

Comments&Discussions

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Professor Wu is strongly interested in potential of the western region as a recipient of foreign direct investment (FDI). This research started from performing regression analysis to investigate the determination of FDI following to the popular methodology in this field. The empirical analysis employed several variables which could stand for market related factors, industry related factors, trade factors, human capitals and so on respectively based on the data of 30 provinces, municipalities and regions between 1998 and 2002. Then those explanatory variables are factored by means of principal component analysis. The result of the cluster analysis has successfully proved that extracted variables can categorize the 30 regions to four regions.

Needless to say the western regions has several economic disadvantages as a location for FDI compared with the coastal regions. Issues related regional income disparities is attracting strong social interest recently. Therefore, it is most desirable to estimate an effect wages for the location choice of FDI. However, this paper is not successful enough in this aspect, possibly because people can move from the west region to the coastal region as is pointed out by the author.

Labor migration is surely one of the most popular phenomena in the process of rapid economic growth. This paper had touched this point and gave us a clue to a new direction for the research on FDI.

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