ALL THE RELEVANT INFORMATION ON FOREIGN DIRECT INVESTMENT IN ONE BOOK PUBLICATION

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Černá, I., Müller, D., Štěrbová, L. Foreign Direct Investment and Investment Policy

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For already over a hundred years, several schools of economic thought, such as the Neo-classical or Austrian economics, have considered investment and not consumption to be the main engine of economic growth (the growth of production capacities in an economy). The constant increase in mutual dependence and interdependence of major economies, observed since the 1960s–1970s, has led to a gradual transformation of private and public sector's investment activities into the ever-growing flows of cross-border investment. Foreign direct investment has become the main instrument of reducing production costs, acquisition and transfers of technology / know-how / brands and other tangible and intangible assets, and for the growth of companies' turnover, which, starting from the 1990s, has resulted in the emergence of global value chains (the new, global allocation of production, which Richard Baldwin labelled as 'second decoupling').

It is to no surprise that the above-described development, which can have strong positive as well as negative impacts on economies, has started to attract the attention of numerous economists and policy makers. Nevertheless, at present time, the world has neither a multilateral investment framework (no equivalent to the multilateral trading system incorporated by the World Trade Organization, WTO, in 1995), nor enough comprehensive quality research studies or textbooks analysing and presenting to the reader in an accessible form the topic of foreign direct investment. The academic staff of the Department of International Business at the University of Economics in Prague (Czech Republic) together with economic diplomats of the Czech Republic, have decided to close this gap with their new book publication, "Foreign Direct Investment and Investment Policy", in which they summarize several years of research into the matter in question.

The monograph is a relatively concise but deep analysis of the phenomenon of foreign direct investment in the 21st century covering the following aspects: its definition, different approaches to classification, the role and effects of foreign direct

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investment on both host and home economies (Chapters 1–2), a detailed examination of international investment regimes (of the existing inter- and supranational legislation) (Chapter 3), an analysis of investment policies (stressing liberalism and protectionism as the two principal approaches), theory and practice of investment incentives provided by governments (exemplified on data from the Czech Republic) and protection of investors (a small discussion) (Chapters 4–6), and finally, the main trends in the evolution of foreign direct investment in the world, in the European Union and in the Czech Republic in the 2000s (detailed statistics presented by numerous figures and tables) (Chapter 7).

The chapters are comprised of theoretical information on each of the seven mentioned aspects and of up-to-date data on investment incentives and foreign direct investment flows and stock. The last three chapters include boxes with additional topics, for example, the theory and practice of offshore financial centres. Opinions presented in the monograph correspond to the current mainstream (orthodox) reasoning which is explicitly mentioned by the authors in Introduction and can be all assessed as prudent. Overall, the main value added of the book lies in a) a concise summary of most known classifications of foreign direct investment in one single text; b) a detailed analysis of its positive and negative effects in economies; c) an almost complete presentation of the existing international legal framework (the book is one of few publications in English explaining this aspect in such detail); d) a detailed overview of the tools of promotion and protection of foreign direct investment, and e) several case studies on investment in the world economy, in the European Union and in the Czech Republic.

As a certain weakness of the book, I would like to stress an unbalanced approach to the matter, where the first chapters offer a rather theoretical insight without any quantification (figures, tables or econometrics) nor detailed results of the most significant econometric studies in the field, whilst the last ones have a clearly different character (with the exception of Chapter 6), thus appearing to be better prepared to the reader. It is also a pity that the book does not include time series and their interpretation up to the most recent years 2016–2017, with most figures and tables ending with the year 2015, but it is most likely given by the standard lag in the publishing process of a monograph.

To sum up, one can conclude that “Foreign Direct Investment and Investment Policy” is a good study text and, above all, a substantial contribution to the ongoing scientific discussion on foreign direct investment and its importance for economies, as well as on its determinants and current trends. The book is easy to read for both academia and experts from the field (such as policy makers) and presents a good guidance for understanding the concept of long-term cross-border (direct) investment and its specifics in the first two decades of the 21st century.