

DOES FOREIGN DIRECT INVESTMENT PROMOTE

____DEVELOPMENT?

EDITED BY THEODORE H. MORAN, EDWARD M. GRAHAM,

AND MAGNUS BLOMSTROM

WASHINGTON, DC APRIL 2005

Contents

Preface		χi
1	Introduction and Overview Theodore H. Moran, Edward M. Graham, and Magnus Blomstrb'm	1
1	Searching for Externalities and Spillovers	
2	The Impact of Inward FDI on Host Countries: Why Such Different Answers? Robert E. Lipsey and Fredrik Sjoholm	23
3	Disentangling FDI Spillover Effects: What Do Firm Perceptions Tell Us? Beata Smarzynska Javorcik and Mariana Spatareanu	45
4	Foreign Direct Investment and Externalities: The Case for Public Intervention Garrick Blalock and Paul J. Gertler	73
5	R&D Activities of Foreign and National Establishments in Turkish Manufacturing Asim Erdilek	107
6	Foreign Direct Investment and Local Economic Development: Beyond Productivity Spillovers Holger Gb'rg and Eric Strobl	137

7	Multinational Firms and Backward Linkages: A Critical Survey and a Simple Model Ping Lin and Kamal Saggi	159
Comment	Gordon Hanson Michael P. Keane	175 179
II	Impact of FDI on Host-Country Growth	
8	Does Foreign Direct Investment Accelerate Economic Growth? Maria Carkovic and Ross Levine	195
9	Inappropriate Pooling of Wealthy and Poor Countries in Empirical FDI Studies Bruce A. Blonigen and Miao Grace Wang	221
10	Intrafirm Trade of US MNCs: Findings and Implications for Models and Policies Toward Trade and Investment Susan E. Feinberg and Michael P. Keane	245
Comment	MarcJ.Melitz	273
III	Designing Policies to Capture Beneficial Effects	
11	How Does FDI Affect Host Country Development? Using Industry Case Studies to Make Reliable Generalizations Theodore H. Moran	281
12	China's Policies on FDI: Review and Evaluation <i>Guoqiang Long</i>	315
13	Is Africa's Skepticism of Foreign Capital Justified? Evidence from East African Firm Survey Data Todd J. Moss, Vijaya Ramachandran, and Manju Kedia Shah	337
Comment	Robert Z. Lawrence	367

IV	Conclusions and Implications for Policy	
14	Conclusions and Implications for FDI Policy in Developing Countries, New Methods of Research, and a Future Research Agenda Theodore H. Moron, Edward M. Graham, and Magnus Blomstrom	375
About the Contributors		397
Index		405