

***Foreign Direct Investment (FDI) In China:
A Politico-Economy Perspective
Prof. Jean-Marc Blanchard
(Tentative)***

COURSE DESCRIPTION, OBJECTIVES, AND PREREQUISITES

Description: This interdisciplinary course exploits readings and ideas from business, economics, international relations, and political science to deepen your general understanding of inward FDI (IFDI) into China, the dynamics of Chinese IFDI with respect to select industrial sectors such as the automobile sector, and the challenges faces multinational corporations (MNC) operating in China. Towards this end, we will examine topics such as the opening of China to foreign investors, China's evolving policies towards foreign investors, China's compliance with its WTO obligations relating towards IFDI/foreign MNCs, the relative power of China and foreign MNCs, and the economic, technological, and other impact of IFDI/foreign MNCs on China.

Objectives: The objectives of this course include: (1) creating a foundation for you to understand better IFDI/foreign MNCs in China as well as Chinese policies towards IFDI/foreign MNCs; (2) deepening your knowledge about IFDI/foreign MNCs in specific Chinese industrial sectors; (3) increasing your ability to use analytical concepts to analyze not only the relationship between China and IFDI/foreign MNCs, but also between MNCs and other countries; (4) enriching your critical thinking abilities; and (5) advancing your research, writing, and oral presentation skills.

COURSE REQUIREMENTS (*Note: all aspects are subject to change*):

(1) **Administrative (3%):** This consists of the submission of a fully completed, typed Student Data Form (SDF) and passport-sized photo, student survey, and a signed copy of a plagiarism pledge (CR/NC). All these materials will be emailed to you after the first class.

Note: You must submit these items by our second class in order to earn credit for them.

(2) **Attendance and participation (17%):** Attendance (7%) is mandatory. You have **one** pre-excused absence, but you cannot use it to change the deadline of any course tasks (e.g., assignments, exams, and presentations). You do not need to inform me when you want to use it. Otherwise, the only acceptable reason for an absence is a documented medical excuse. You will receive a reduced class attendance grade for every class missed and a greater missed class reduction when there are guest speakers.

Note: If you miss a class, it is your responsibility to obtain notes from a classmate. Hence, make a friend!

You are expected to participate (10%) **actively**. Active participation means frequent contributions to discussion, the asking or answering of questions, and involvement in course debates.

(3) Article summaries and presentations (15%): Later in the semester, depending upon a group to which you will be assigned, you will prepare one 3-page article summary (10%) on a reading selected by mutual consultation and give an accompanying 10 minute PowerPoint presentation (5%). “Guidelines Regarding Your Reading Summary and Associated Presentation” will be distributed on or about the second class.

Note: Article summaries that are poorly written will be returned, marked down for late submission, and require subsequent re-writing and resubmission. There are no make-ups for missed presentations.

(4) Final Paper preliminaries (15%): On Wednesday, October 19, you need to provide to me an abstract, rough 3-5 page double-spaced paper introduction, and a draft bibliography listing 10 academic journal articles, 20 mass media articles, and 10 other sources that you will use to prepare your paper.

(5) Final Paper (50%): Your final paper for the course is due via email and hard copy on Wednesday, December 7. “Guidelines Regarding Your Research Paper and Associated Presentation” will be provided on or about our second class.

GRADING, LATE ASSIGNMENT, AND OTHER RELEVANT COURSE POLICIES

(1) Grade: Generally speaking, excellent work in all aspects of the course is needed to earn an “A level” grade. Conversely, seriously inadequate or missing work will earn an F.

Note: If you wish to contest a grade, then you must do so in writing. “Guidelines for grade contestations” will be distributed on an “as needed” basis.

(2) Incompletes: Incompletes hurt your chances of graduating in a timely fashion and are unfair to your classmates. Hence, I do not grant them.

(3) Late Work Policy: *Unless otherwise noted*, late assignments, papers, and the like will be marked down 1 full letter grade per day in the absence of a documented medical excuse which must state you were unable to make an on-time submission.

Note: Please note that computer problems are not an acceptable excuse for missed deadlines. Furthermore, assignments, exams, and papers are not considered on time in the absence of a submitted plagiarism pledge and the receipt of your work in a form that can be submitted through plagiarism checking software—e.g., Turnitin—that I might use.

COURSE MATERIALS

The readings below will be made available through a China Studies Institute prepared course pack/reader. You also may be able to download some of the readings from your university library’s electronic journals databases and/or the internet.

CLASS SCHEDULE (Note: all aspects are subject to change)

1. Administrative: Course introduction, introduction of students and professor, and distribution of administrative forms (email); Content: China's opening to IFDI/foreign MNCs, the study of IFDI/foreign MNCs in China

Lee Branstetter and Nicholas Lardy, "China's Embrace of Globalization," In Loren Brandt and Thomas G. Rawski, eds., *China's Great Economic Transformation* (Cambridge: Cambridge University Press, 2008), chap. 16

Barry Naughton, *The Chinese Economy: Transitions and Growth* (Cambridge: MIT Press, 2007), select chapters

Chung Ming Lau and Garry D. Bruton, "FDI in China: What We Know and What We Need to Study Next," *Academy of Management Perspectives* (November 2008), pp. 30-44

2. Content: China's policies towards foreign investors; Administrative: Group assignments, distribution of "Guidelines for Your Reading Summary and Associated Presentation," distribution of "Guidelines for Your Research Paper and Associated Presentation."

Shaun Breslin, "Foreign Direct Investment in the People's Republic of China: Preferences, Policies, and Performance," *Policy and Society*, Vol. 25, No. 1 (2006), pp. 9-38

Françoise Nicolas, "China and Foreign Investors: The End of a Beautiful Friendship?" *Asie Visions*, Vol. 4 (April 2008)

Hui Huang, "The Regulation of Foreign Investment in Post-WTO China: A Political Economy Analysis," *Columbia Journal of Asian Law*, Vol. 23, No. 1 (Fall 2009), pp. 187-218

Yadong Luo, "From Foreign Investors to Strategic Insiders: Shifting Parameters, Prescriptions and Paradigms for MNCs in China," *Journal of World Business*, Vol. 42, No. 1 (March 2007), pp. 14-34

3. Content: China, the WTO, and foreign investors

United States Trade Representative (USTR), "2010 Report to Congress on China's WTO Compliance," <http://www.ustr.gov/about-us/press-office/reports-and-publications/2010/2010-report-congress-china's-wto-compliance>

Optional: USTR, "2009 Report to Congress on China's WTO Compliance," <http://www.ustr.gov/node/5996>.

Optional: USTR, "2008 USTR Report to Congress on China's WTO Compliance," <http://www.ustr.gov/node/4375/207,9/0>

4. Content: The drivers of IFDI; thinking about the power of MNCs; the power of China vs. foreign MNCs

Edmund Prater and Bin Jiang, "The Drivers of Foreign R&D investment in China," *Journal of Marketing Channels*, Vol. 15, Nos. 2 & 3 (2008), pp. 211-233

Jean-Marc F. Blanchard, "China, MNCs, and Globalization: Beijing and Microsoft Battle over the Opening of China's Gates," *Asian Perspectives*, Vol. 31, No. 3 (2007), pp. 67-102

Nathan Fagre and Louis T. Wells, Jr. "Bargaining Power of Multinationals and Host Governments," *Journal of International Business Studies*, Vol. 13, No. 2 (Autumn 1982), pp. 9-23

Yue-Man Yueng and Xiaojian Li, "Bargaining with Transnational Corporations: The Case of Shanghai," *International Journal of Urban and Regional Research*, Vol. 23, No. 3 (September 1999), pp. 513-530

5. Content: China and foreign automobile MNCs; Administrative-Group I reading summary presentation

Weidong Liu and Henry Wai-chung Yeung, "China's Dynamic Industrial Sector: The Automobile Industry," *Eurasian Geography and Economics*, Vol. 49, No. 5 (September-October 2008), pp. 523-548

Gregory W. Noble, John Ravenhill, and Richard F. Doner, "Executioner or Disciplinarian: WTO Accession and the Chinese Auto Industry," *Business and Politics*, Vol. 7, No. 2 (2005), <http://www.bepress.com/bap/vol7/iss2/art1>

Pei Sun, Kamel Mellahi, and Eric Thun, "The Dynamic Value of MNE Political Embeddedness: The Case of the Chinese Automobile Industry," *Journal of International Business Studies*, Vol. 41, (September 2010), pp. 1161-1182

Zhongxiu Zhao and Zhi Lv, "Global Supply Chain and the Chinese Auto Industry," *Chinese Economy*, Vol. 42, No. 6 (November-December 2009), pp. 27-44

6. Content: China and foreign High-Tech MNCs; Administrative-Group II reading summary presentation

Douglas B. Fuller, "China's National System of Innovation and Uneven Technological Trajectory: The Case of China's Integrated Circuit Design Industry," *Chinese Management Studies*, Vol. 3, No. 1 (2009), pp. 58-74

Ke Shao, "Software Protection in China: A Clip of The Post-TRIPS Expansionism of Intellectual Property," *International Journal of Private Law*, Vol. 2, No. 1 (2009), pp. 46-61.

Yuezhi Zhao, "China's Pursuits of Indigenous Innovations In Information Technology Developments: Hopes, Follies And Uncertainties," *Chinese Journal of Communication*, Vol. 3, No. 3 (2010), pp. 266-289

Yu Zhou, "Synchronizing Export Orientation with Import Substitution: Creating Competitive Indigenous High-Tech Companies in China," *World Development*, Vol. 36, No. 11 (Nov. 2008), pp. 2353-2370

7. Content: The impact of foreign MNCs on China, part I; Administrative: Final paper preliminaries

Adam Blake, Ziliang Deng, and Rod Falvey, "How Does the Productivity of Foreign Direct Investment Spill Over to Local Firms in Chinese Manufacturing," *Journal of Chinese Economic and Business Studies*, Vol. 7, No. 2 (May 2009), pp. 183-197

Jing Li and Changhui Zhou, "Dual-Edged Tools of Trade: How International Joint Ventures Help and Hinder Capability Building Of Chinese Firms," *Journal of World Business*, Vol. 43, No. 4 (October 2008), pp. 463-474

Xiaohui Liu and Huan Zou, "The Impact of Greenfield FDI And Mergers And Acquisitions on Innovation in Chinese High-Tech Industries," *Journal of World Business*, Vol. 43, No. 3 (July 2008), pp. 352-364

Masaaki Kotabe, Crystal Xiangwen Jiang, and Janet Y. Murray, "Managerial Ties, Knowledge Acquisition, Realized Absorptive Capacity and New Product Market Performance of Emerging Multinational Companies: A Case of China," *Journal of World Business*, Vol. 46, No. 2 (April 2011), pp. 166-176

8. Content: The impact of Foreign MNCs on China, part II; Administrative: Group III reading summary presentation

Ricky Y.K. Chan, "Corporate Environmentalism Pursuit by Foreign Firms Competing in China," *Journal of World Business*, Vol. 45, No. 1 (January 2010), pp. 80-92

Julan Du, Yi Lu and Zhigang Tao, "Economic Institutions and FDI Location Choice: Evidence from US Multinationals in China," *Journal of Comparative Economics*, Vol. 36, No. 3 (September 2008), pp. 412-429

David Floyd and John McManus, "The Role and Influence of Foreign Direct Investment on the Development Process: The Case of the Software Industry in Romania, China, India, and the Philippines," *Global Business and Economics Review*, Vol. 8, Nos. 1-2 (2006), pp. 119-132 [focus on China case study].

Ka Zeng and Josh Eastin, "International Economic Integration and Environmental Protection: The Case of China," *International Studies Quarterly*, Vol. 51, No. 4 (December 2007), pp. 971-995.

9. Content: foreign MNCs and operational issues relating to China; Administrative-Group IV reading summary presentation

Evi Hartmann, Edda Feisel, and Holger Schober, "Talent Management of Western MNCs in China: Balancing Global Integration and Local Responsiveness," *Journal of World Business*, Vol. 45, No. 2 (April 2010), pp. 169-178

Mingu Kang, Xiaobo Wu, and Paul Hong, "Strategic Outsourcing Practices of Multi-national Corporations (MNCs) in China," *Strategic Outsourcing: An International Journal*, Vol. 2, No. 3 (2009), pp. 240-256

Marcus Matthias Keupp, Angela Beckenbauer, and Oliver Gassmann, "How Managers Protect Intellectual Property Rights in China Using De Facto Strategies," *R&D Management*, Vol. 39, No. 2 (March 2009), pp. 211-224

Maria Lam, "Primary Title: Beyond Credibility of Doing Business in China: Strategies for Improving Corporate Citizenship of Foreign Multinational Enterprises in China," *Journal of Business Ethics*, Vol. 87 (April 2009), pp. 137-146

10. Content: Final paper presentations, Group I

11. Content: Final paper presentations, Group II

12. Content: Final paper presentations, Group III

13. Content: Final paper presentations, Group IV

WEDNESDAY, DECEMBER 2-FINAL PAPERS DUE VIA EMAIL AND HARD COPY