

Abstract

Chapter 2: Meta-Analysis of Intra-Industry FDI Spillovers: Updated Evidence The present paper conducts a meta-analysis of literature on intra-industry productivity spillovers from foreign direct investment. Apart from the traditional approach, robust meta-regression, random effects model, and probit meta-regression are employed. Results of combined significance analysis are mixed but it is apparent that papers published in leading academic journals tend to report rather insignificant results. Our findings suggest that cross-sectional and industry-level studies are likely to find relatively strong spillover effects, and that the choice of proxy for foreign presence is important. The pattern, however, seems to weaken over time. Contrary to previous studies, evidence for publication bias was not detected. JEL Classification C42, D62, F21, F23, O3

Keywords Meta-analysis, Productivity spillovers, Technology transfer, Foreign direct investment, Multinational corporations

Chapter 3: On the Determinants of Foreign Direct Investment Incentives This paper examines the microeconomic motivation of governments to provide tax incentives for foreign direct investment. Author applies the classical models of oligopoly to subsidy competition, endogenising investment incentives, but leaving tax rates exogenous. According to the conventional wisdom, subsidy competition leads to overprovision of incentives. This paper suggests that, in the oligopolistic framework, supranational coordination can either decrease or increase the supply of subsidies. Further, in the setting of subsidy regulation, the host country's corporate income tax rate has an ambiguous effect on the provision of incentives. JEL Classification F12, F21, F23, H25, H71, H87

Keywords Investment incentives, Subsidy competition, Productivity spillovers, Oligopoly, Foreign direct investment, Multinational corporations

Chapter 4: Subsidy Competition for FDI: Fierce or Weak? The objective of this paper is to empirically assess the recently introduced models of subsidy competition based on the classical oligopoly theories, using both cross-sectional and panel data. Three crucial scenarios (including coordination, weak competition, and fierce competition) are tested employing OLS, iteratively re-weighted least squares, fixed effects, and Blundell-Bond estimator. The results suggest that none of the scenarios can be strongly supported—although there is some weak support for cooperation—, and thus that empirical evidence is not in accordance with the tested models. Further, it seems that by means of FDI incentives countries try to compensate foreign investors for high wages and low productivity of their citizens. JEL Classification C21, C23, F21, F23, H25

Keywords Panel data, Investment incentives, Foreign direct investment, Subsidy competition