

GEOGRAPHY AND THE RESEARCH ON CONTEMPORARY CHINA

Introduction to the Special Issue

FOREIGN DIRECT INVESTMENT, INNOVATION AND REGIONAL ECONOMIC DEVELOPMENT IN CHINA

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China: the contradictions

China attracts the interest of geographers for several reasons: it is the country with the largest population worldwide, it has been growing at tremendous rates for decades, and it is a country of huge diversity that has been shaped by a long and changing history (BRANDT and RAWSKI 2008; VEECK et al. 2007). However, research on China is a difficult undertaking. This is not only because of a lack of specific theories and an abundance of obstacles towards carrying out empirical investigations, but also due to a number of more subtle barriers facing economic geographers in their efforts to spread the word about China to students and to the public. One of the most important obstacles standing in the way of an empirically informed and academically sound debate is the vast amount of information that is constantly discussed in the public media, along with the public perceptions that are often repeated but seldom questioned.

Public attention is not a bad thing in itself, as a focus on China's development is absolutely necessary for the democratic societies in Europe and North America, and it helps to secure funding for academic research on China. It does have a downside, however: the public media tend to simplify and exaggerate. One important simplification is rooted in the fact that the public media usually address a nationally coherent public readership that shares a common background concerning their understanding of what a country is and should be, and how it should function. But regardless of whether we look at American media or the national media of European countries, they all largely fail when it comes to understanding the size of China, the

extent of disparities that exist within China, and how this affects the way we must understand and interpret information. National averages tell us little about reality, and location is an important factor (cp. The World Bank 2009). To judge the state of development of China from what we see in Beijing or Shanghai, however, would be equally wrong. China needs a much more differentiated view or it will not be properly understood.

Exaggeration is one logical result of simplification. Public media often pick out the cases of very prominent Chinese companies when they write about the economy. Extreme cases exist in every country, for example the very innovative firms, the very large ones, the fast growing ones etc. However, in the case of China, the extreme cases tell us little about the rest. If we only regard the top cases, we may believe, for example, that China is just about to become 'the world's top innovator'. Phrases like this have been used many times without paying enough attention to the diversity among firms and particularly those that are far from becoming innovative (e.g. Thomson Reuters 2010; PECHT 2007, 242).

As a result of simplifications and exaggerations, China appears to be characterized by fundamental contradictions. China is said to be a top innovator, but at the same time it is regarded as a developing country that still relies on low-tech manufacturing. Green technologies are booming in China, while on the other hand, fundamental environmental concerns seem to remain neglected. Rapid urbanization is taking place and China's global players in business are shaping world markets, while millions of rural residents are cut off from most facets of modern life. China seems to be a strong state with

skilled and confident government officials, but at the same time the state is too weak to enforce existing laws and regulations fully.

Geography and the research on China

It is a natural desire to solve these contradictions by finding out which position or finding is 'true'. In fact, all the statements are equally true, since China is large and diverse. What is true for locations such as Shanghai or Beijing is, in most cases, inapplicable to all places in the interior provinces and vice versa (cp. DAHLMAN and AUBERT 2001, 43).

Much misunderstanding about China's current state of development stems from a failure to account for the country's size, and internal differentiation calls for a geographically informed analysis. In fact, without a geographer's perspective, contemporary China will never be fully understood. However, "geographic approaches that focus on people and places by employing various scales of analysis [can be] used to examine and determine the many features of [China's] change" (VEECK et al. 2007, 1). For example, research on regional inequality in China has uncovered multi-scales of regional inequality and multi-facets of regional development (e.g., WEI 2007). The substantial regional differences existing in China also call for the nuanced analysis of development issues.

Nevertheless, the geographer's view alone may not guarantee a non-biased analysis. Scholarly work is always affected by commonly shared theories and concepts and by a methodology that leads us to focus on specific points but which leaves others under-researched. With respect to research on China, an important filter that affects scholarly work may be the 'Western perspective' (YEUNG and LIN 2003). Most theories that deal with innovation and regional-economic restructuring have been developed in the West, and some of their implicit internal assumptions hold true only in Western countries. One example is the way in which a company operates in a market economy. When applied to China, these concepts may yield few results. The Chinese approach towards innovation is more top-down and centrally directed than the Western approach, effecting China's rapid rise and direction in innovation and creativity (SCHWAAG SERGER and BREIDNE 2007). Another example is the term innovation, which seems to be narrowly defined when used in Western countries, but much more open when used in the context of China. This affects, among other things, the comparative interpretation of survey data.

The theme issue

This special issue attempts to avoid these traps by combining the perspectives of economic geographers from the U.S., Germany and China. Reading the complete special issue – which we highly recommend – may at least ensure that readers develop an understanding that is not affected by the hidden content of the individual backgrounds involved.

This special issue brings together five contributions that draw on recent empirical research in China. All authors involved have a strong background in empirical research on China and other Asian countries. All articles are based on a thorough conceptual discussion that is backed up with rich empirical information. The special issue is consistent with respect to the core aim of its contributions: they all use the perspective of economic geography and focus on the relationship between innovation, investment and regional economic development. The industry focus is on electronics, and specifically ICT, ensuring comparability of the underlying industry-specific conditions.

HAO HUANG and YEHUA DENNIS WEI analyze locational patterns and determinants of foreign direct investment in China. They take a fresh look at the FDI distribution at the macro-level and at the micro-level of clusters, highlighting the most important determinants of FDI distribution over China, partly drawing on earlier work by WEI and LEUNG (2005) and WEI et al. (2010).

DANIEL SCHILLER takes a close look at differences between the roles of domestic and foreign-invested companies in regional innovation systems. He shows that foreign-invested firms have a stronger strategic focus on innovation, directly highlighting one source for continuing diversity among firms in the Pearl River Delta.

GANG ZENG, INGO LIEFNER, and YUEFANG SI discuss the example of Zhangjiang High-tech Park in Shanghai in the context of FDI and knowledge transfer. They show that high-tech parks in China differ from peers in the West in that they place emphasis on serving as hubs for regional-economic integration and upgrading. Fostering innovation, however, is not the main function of Zhangjiang.

One of the core questions of knowledge transfer to China concerns the role of inter-firm cooperation. This is the topic of the article by YIFEI SUN and YU ZHOU. Based on a careful analysis, they provide detailed information about the real effects of cooperation and the role of company characteristics, thus discussing evidence complementary to results published elsewhere (ZHOU et al. 2011).

The emerging research tools developed in the field of network theory are used by STEFAN HENNEMANN to assess the role of multinational corporations in China's science and technology networks. He confirms that affiliates of foreign firms hold central positions in Chinese networks regardless of the spatial scope of the networks examined. His article highlights how new methods and perspectives take analysis beyond published evidence (LIEFNER et al. 2006) and enrich the academic debate on diversity in China.

The coherence of the five articles in this special issue could not have been achieved without substantial support for workshops and conferences that facilitated discussion between the authors involved. In particular, support from the Alexander-von-Humboldt Foundation, Germany, grant number 3.1 – TCVERL – DEU/1131699, helped to prepare this special issue. The funding was used to sponsor conferences in Shanghai and Giessen, Germany. The most important discussion was that which took place at a workshop on “The Impact of Transnational Corporations on Innovation and Regional Development in China”, held at the East China Normal University in Shanghai, China, on August 13, 2009. This workshop was co-sponsored by the “Foundation of the National Program ‘Project 211’”, East China Normal University”, and the Ford Foundation, USA.

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