

Comments and Discussions

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This paper is making survey on R&D and FDI during the period of rapid economic growth in China. Based on R&D for color TV, the author has concluded that technology level in China is not necessarily improved through FDI contrary to the usual understanding: China could get new technology through opening domestic market to foreign companies.

The author points out the low profit in Chinese consumer-electronics industry due to undeveloped parts industry. The author also argues that the rapid introduction of FDI is partly responsible for this situation through destroying the incubator mechanism in Chinese makers. Finally, the author refers to (1) importance of cooperation between Chinese government and makers to promote R&D effort for industry, (2) necessity of improvement in management, and (3) establishment of the mechanism for the diffusion of advanced technologies.

Furthermore, this paper related China's low R&D expenditure to politically induced increase of income distribution toward labor. This policy resulted in low rate of depreciation allowance in not accounting procedure but also actually attained depreciation.

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