

RESEARCH PROJECTS 2015

Project Title

Place-based Policies, Innovation and Entrepreneurship: Evidence from China's Economic Zones

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Abstract

The proposed project will compile and analyze data to examine the micro-impact of a prominent place-based program in China - the Economic Zone: implementing special policies in an area within a jurisdiction, the goals of the zones are to increase foreign direct investment (FDI), domestic investment, international trade, technological cooperation and innovation, and employment. We plan to exploit a natural experiment in the establishment of China's economic zone. Using firms as the unit of analyses, we aim to answer two questions. First, does the zone program boost firms' investment, employment, innovation and productivity? Second, what characteristics of targeted localities and programs are effective in promoting local entrepreneurship and technology progress? The findings of the project shed light on how place-based policies help nurture innovation and entrepreneurship in developing countries. This greatly complements the existing literature, which has focused on the impact of such policies in the United States and in Europe.

