foreign-owned and US-owned firms in US.
Klassen et al. (1993)	Return on equity in US and 6 foreign regions, 1984-90. (Compustat; 191 firms.)	10% higher US pre-tax profitability of multinationals after 1986 tax reduction.
Hines/Rice (1994)	Profitability of US affiliates, controlling for capital and labor inputs, 1982. (BEA benchmark; 59 countries.)	1% higher tax rates reduce profitability by 2%.

Table 5
Studies of dividend payments.

Study	Method/(Data)	Estimates
Kopits (1972)	Dividends from foreign subsidiaries to US parents, 1962. (SOI cross-section; 18 countries.)	-0.4 elasticity of dividends to host-country tax rate.
Mutti (1981)	Dividends from foreign subsidiaries to US parents, OLS, 11 countries, 1972. (Tax returns; 4,446 firms.)	1% higher US tax rate on repatriated dividends reduces dividends by 0.75%.
Hines/Hubbard (1990)	Dividends from foreign subsidiaries to US parents, Tobit, 1984. (Tax returns; 10,606 firms.)	1% higher tax cost of dividend repatriation reduces dividends by 4%.
Altshuler/Newlon (1993)	Dividends from foreign subsidiaries to US parents, Tobit, 1986. (Tax returns; 3,116 firms.)	1% higher tax cost of dividend repatriation reduces dividends by 1.5%.
Altshuler et al. (1995)	Dividends from foreign subsidiaries to US parents, unbalanced panel, 1980-86. (Tax returns; 22,906 firms.)	1% higher *transitory* cost of repatriation reduces dividends by 0.3%; no effect of higher *permanent* tax costs.
Hines (1996)	Dividends from US multinationals to shareholders, 1984-1989. (Compustat; 505 firms. Also aggregate time series; 37 years.)	Foreign profits have three times the effect of domestic profits on payouts to shareholders.