

Abstract

**Title: The Influence of Region's Political Power in Central Government on
Regional Foreign Direct Investment in China after 1997**

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Key Words: Foreign Direct Investment, China, Political Power, Dummy Variables,
Region

Since the implementation of opening policies in 1979, China has increasingly utilized overseas funds actively to accelerate industrialization and industrial promotion. From the beginning of the "Open Door" policy in 1979 to 2006, China has received \$882.038 billion in foreign direct investment (FDI). Indeed, China is the largest developing country of FDI.

As a matter of fact, numerous political and economic reasons will attract FDI. This paper uses political power as a new variable that no one has considered it as a political factor of determining FDI before. Panel data analysis is adopted because this paper aims to examine the determinants of FDI distribution across provinces and over time. Therefore, this paper adopts panel data analysis. According to regression model, political power actually affects FDI positively but the effect of influence is decreasing in course of time. However, this paper specially investigates the impact of political power on FDI that no one has discussed before so this paper can be regarded as a complementary paper in studying FDI.