

**GROWING CONCERN AND HOSTILITY ABOUT CHINESE FOREIGN DIRECT INVESTMENT IN THE U.S.:
AN HISTORICAL PERSPECTIVE**

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ABSTRACT

Heavy infusions of foreign direct investment (FDI) from overseas multinational corporations (MNCs) can produce xenophobic reactions in target countries. The concern is that inward FDI may lead to economic and even political domination by investing companies and their governments. Recent examples include the European reactions to heavy USFDI in Europe during the 1960s, the U.S. reaction to inward Japanese FDI in the 1970s, and the current U.S. reaction to Chinese capital inflows into the U.S. It is the position of this paper that hostile reactions to inward FDI are typically exaggerated and, if translated into public policy induced capital barriers, can threaten the economic benefits of the free movements of capital across international borders.

Keywords: *Foreign Direct Investment, Multinational Corporations, FDI Spillovers, Xenophobia, Principles of Openness and Neutrality*