

oreign Direct Investment, Urbanization and Urban-Rural Income Inequality:

Evidence from China

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Abstract

The results of this study suggest that FDI inflows have positive short-run effects and negative long-run effects on urban-rural income inequality in China. However, the positive short-run causal link between FDI and urbanization is indirect through the expansion of income inequality. Rapid urbanization contributes to income inequality in the long-run.

Keywords: Causality, FDI, Urbanization, Urban-rural income inequality

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