Index

agriculture 145–6, 148, 161, 170
ASEAN countries 52–3, 76, 108, 127; see also developing countries
banking 185–6
Blomstrom, M. 42
Borensztein, E. 42, 151
Buckley, P. 18, 42–3
capital augmentation 43–7, 57–9, 62
capital formation 8–9, 19, 45
Casson, M. 18
Catalogue for the Guidance of Foreign Direct Investment Industries 185–6
Chang, L. 41
Chen, C. 41, 43, 152
Chinese government FDI policies
171–2, 185–90
income inequality and urbanization development 190
industrial structure of FDI 187–8
knowledge spillovers increase 188–9
and local land policies 148
market access and restrictions 185–6
processing trade 189
regional distribution of FDI 187
Clegg, J. 42–3
coastal region
effects of FDI, see interregional impacts of FDI on inland economy
inland comparisons 56–7, 60–61, 154, 165–9
migration to 27–8, 168, 184
shares of processing trade (2003–11) 87
collective action 99
competition 20, 21, 27, 79
factor markets and product markets 79–80, 188
Cross, A. 42–3
cultural industries 185
De Gregorio, J. 42, 151
de Mello, L., Jr 42
Dees, S. 41
demonstration effects 20, 46
developing countries 22–8, 99, 100–104, 151; see also ASEAN countries
domestic firms, see host economies, FDI impact on domestic investment 40
Dunning’s ‘OLI’ framework 18–20, 24, 28, 40, 52, 67, 100–101, 104–5, 121, 124, 146–7, 175, 182
E-commerce 186
economic development indicators by province groups 57
economic growth, impact of FDI on developing countries 22–3
inland provinces, see interregional impacts of FDI
regional, see regional economic growth
urbanization, see urbanization development
economic theories of FDI 15–19, 39–44, 121–4
education 105, 107, 111, 117, 186
employment creation 10, 11, 19, 100–101
labor mobility 20, 27–8, 68, 79–80
migration, see migration
skill intensity and inland income inequality 121–2
urbanization development 146, 147
endogeneity issues 51–5, 59–61, 75, 127–8, 157–9
export promotion 10–12, 189
impacts on income inequality 103–4, 105, 107, 111, 113–16, 179

Firman, T. 151
Foreign Direct Investment Catalogue for the Guidance of Foreign Direct Investment Industries 185–6 contribution
to capital formation (1992–2014) 8–9, 23, 45
to employment creation (1987–2014) 10, 11, 23
to export promotion (1986–2014) 10–12
to tax revenue (1992–2014) 9–10
goVERNMENT polICIES, see Chinese government FDI policies
ASEAN countries comparison 52–3
impact of, interregional 26–8
see also interregional impacts of FDI on inland economy 26–8
impact of, studies on 1–2, 41–3
impact on economic growth 62–3, 184
developing countries 22–3
see also regional economic growth impACT on income inequality 180–81
impact on urbanization development 25–6, 183–4
extant theories 145–53
‘OLI’ framework, see Dunning’s ‘OLI’ framework
sectoral distribution (1997–2014) 7–8
sources of 4–5
study
main issues 13–15
policy implications drawn from 171–2, 185–90
structure 29–32
summary 174–85
works on theory of 15–19, 39–44, 121–4

see also income inequality, urban–rural

Gangnes, B. 41
GDP (1980–2015) 14, 37
government policies, see Chinese government FDI policies
Guo, D. 152
Hamnett, C. 151
Heckscher–Ohlin model 24, 100
Hicks-neutral technological progress 47, 51, 72, 78–9
host cities, see urbanization development
host economies, FDI impact on 19–23, 38, 45–7, 51, 55–9
interregional impacts, see regional economic growth
Hu, H. 151
Huang, J. 152
Hymer, S. 15–17, 18
income inequality in developing countries 26–8, 99, 100–104
income inequality, urban–rural 65, 97–118
capital formation 100–101, 104
capital formation and 104–5, 107, 110–11
education 105, 107, 111, 117
employment creation 100–101, 105
Gini coefficient (2008–15) 97
government policies 190
income distribution 100, 102, 104–5, 111
international trade/trade liberalization 103–4, 105, 107, 111, 113–16
know ledge spillovers 99, 100, 101, 103–4, 111–13
living standards (1978–2014) 14, 97–8
and collective action 99
and other developing countries 26–8, 99, 100–104
study
aims and reasons 97–9
findings and contribution 116–18, 178–9
framework and empirical model 104–6
theories relating to 23–5, 100–104
Dunning’s ‘OLI’ framework 100–101, 104, 105
Kuznets inverted U curve 99, 100, 103–4, 105, 107, 110, 116–17
World Bank estimate (1997) 98
see also Foreign Direct Investment; interregional impacts of FDI on inland economy; interregional impacts of FDI on inland income inequality
industrial linkages 20–21, 27, 41, 80–81, 87–8, 121, 122
urbanization development and 147, 149–50, 165–6, 169, 170–71, 180–81
degrees of backwards/forwards 177–8
inland impediments 184
see also knowledge spillovers
industrial structure of FDI 187–8
industry sectors 75
infrastructure facilities 56–7, 155–6, 171
inland provinces
coastal comparisons 56–7, 60–61, 154, 165–9, 184–5
economic impacts of FDI, see interregional impacts of FDI on inland economy
income inequality, see interregional impact of FDI on inland income inequality
shares of processing trade (2003–11) 87
intellectual property rights 186
internalization advantage, see Dunning’s ‘OLI’ framework
international trade, impacts on income inequality 103–4, 105, 107, 111, 113–16, 179
interregional impacts of FDI on inland economy 64–93
data, variable specification, econometric issues 73–6
endogeneity problem 75
FDI stock in the coastal region, share of 74–5, 79
FDI stock in total capital stock 73, 79
instrumental variable regressions 76, 77–8, 81, 83, 85, 88, 90
other inland provinces, controlling for 75, 76, 79
empirical model 71–3
knowledge spillovers, estimates:
  inland economic growth competition and labor drain effect 79–80
domestic market stealing effect 80
industrial linkages, lack of 80–81, 87–91
levels of industrial development variables 81–6
levels of processing trade 86–91
results 76–9, 91–2
processing trade 66, 70, 74–5, 80–81, 86–91
study findings: overview 176–8, 179–80
study methodology
contribution and findings 66, 92–3
data and testing 66, 73
framework and empirical model 70–73
theories on knowledge spillovers 67–70
firm-level data studies 69–70
modern growth theory 68
provincial-level data studies 70
theories on urbanization development 149–53
urbanization development, see interregional impacts of FDI urbanization
see also interregional impacts of FDI on income inequality; income inequality, urban–rural; regional economic growth
interregional impacts of FDI on inland income inequality 119–40
data, variable specification, econometric issues 124–8
empirical model and estimation results 124–5, 128
endogeneity problem 127–8
FDI stock in other provinces 125–6, 131
FDI stock in total capital stock 125, 130–31
other inland provinces, controlling for 126–7
employment creation/skill intensity 121–2
international trade impacts 103–4, 105, 107, 111, 113–16, 179
knowledge spillovers 122, 131, 132–3, 136–7
Kuznets inverted U curve model 120, 121–2, 124, 126, 129
migration and income remittance 122–3, 135–7
regression results 128–37
costal and inland difference, estimation 133–4
first-stage instrumental variable models 130, 135
study
aims and reasons 119–20, 123–4
findings and contributions 138–40, 179–80
theory and literature 121–4
see also income inequality, urban–rural; interregional impacts of FDI on inland economy interregional impacts of FDI on urbanization coastal/inland comparisons 154–5, 184
regression results 162–4, 163, 165–9
theories on FDI flows 149–53, 184
investors 4–5
ownership advantages 40–41, 122
Jiang, S. 151
Kang, C. 151
knowledge spillovers 19–20
definition and processes 67–8
diffusion influences 176
demonstration effects 20, 46
government policies 188–9
income inequality and 99, 100, 101, 103–4, 111–13
interregional impacts of FDI 122, 131, 132–3, 136–7
macroeconomic consequences of 68–9, 75–6, 122, 150
provincial economic growth 51, 55, 57
regional economic growth 54, 60–61
regression results 128–37
coastal and inland difference, estimation 133–4
first-stage instrumental variable models 130, 135
Kuznets inverted U curve model 120, 121–2, 124, 126, 129
regression results 128–37
costal and inland difference, estimation 133–4
first-stage instrumental variable models 130, 135
Kuznets inverted U curve, applied to income inequality 23–4, 99, 100, 103–4, 105, 107, 110, 116–17, 180
inland urban–rural 120, 121–2, 124, 126, 129
labor mobility 20, 27–8, 68, 79–80
migration, see migration
land acquisition 148, 161
Lee, J.-W. 42, 151
Lipsey, R. 42
living standards 14, 97–8, 178
and collective action 99
location advantage, see Dunning’s ‘OLI’ framework
Luo, Q. 151
macroeconomic consequences of knowledge spillovers 68–9, 75–6, 122, 150
manufacturing 7–8, 66, 75
market access and restrictions 185–6
migration
higher pay 147, 149
inland to coastal 150, 184
statistics (2014) 168
push and pull forces 145–9, 149, 161–2
remittances and inland income inequality 27–8, 122–3, 135–7
rural to urban areas 99
multinational enterprises (MNEs)
16–26, 101, 121–2, 130–31, 146–9
ownership advantages 40–41, 122, 149
neoclassical growth models 22, 39
Ng, L. 41
Noy, I. 41
Index

‘OLI’ framework, see Dunning’s ‘OLI’ framework
ownership advantage 40–41, 122, 149
‘OLI’ framework, see Dunning’s ‘OLI’ framework

Pannell, C. 151
policies, see Chinese government FDI policies
Pradono, P. 151
processing trade
export policies 12, 189
inland provinces: interregional impacts of FDI 66, 70, 74–5, 80–81, 86–91, 165–6, 170–71
study findings 177–8
shares per province in total trade (2003–11) 87, 132–3

Qi, Z. 151
regional distribution of FDI 5–7, 187
regional economic development; see also host economies, FDI impact on
regional economic growth 13–14, 37–63
capital augmentation 43–7, 57–9, 62
coastal and inland comparisons 56–7, 60–61
empirical model 44–7
roles played by FDI 45–6
total factor productivity 46
FDI impacts
provincial level 49–55, 62–3
regional differences 55–9
theories/growth models 39–44
FDI stock in the coastal region 74–5
FDI stock in total capital stock 48, 51–4, 59–60, 79
government policies 187
host provinces’ economy/technology 38, 45–7, 51, 55–9, 62
knowledge spillovers 46, 51
estimation results 54, 60–61
instrumental variables 55, 61
studies on 39–44
local government land policies and 148
regression results and explanations 49–55, 57, 62
endogeneity issues 51–5, 59–61
first-stage instrumental variable regressions 55, 61
of production function: by region 58
study findings 61–3, 176–7
study methodology 29, 38–9
variables and data 48–9
see also interregional impacts of FDI on inland economy
research and development (R&D) 22, 56
technical transfers 23, 46
sectoral distribution of FDI (1997–2014) 7–8
Selvanathan, E. 41
Selvanathan, S. 41
services 7–8
Shanghai Pilot Free Trade Zone 186
Shi, Y. 151
Special Economic Zones (SEZs) 2–3, 65
spillover effects, see knowledge spillovers
Stolper–Samuelson theorem 24, 100
studies on impacts of foreign direct investment 1–2
Tang, S. 41
tax revenue 9–10
technologies
agricultural 148, 170
general purpose technologies 40
Hicks-neutral technological progress 47, 51, 72, 78–9
industrial structure of FDI 187–8
intellectual property rights 186
interregional imitation 68, 121–2
research and development (R&D) 22, 56
technical transfers 23, 46
technological progress, see regional economic growth
telecommunications 185
trade, international, impacts on income inequality 103–4, 105, 107, 111, 113–16
Foreign direct investment and the Chinese economy

trade, processing, see processing trade
Tuan, C. 41

urban–rural income inequality, see
interregional impact of FDI on inland income inequality
urbanization development 143–72
agriculture 145–6
decline 145–6
technologies and productivity 148, 161, 170
data, variables, model specification 153–9
city variables, controls 155–6
empirical model 156–7
endogeneity problem 157–9
FDI stock in other regions 154–5
FDI stock in total capital stock 153–4, 156–7, 158
interregional investigation 154–5, 182
economic structural changes 146–7
employment creation 146, 147
FDI flows, effects of 170–71
FDI flows, theories on impacts 25–6
interregional 149–53, 184
regional 145–9
studies on 151–3
government policies 190
host cities 153–4, 160–69
coastal and inland comparisons 165–9
estimation of impact of FDI 160–62
interregional impacts 162–5
industrial linkages 147, 149–50, 165–6, 169, 170–71, 180–81
degrees of backwards/forwards 177–8
inland impediments 184
knowledge spillovers 149–50, 165–6
land acquisition 148
migration 145–6
higher pay 147, 149
inland to coastal 150, 168, 184
push and pull forces 147–9
New Urbanization Plan 143
regression results 159–69
dynamic panel system GMM estimation 159–60
estimation results (2004–13) 161
impact of FDI on a host city 160–62
interregional estimations 162–4, 163, 165–9
spillover effects, interregional 168–9
study aims and reasons 15
data and analysis tools 152–3
findings and policy implications 144–5, 170–72
overview 181–4
urbanization rate (1980–2013) 143

Vernon, R. 17
Vu, T. 41
Walcott, S. 151
Wang, C. 42–3
Wang, X. 152
Wei, S. 42
Whalley, J. 42
Wu, Y. 48, 152
Xin, X. 42
Xu, X. 151
Yin, C. 151
Zejan, M. 42
Zhang, K. 151
Zhang, Y. 41
Zhao, B. 41