Preface

It is not news that the world is becoming ‘smaller’. The increased depth and breadth of economic, cultural and political integration has resulted in greater opportunities for individuals, firms, societies and governments to become and remain connected to others throughout the world. Although the pace of integration seems to be uneven – some describe the process as ‘lumpy’ – it is increasingly common to find firms and individuals who are located in geographically distant and culturally distinct locales doing business with counterparts that are located elsewhere in the world. Focusing solely on international economic integration, we can say that the scale, scope and pace of such integration is unprecedented and has resulted from three main factors: (i) the fall of barriers to trade and, hence, the increased flow of international trade in goods and services, (ii) the refinement of the global financial infrastructure and an accompanying rise in the risk-taking behavior of investors which have led to increased international investment, and (iii) the increased international migration of people.

A voluminous literature comprised of both theoretical works and empirical studies examines the effects of these factors and their interactions – particularly those involving international trade and the flow of capital – on the economic growth and development of different countries. The roles that international migration has played in terms of increasing efficiency in the utilization of scarce resources and in contributing to higher income levels in both the migrants’ source and destination countries are well established. Even so, research on the link between trade and migration and on the relationship between capital flows and migration is at its infancy. For example, while Gould’s (1994) study was the first to examine the immigrant–trade link, only in the past few years has the interaction between foreign direct investment (FDI) and migration been explored (for example, Kim, 2006; Murat and Pistoiesi, 2009). A shortcoming of the literature on the immigrant–trade link is that the available studies often focus on only one dimension of the link and/or the experiences of a few, mostly developed, immigrant host countries. Consequently, and corresponding with the increasing intensity of economic and social integration, public policy debates are being littered with rhetoric that is based on empirically unfounded reasoning regarding the role that immigrants play

in the economic growth performances of their host and home economies. A more detailed documentation of the consequences of the interaction of migration, trade and foreign investment is thus needed to enhance our understanding of the roles played by immigrants. Developing such an understanding, while focusing on the experiences of heterogeneous home and host countries, is particularly important for the formulation of both social and economic policies.

While the analyses presented here generally serve to extend the current academic literature and, by doing so, to enhance our understanding of the link between immigrants and trade, we would like to note that portions of the material we present are based on some of our previously published papers. Specifically, the information presented in sections 3.1 and 3.2 is from a paper published in the *Pacific Economic Review* (White and Tadesse, 2007). The material contained in Chapters 4 through 9 draw upon works we have published in *The Romanian Journal of European Studies* (White and Tadesse, 2009), the *International Journal of Tourism Research* (Tadesse and White 2011b), the *Open Economies Review* (Tadesse and White, 2010b), *The World Economy* (White and Tadesse, 2008a), the *Journal of International Trade & Economic Development* (White and Tadesse, 2010b) and the *North American Journal of Economics and Finance* (White and Tadesse, 2008b), respectively. The remainder of the book is comprised of new research. While not complete by any measure, the information provided here addresses our primary goal of cultivating a better understanding of the effects of immigrants on trade and, thereby, their effects on international economic integration.