Abstract

International factor movements have emerged as a topic of interest in international economics. This doctoral dissertation focuses on the movements of labor and capital, by empirically investigating the relationship between regional trade agreements (RTAs) and international migration, as well as the disentangling of the country–specific fixed effects for analyzing determinants of foreign direct investment (FDI).

Chapter 2 empirically analyzes the effects of deep RTAs on bilateral migration flows by estimating the structural gravity model for international migration. I find that deep RTAs in the visa–and–asylum policy areas strongly stimulate migration flows and those in the labor market regulation also tend to increase migration. In addition, the effects of various policy areas are different for North–South and North–North flows. Chapter 3 classifies 164 migration–related RTAs into several groups based on their contents of provisions by using a clustering method, and shows that the impact of RTAs on migration flows is actually heterogeneous by groups. The deep RTAs may or may not facilitate international migration, depending on the migration–related policy areas. Chapter 4 disentangles country–specific fixed effects in the structural gravity model for FDI using a new approach with the least absolute shrinkage and selection operator (Lasso), a machine learning (ML) method, to find the determinants of FDI on both host and source countries.

This doctoral dissertation contributes to the related literature by utilizing substantially enriched data and introducing ML methods to traditional empirical research. It shows the RTAs' various effects on international migration by considering South–to–North and North–to–North flows, as well as different policy areas. Furthermore, the clustering approach is an effective way of classifying RTAs, highlighting that the characteristics of different groups of RTAs are important in determining whether deep RTAs facilitate international migration or not. Lastly, in examining the determinants of FDI, the use of the Lasso selection technique with sufficient data proves to be a viable approach for addressing this issue.