

Multidimensional Connectivity: Why the interplay of international connections matters for knowledge transfers

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1. Introduction

Globalization often means different things to different people. For some, it's the large number of imported goods seen on store shelves. To others it's a social phenomenon that includes everyday exposure to wide variety of cultures, peoples, foods, products, and spoken languages. In major cities throughout the world it's perhaps most apparent, while in smaller towns or villages it may be less so. Regardless of where one is physically located, or how they observe globalization, the interconnectedness of the world is increasingly touching us either directly by the people we encounter or indirectly through the items we purchase or foreign firms that employ us.

Much of the empirical work done to date has recognized the importance of this openness for economic growth, including through trade, foreign direct investment (FDI), the internet (information, communications, and technology—ICT), migration, and other forms of connectivity (Dollar (1992), Sachs and Warner (1995), Ben-David (1993), and Edwards (1998), Frankel and Romer (1999), Javorcik, Smarzynska, 2004). While there are many nuances to the empirical findings, and questions remain regarding causality between outcomes and policies (Rodriguez and Rodrik, 2000), the association appears to be strong and intuitively appealing. Technologies embodied in goods, investments, and people, are likely to be transmitted across borders as long as the source and host countries are open and have the capacity to absorb these innovations. In other words, in addition to the gains from specialization that openness brings through each layer of connectivity, knowledge spillovers are also

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