

Foreign Direct Investment and Urban Growth in China

LEI WANG

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This book examines the causes that give rise to the pattern of FDI in China, especially since early 1990s. It argues that the dynamics of FDI inflows in China, characterized most importantly by a sectoral skew towards manufacturing and to a much lesser extent real estate, has resulted from the entrepreneurial orientation of the local states to maximize short-term economic and revenue growth by favouring manufacturing FDI over domestic capital, which was in turn driven by the reforms of the fiscal system (1994) and the urban land use and housing management system (1998).

Although Lee Wang's book provides interesting information and discussion of the effects of these reforms, which are clearly significant, the author may have overestimated their impact on the FDI pattern. The dominance of manufacturing-related FDI can be explained by the simple logic of comparative advantage and the technological and informational advantages of foreign capital over domestic capital at the development stage where China has found itself in the recent past. The hike starting from 1992 is arguably as much as a result of the extra effort by local states to attract FDI in anticipation of the 1994 fiscal reform, which the author emphasizes, as the widely acknowledged deepening of China's opening-up and reform following the "Southern Tour" by the paramount leader Deng Xiaoping in 1992 and the decision in 1993 by the government to adopt a model of "Socialist Market Economy." Likewise, the increased inflow since the beginning of this century can be partly attributed to the WTO accession in 2001.

The book provides generally good-quality discussion and analysis. Chapter one identifies the two key indicators used to describe the FDI pattern, namely the ratio of FDI to fixed asset investment (referred to as "investment index") and the average size of projects capitalized by FDI (called "size index"), and provides an insightful analysis of this pattern. Chapter two then highlights the parameters of local state entrepreneurialism and its underlying political economic motivations in terms of the reforms mentioned earlier. Chapters three and four then demonstrate contrasting practices by local states towards land use by manufacturers and real estate developers. Chapter five further presents regional variation of local state entrepreneurialism and its changing trends over the time. The conclusion chapter offers critical comments on the lack of sustainability of the Chinese urban growth dynamic and its wider consequences.

The author has succeeded in setting the discussions in the right theoretical contexts. For instance, the author's analysis of the linkage effects of FDI is preceded by a discussion of the linkage effects in economic development in the development economics literature (p. 83). As a whole, the book demonstrates substantive knowledge of the development economics literature, as well as the Chinese case.

Some of the analysis could be challenged. For example, fixed assets are used as a proxy of land area occupied by manufacturing firms (p. 78), which is not really reliable. Figure 5.1 does not incorporate the key dynamics of the contrasting land policy towards manufacturing and non-manufacturing firms (p. 92).

As for sources, Wang draws mainly on official statistics and makes extensive use of official documents, with a majority of the data series ending in 2006. Some data is new and revealing. For instance, the author presents an analysis of the ratios of gross land granting premium to local budgeting revenues across the three Chinese

regions (p. 98). The highest is 64.3% in 2003 for the eastern region, which is extremely high and shows how significant this stream of revenue had become to the local finance. In terms of research methodology, this book relies almost exclusively on desk review of the literature and official documents and the critical analysis of the official statistics. There is limited first-hand data.

This book certainly represents a valuable addition to the expanding literature on the dynamic of urban development in China. It could be used as supplementary reading for students on postgraduate courses of Chinese studies, especially for urban development or the pattern and impact of foreign direct investment in China. It also makes a useful contribution to the general field of urban studies, especially regarding the interaction between global and local forces.

LE-YIN ZHANG

Multinational Retailers and Consumers in China: Transferring Organizational Practices from the United Kingdom and Japan

JOS GAMBLE

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China's recent prosperity has created a vast new class of consumers, as globalization has transformed the high streets of its cities and towns. Before 1992, foreign companies were largely excluded from China's domestic retail market. However, with entry into the WTO in 2001, overseas retailers from many Western as well as Asian countries have flooded into the PRC. This demarche has transformed consumer choice, as it has reformed what was previously a drab state-dominated sector into a brash competitive one. Retail sales are estimated to run to over 17 trillion yuan (US\$2.58 trillion) in 2011.

The main author of a new book on this fascinating topic is Jos Gamble, a professor of international business at Royal Holloway, University of London, assisted by Qihai Huang, a senior lecturer at Lancaster University, who wrote a couple of the chapters. The study was mainly financed by the Economic and Social Research Council (ESRC)/Arts and Humanities Research Council (AHRC), as part of the "Cultures of Consumption" programme. The project deals with UK and Japanese multinational retailers now spreading their wings in the Chinese market.

The work is divided into ten chapters. It starts with an instructive introduction, followed by a contextual description of China's retail sector. After this, human resources management practices in the sector are set out, then shop-floor perceptions of employment practices at a UK-owned store in China. Next, transferring organizational practices across the waters is dealt with, followed by a look at how this occurs in Japanese retail multinational corporations (MNCs). After this, the authors look at whether "McJobs" or skills-based jobs are created, followed by a chapter on "one store, two employment systems." Next, what is described as the "rhetoric of consumer control" is discussed. Last, a set of concluding comments are presented.

This study draws on detailed case-studies, based in the workplaces of the multinational retailers concerned, vis-à-vis the literature in the social science fields relevant to the subject. The methodology is based on extensive interviewing, survey questionnaires and participant observation over many years (pp. 7 ff).