Trade, Foreign Direct Investment and Immigration Policy Making in the US

Margaret E. Peters[*]

Yale University

Abstract

This paper argues that immigration policy formation in the US after 1950 can only be understood in the context of the increasing integration of world markets. Increasing trade openness has exposed firms that rely on immigrant labor to foreign competition and increased the likelihood that these firms fail. Increasing openness by other states to foreign direct investment allowed these same firms to move production overseas. Firms' choice to close their doors or to move overseas decreases their need for labor at home, leading them to spend their political capital on issues other than immigration. Their lack of support for open immigration, in turn, allows policymakers to restrict immigration. An examination of voting behavior on immigration in the US Senate

shows that the integration of world capital and goods markets has had an important effect on the politics of immigration in the US and shows little support for existing theories of immigration policy formation. In addition to increasing our understanding of immigration policy, this paper, thus, sheds light on how trade openness and firms' choice of production location can affect their preference for other foreign economic policies as well as domestic policies such as labor, welfare and environmental policies.

It is a fact that foreign workers will be harvesting the food we eat in the United States...they will either be doing it within our borders with our domestic food supply or they will be doing it outside our borders and shipping us a foreign-grown food supply –Tom Nassif, President, Western Growers Association[1]

Introduction

Business leaders have long understood that there was a trade-off between trade, the ability to move production overseas and immigration. Yet, the field of international political economy has largely ignored this trade-off and immigration policy more generally.[2] This is understandable given that, since World War II, policymakers have treated migration policy as domestic policy. After the War, policymakers, recognizing the interactions among trade, finance and security, forged a patchwork of interlocking international regimes to govern global security, trade, and finance in hopes of recreating the 19th liberal international order. Yet, apart from provisions to accommodate refugees, provisions governing international economic migration are conspicuously absent from the Anglo-American postwar order. Scholars studying migration have similarly conceptualized migration as domestic concern, focusing on three domestic-level variables to explain changes in policy: the power of organized labor, the importance of immigrant groups and the rise of nativism.

This domestic perspective, however, fails to explain US postwar immigration policy. Briggs, for example, argues that immigration policy has been driven by variation in the power of organized labor.[3] Yet, immigration was reopened somewhat after World War II when labor was relatively strong and was closed in the 1990s when labor was relatively

---

[1]Linden 2006, 16-17.

[2]For example, Keohane and Milner write that "Since labor moves much less readily across national borders than goods or capital, we have not considered migration as part of internationalization. ... in future work, serious attention should be given to including migration in the analysis of internationalization." Keohane and Milner 1996, 258. Lake's review of Open Economy Politics mentions "trade" 78 times, "capital" 12 times and "immigration" three times. Lake 2009. Oatley's critique of Open Economy Politics mentions tariffs, monetary and exchange rate policies and investment flows as part of OEP but not migration. Oatley 2011.

[3]Briggs 2001.

weak. Other scholars focus on immigrants as an important lobbying group.[4] Nonetheless, the foreign-born have never been more than 14% of the population and naturalized foreign-born, those who can vote, have never been more than 7% of the population, limiting their ability to affect politics.[5]

Finally, nativist backlash, which is often thought of as the conventional wisdom, has been argued to explain changes in policy.[6] Yet, nativist backlash has occurred several times in US history without leading to a change in policy. In the 1840s and 1850s, there was a major outcry against Irish and German immigration, which led to the creation of nativist parties, but not restrictions. Backlash against Southern and Eastern European immigrants in the 1890s again led to little action on immigration. Most recently, nativist backlash has led to some action on the state level, for example Arizona's SB1070 or Alabama's "Self-Deportation" law, but not at the federal level. Nativism is too ubiquitous a phenomenon to be the full explanation for immigration policy. Instead, I argue that we must examine when firms serve as a bulwark against nativism and when they choose to stay on the sidelines of the low-skill immigration debate.

This article argues that immigration policy — particularly policy towards low-skill immigration (henceforth, *LSIP*) — is largely driven by the economy's need for low-skill labor which, in turn, is affected by the country's trade policy and the ability of firms to move production overseas (what I term, *firm mobility*.) As our theories of trade tell us, trade closure leads to an increase in low-skill intensive production in low-skill labor scarce states, like the US, and a concomitant increase in wages. Without an increase in the labor supply, any advantage that firms gain from trade protection may be erased due to increasing wages. We expect, then, that firms lobby for liberalizing LSIP when trade is restricted. As firms tend to be powerful, LSIP should be relatively open. Similarly, when firms are immobile across international borders, because they are legally or technologically unable to move cap-

---

[4]E.g. Tichenor 2002.
[5]Carter et al. 2006, Grieco et al. 2012.
[6]E.g. Zolberg 2006.

ital or because there are few safe places for investment, their need for low-skill labor at home increases as does their support for LSIP.

In contrast, trade openness leads to a decrease in low-skill labor intensive production, reducing the need for labor and, in many cases, forcing businesses to close. Businesses that close no longer lobby the policymaker and businesses that remain open too have less incentive to lobby to policymaker for open LSIP as wages for low-skill workers have decreased. Similarly, when firms are mobile, because of open capital policies, new technologies, or greater investor protections from foreign governments, their support for LSIP decreases because of their outside option. Given the existence of groups who oppose LSIP, we expect that the policymaker will respond to less support for open LSIP by restricting it.

In this paper, I show how openness to trade and other states' openness to foreign capital affect LSIP through the lens of Senators' voting behavior on immigration after 1950. This case was chosen because, empirically, examining Senate voting allows us to establish causality. While trade and capital policy are likely to be endogenous to firms' and policymakers' preferences, I argue below that there are two measures — the level of tariff barriers and average world openness to capital flows — that US Senators had have little ability to control since World War II.[7] With the Reciprocal Trade Agreements Act, Congress tied its own hands on tariff policy. Tariff rates could now stay the same or be cut; they could not be increased. Trade was also opened using international institutions like the GATT/WTO, which help perpetuate trade openness far removed from the influence of US senators. The ability to move production overseas during this time period was largely driven by the decision of other countries to open their markets to FDI; again, something that was beyond the influence of a single senator.

Foreshadowing the results, voting on immigration in the post-1950 period can largely be explained by trade openness and the ability of firms to move overseas. There is little

---

[7]Prior to 1950, the changes in LSIP and senate voting behavior were driven by technological changes leading to the creation of a US national market, which had similar effects to the creation of the world market after World War II. Peters 2011.

difference in voting behavior based on the explanations in the literature, including the party or ideology of the senator, welfare spending, unemployment, GDP growth and the percent of foreign-born in her state.

For the immigration literature, this paper returns the focus to firms. Firms have often been conceptualized as having static preferences for openness.[8] This paper shows that firms' preferences can change based on their production strategies, competitiveness and locational choices. In a world of increasingly internationalized firm operations, understanding how endogenous locational choices by firms affects where and how they lobby is becoming increasingly important. This paper sheds light on this problem and suggests a theory for how the internationalization of firms may affect other policy areas, such as labor or environmental policy.

Moreover, this paper helps return focus to immigration policy as part of IPE. One of the key questions of IPE is why do countries open their borders to the free movement of goods and services, capital and people.[9] IPE scholars have long examined the determinants of trade policy[10] and have increasingly examined the determinants of policies towards capital in all its forms[11], but, except for a nascent literature on public opinion on immigration,[12] the third flow has been largely ignored.[13] This inattention is somewhat understandable given the youth of our field: migration, especially low-skill migration, has played a lesser role in the current era of globalization than it did in the 19th century.[14] But, this smaller role has been due to policy choices, especially those made by the largest immigrant receiving state, the US. To better understand globalization, then, we need a better understanding of why low-skill immigration has not been liberalized in the post-World War II era while trade from and capital movements to less developed states have been.

---

[8]Freeman 1995, Joppke 1998.

[9]Lake 2009.

[10]E.g. Alt and Gilligan 1994, Mansfield and Busch 1995, Milner 1988, Rogowski 1989.

[11]E.g. Frieden 1991, Quinn and Inclan 1997, Simmons 2003.

[12]E.g. Goldstein and Peters 2012, Hainmueller and Hiscox 2010, Hanson et al. 2007.

[13]Leblang and Singer would be the major exceptions to this. Leblang 2010, Singer 2010.

[14]Hatton and Williamson (2005).

Further, this paper is part of an important trend to bring the different areas of IPE together.[15] It highlights, then, that the choice of openness policies matter. While the economists are correct that any combination of openness of the three factors — people, money and goods — will have similar effects on the size of the economy and the return to factors, they miss the political effects of the changing composition of industry that arises. Opening trade and capital will lead those firms most reliant on low-skill labor to become more productive, move overseas or close their doors. As such, these firms will no longer lobby for LSIP and low-skill immigration will be restricted. The choice to open trade and capital, therefore, changes the political landscape, leading to changes in immigration policy and, likely, other areas of domestic policy as well.

Trade Policy, Firm Mobility and Support for Immigration

In this section, I examine how changes in trade policy and firm mobility affect firms' support for openness to low-skill immigrants and how this, in turn, affects policymakers' support for open LSIP. I argue that immigration policy towards low-skill workers and the policy towards high-skill workers should be studied separately; although, they often get bundled together conceptually and in legislation.[16] These policies target two different populations that are not interchangeable. Low-skill immigrants do not have the skills to take the place of high-skill immigrants and high-skill immigrants are unlikely to give up the wage premium that their skills provide them by taking low-skill jobs. Policy similarly is often used to target these populations; many countries have policies specifically targeting high-skill or low-skill workers. In general, when states are open to low-skill migrants they are also open to high-skill migrants but not vice-versa.[17]

Further, the flow of low-skill migrants is more politicized than the flow of high-skill

---

[15]E.g. Broz and Werfel 2013, Copelovitch and Pevehouse Forthcoming, Leblang 2010, Singer 2010.

[16]These policies are bundled together in one piece of legislation for the same reasons that there is omnibus legislation in other policy ares: fragmentation across committees, divided government and easy minority obstruction. Krutz 2001.

[17]Peters 2013.

migrants. Natives tend to have much more favorable views of high-skill immigrants than low-skill immigration.[18] Nor do these preferences seem to be a new feature of politics. In the US, for example, most of the anti-immigrant sentiment has been targeted towards the least skilled migrant group: the Irish in the 1840s, the Chinese in the mid-1800s; the, Southern and Eastern Europeans at the turn of the last century and Hispanics today. It is, therefore, politically easier for a politician to support a more open policy towards high-skill immigrants than to low-skill immigration.

While beyond the scope of this paper, the politics of high-skill immigration may also be affected by trade openness and firm-mobility as many high-skill occupations are highly off-shorable.[19] However, there is less opposition to high-skill immigration and governments may favor high-skill immigration given these immigrants' contributions to the tax base.[20] Therefore, even if there is less support for high-skill immigration from firms, high-skill immigration may remain open.

Finally, while high-skill immigration gains more attention from the media, low-skill immigration is, arguably, more important. The vast majority of all potential immigrants have been low-skill workers.[21] Moreover, studies have shown that the migrants' remittances lead to better outcomes for their families and communities and that increased low-skill migration would greatly increase both developing nations' and world income.[22] Given the benefits of low-skill migration, we should be interested in why low-skill immigration is so restricted in most wealthy states, including the US, today.

While I examine US policy towards low-skill immigration in the empirical section, the argument below applies to any low-skill labor scarce state; although, these states' policies may not "look" like US LSIP.[23] First, there are different ways to restrict LSIP. For example,

---

[18]E.g. Goldstein and Peters 2012, Hainmueller and Hiscox 2010.

[19]Blinder 2007.

[20]Medina 2011.

[21]Hatton and Williamson 2005, United Nations Development Program 2009.

[22]Brown 2006, Hatton and Williamson 2005.

[23]See Peters for a discussion of how this argument applies to other low-skill labor scarce states. Peters 2013.

the US uses numerical quotas to control the flow of low-skill immigrants whereas Canada and Australia, among others, use a point system. The US, Canada and Australia adopted these regulations in the 1960s and 1970s with the same goal in mind; namely, they all wanted to replace their racist, national origin restrictions but still restrict low-skill, non-white immigration.[24] While these states chose different regulations, they have all been relatively successful at restricting low-skill immigration.[25] Nonetheless, these policies have had different effects on the number of high-skill immigrants entering these countries, something that is beyond the scope of this article. Further, as discussed below, the level of openness will depend on states' openness to trade and the mobility of their firms. Thus, it may not be surprising that these states have different LSIPs even though these policies are driven by the same factors.

Finally, the argument below is, like most, an "all else equal" argument. There are many groups in the polity that could affect LSIP — firms, labor, nativists, taxpayers and immigrants themselves. In classic economic models, native labor dislikes immigrants because low-skill immigrants compete for jobs and push wages down (which is exactly why firms like immigrants). As recent survey data does not support these economic models, some scholars have turned to cultural reasons for opposition to immigration.[26] Nativists dislike immigrants for the obvious reason: immigrants are different from natives. Other scholars have examined the fiscal costs of immigrants as the source of anti-immigrant sentiment.[27] Finally, immigrants typically are pro-immigration to protect their position in society and/or to bring in friends and family; however, immigrants tend not to be a powerful group. Until they gain the rights of citizens (and, sometimes, not even then), immigrants can be expelled from the country, which limits their political power. Nonetheless, the relative power of these groups is likely to affect the level of openness to immigration and these groups are likely to have different amounts of power in different countries, which would affect their openness to

---

[24]Jupp 2002, Kelley and Trebilcock 1998, Zolberg 2006.
[25]Peters 2013.
[26]E.g. Hainmueller and Hiscox 2010.
[27]E.g. Gimpel and Edwards 1999, Hanson et al. 2007.

immigration. In the empirical analysis below, I control for these other factors.

I focus on firms' support for immigration because while these other groups likely play a role in LSIP formation, firms are the most powerful group that could be pro-immigration. Given firms' important role in LSIP, I examine how their preferences change due to changes in productivity, trade openness and firm mobility and how policymakers respond to these changes. In the United States, a low-skill labor scarce economy, trade openness and increases in firm mobility should affect the preferences of firms that are low-skill labor intensive and/or less productive the most, which also are the firms that use the most low-skill immigrant labor. Openness to foreign goods and increasing firm mobility, therefore, may not need to affect the entire economy for them to have an effect on LSIP; instead, they need to only affect low-skill intensive firms.

Low-Skill Immigration Policy under Autarky

To contrast the effects of trade openness and firm mobility, I begin by examining support for LSIP by firms under trade protection and limited opportunities to move abroad (autarky). The goal of firms when they interact with policymakers is to convince the policymaker to pass policies that decrease their costs and increase their profitability. Firms do not necessarily have a preference over which policy policymakers choose, as such they are likely indifferent between LSIP which lowers their labor costs and some other policy that lowers other costs or increases profits.

Firms across and within industries differ in their need for low-skill labor; some industries are more capital and/or high-skill intensive and some firms within an industry are more productive. The terms low-skill labor intensive and low-productivity are used somewhat interchangeably; in economics, these two aspects of the firms are treated as separate and the effect of trade is modeled differently: differences in the factor intensity of production is modeled by the Ricardo-Viner model and productivity differences are modeled by the Melitz

and other similar models.[28] In the real world, firms differ on both dimensions — some firms in low-skill labor intensive industries are more productive than others and some industries are more capital/ high-skill intensive than others.

What is important for this analysis is that these two dimensions collapse when we examine preferences on immigration; henceforth, less productive and low-skill intensive firms and capital/ high-skill and more productive firms will be referred to as low-skill and high-skill intensive, respectively. Low-skill labor intensive firms benefit from open LSIP more than firms that are high-skill intensive.[29] Assuming that each firm's political capital is limited, low-skill intensive firms should be willing to spend more political capital on LSIP than high-skill intensive firms. It is not necessarily the case that high-skill intensive firms do not want more low-skill immigration; it is simply that they prefer to spend their political capital elsewhere, including on high-skill immigration policy. As the proportion of high-skill intensive firms increases, the policymaker will receive less political capital for the same level of LSIP and given the existence of groups that oppose immigration, we should expect that, all else equal, senators from states with higher high-skill intensity will support more restrictive LSIP. If we allow for oligopoly, increasing immigration conveys an advantage to firms that use more labor because it lowers these firms' costs to a greater extent, allowing them to capture a greater share of the market. High-skill intensive firms may want to keep their competitive edge by giving contributions for restrictions.

Trade closure, all else equal, should have an effect on the composition of firms in the US; it should increase the number and/or size of low-skill intensive firms, as, under the Ricardo-Viner model, domestic production becomes more competitive or, under the Melitz model, less productive firms are able to stay in business.[30] Thus, trade restrictions increase the demand for low-skill labor, increases the wages firms pay and, without an increase in

---

[28]Melitz 2003.

[29]Helpman et. al argue that less productive firms will employ more low-skilled workers than more productive firms. Helpman et al. 2009.

[30]Melitz 2003.

the labor force, may erase gains from trade protection.[31] Further, it increases the wage for low-skill labor in the non-tradable or export sector as well. Therefore, we should expect that higher trade barriers should lead to increased support by firms and senators for open LSIP. Similarly, the inability to move production overseas (or *low firm mobility*) will also increase the production of low-skill labor intensive goods, as firms have no choice but to produce at home, and increase support by firms and by senators for more open LSIP.[32]

Low-Skill Immigration Policy under Open Trade and Low Firm Mobility

Under autarky, firm preferences — and their willingness to spend political capital — were driven by their skill intensity. Opening trade does not affect these preferences; instead, it increases the proportion and/or size of firms that are high-skill intensive. I begin by assuming that trade openness is exogenous to both the firm and the policymaker, which I relax later. The effect of trade openness does not depend on whether the trade is opened to countries with different endowments (Ricardo-Viner model) or the same endowments (Melitz model). Under the Ricardo-Viner model, trade openness affects firms by increasing the price of high-skill intensive goods and decreasing the price of low-skill intensive goods. As prices for low-skill intensive goods decrease, firms that produce these goods (the *threatened firms*) have to decrease costs or close. Under models of intraindustry trade (the Melitz model), only the most productive firms can export. As the highly productive firms export, they increase the amount of labor they need and bid up the real wages, forcing the least productive firms to close.[33] Under either model, low-skill intensive firms face increased competition due to

---

[31]Helpman et al. 2009.

[32]If trade is re-restricted and/ or firm mobility is limited, there should be an increase in low-skill intensive production, with a concomitant increase in demand for open LSIP. Yet, trade and capital restrictions often are enacted during recessions. We might not expect firms to expand production during a recession and if they do expand, they can use native, previously unemployed labor until unemployment returned to its natural rate. At that point, we would expect wages to rise and firms to pressure the government for open LSIP.

[33]Melitz 2003, 1716.

trade openness and are likely to close.[34]

If low-skill intensive firms close, they will not provide any support for open LSIP and senators should vote for restrictions more often. Further, the closure of some firms may lead others to spend less political capital on LSIP as well. When firms close, they lay-off their workers leading to lower wages, negating the need for as much low-skill immigration, even for non-tradable industries. Given that firms have many issues on which they may want to spend their political capital, a decrease in the wage due to other firms' lay-offs should make them less likely to spend political capital on LSIP.

As closing is an undesirable outcome for the firm, the firm likely will pursue strategies to stay in business, including increasing their use of high-skill labor. As we saw above, if firms increase their use of high-skill labor, they will be less supportive of open LSIP and senators will vote for restrictions more often. Firms have long understood that increasing their use of technology will decrease their need for low-skill labor and make them more competitive. For example, in his address to the New England Cotton Manufacturers' Association in 1896, Mayor Quincy of Boston argued that "As other sections, nearer to the sources of the supply of fuel, enabled to command cheaper labor in some respects, coming to the market and taking up manufacturing industries as the South is largely doing, it seems to me that those who are engaged in similar industries in New England must recognize the fact that in order to hold their supremacy they much put more brains, more skill and more education in the carrying on of the manufacturing business."[35] In this case, the competition was not only from overseas but also domestic competition from the South, from which it was impossible to gain any trade protection. New England producers heeded this advice and the increased production of high-skill intensive textile manufacturing; the increased use of skilled labor

---

[34]These results assume that production by high-skill intensive firms does not increase so much as to increase the economy-wide demand for low-skill labor. The expanding firms use much more high-skill labor than low-skill labor; the firms that exit the economy, on the other hand, release much native low-skill labor. It is likely that the laid-off workers will more than meet the demand for low-skill labor. Empirically, rising wage inequality due to increases in productivity and trade seem to bear this out. E.g. Feenstra and Hanson 1996.

[35]Quincy 1896, 66.

meant that by 1908, the Association could argue that "immigration is, however, no long as necessary to this country as it was in pioneer times."[36]

More recently, the Western Growers Association (*WGA*), which represents farmers in California and Arizona, has made a similar argument in response to foreign competition: "It is time for those anti-immigration reform legislators in Washington D.C. to realize that the higher the use of technology and innovation, the lower the need for foreign labor."[37] Unlike the textile industry, there have been few advances in technology that would decrease the need for agricultural labor and, as I show below, agriculture, therefore has continued to lobby for immigration.

Threatened firms may also lobbying for increased low-skill immigration or subsidies to stay in business. For example, Tom Nassif, the president of the WGA argued that "You cannot say we're going to take every illegal alien out of this country without at least factoring in the need for some foreign workers in this country. China is coming at us like a freight train. We can't compete with them."[38] Even if firms do not lobby, policymakers may increase immigration or give subsidies because they do not want threaten firms to close.

The policymaker will open LSIP or subsidize the firm if the costs of doing so are lower than the costs of losing these firms. On the one hand, if the firms close, the policymaker loses the tax revenue and jobs it provided along with any political capital. On the other hand, the policymaker can restrict LSIP, which makes tax-payers and nativists happier, without making the surviving firms worse off because they can hire the laid-off native labor Additionally, opening LSIP or giving subsidies is not costless; increasing low-skill immigration will increase nativism and the fiscal costs of immigrants and giving subsidies reduces the income that can be spent on other constituents.[39]

At moderate levels of trade openness, it is unclear whether policymakers will open LSIP,

---

[36]Clews 1908, 257.

[37]Nassif 2006b, 6.

[38]Nassif 2005, 9.

[39]This argument is similar to Mosley's that developed countries do not always abandon domestic policies in favor of appeasing capital markets. Mosley 2003.

subsidize firms or allow them to close. However, the amount of subsidies or low-skill immigration needed to keep firms in business increases as trade opens because greater openness reduce prices further; reduces the price of more goods or allows the export sector to expand further driving up costs for threatened firms. Further, recent trade negotiations have chipped away at the ability to use subsidies to protect firms, making it less likely that senators can provide firms with subsidies. As trade openness continues, more firms will be allowed to close and senators should vote for restrictions more often.

Low-skill Immigration Policy under High Firm Mobility

What happens as firms become more mobile? Firm mobility is affected by several factors: the ability to control overseas agents, the legal ability to move, the fear of expropriation and whether it is profitable to move, either to gain market access or to exploit lower costs. Regardless of why firms move, the option to move production makes the firm less willing to spend political capital on LSIP. Moreover, once firms have moved, they may support restricting LSIP at home if they move to a state that sends many emigrants to the home state. By restricting LSIP at home, the wage in the country of production will decrease as fewer people emigrate. Firms' support for open LSIP, therefore, should decrease as firm mobility increases, leading to restrictions in LSIP.

To the policymaker, moving production overseas is the same as if the firm went out of business; both the jobs and the tax revenue associated with the firm are lost.[40] As above, the policymaker may want to open LSIP or subsidize these firms through tax breaks. As more firms find moving overseas profitable, however, the policymaker would have to offer more subsidies to more firms. This is likely to be unsustainable at high levels of firm mobility and senators should be more likely to vote for restricting LSIP.

As well, trade openness and firm mobility may have an interactive effect. Moving overseas is a better option for the owners of threatened firms than closing because they continue to

---

[40]Although it is is not always the case, I assume countries cannot tax overseas production.

earn profits rather than extracting what capital they can from selling the firm's assets. Under trade openness and firm mobility, we expect more firms that are low-skill labor intensive to move overseas. This also decreases support for open LSIP and will lead senators to vote for restrictions more often.

This trend of firms moving in the face of trade competition has even affected agriculture, an industry previously thought to be relatively immobile. For example, the WGA argues that "For years many people have been speaking out about the threat of competition from other countries. ... What is not being spoken about is the lure of relocating our own operations to foreign countries or face extinction."[41] To keep farms in the US, "it is time for politicians to understand that we are serious when we say the survival of the specialty crop industry in America is at stake. We need a guest worker program. We need specialty crop support in the new Farm Bill."[42] Unfortunately, for the threatened farmers of California and Arizona, Members of Congress have not granted them more access to labor; the AgJOBs bill that would create an agricultural guest worker program has failed in every Congressional session for almost 15 years. In this case, it seems that it is too costly, politically, to protect these firms.

In the discussion above, trade openness and firm mobility were exogenous forces that affected firms and policymakers. Yet, policymakers control trade and policies that affect firm mobility, especially capital policy, and firms often lobby over trade and firm mobility policies in hopes of increasing their profits. Opening trade will increase the profits for high-skill intensive firms by increasing the size of the market they can sell to (assuming that trade is open reciprocally) but it decreases the profits for low-skill intensive firms. High-skill intensive firms are likely to lobby for open trade but not on LSIP and low-skill intensive firms are likely to lobby for closed trade and open LSIP. If the policymaker chooses to open trade, it is because she has already privileged the demands of high-skill intensive firms over low-skill intensive either because as a benevolent social planner, opening trade will be better

---

[41]Nassif 2006a, 4.
[42]Ibid, 4.

for the country or as a partisan senator, opening trade will be better for her (partisan) constituents. The policymaker or senator may then try to subsidize the low-skill intensive firms with low-skill immigration and subsidies, but as discuss above, these are difficult to maintain as trade opens further.

Open trade and capital is a better policy combination for low-skill intensive firms than open trade alone as they can move production to where they can operate profitably. Under open trade and low firm mobility, low-skill intensive firms are likely to lobby either for increased low-skill immigration/ subsidies to remain profitable at home or lobby for open capital policies so they can leave. Again, the policymaker will weigh the costs of subsidies against the costs of allowing firms to exit the economy.

Finally, we can consider how trade and capital policy respond to LSIP. As we saw above in the case of subsidizing firms with immigration, open LSIP may increase support for open trade as it makes threatened firms more competitive. However, LSIP would have to continue opening as trade openness increased to maintain this support and this is unsustainable at high levels of trade openness. Open immigration may also reduce pressure for open capital, again, because threatened firms would be more competitive at home. In contrast, a restrictive LSIP may make open trade harder to achieve, as labor costs remain high, and may increase pressure for open capital so that threaten firms can move overseas. Thus, even when the policymaker controls trade, firm mobility and immigration, we expect that if the policymaker chooses to restrict trade and keep firms immobile, they open LSIP; if they choose to open and allow firms to be mobile, they will restrict LSIP.

In sum, firm preferences over immigration vary along two dimensions: low-skill labor intensity and the ability to move production overseas. Firms that use a low-skill labor intensive production technology will need more low-skill labor than other firms. We expect that low-skill labor intensive firms will be pro-low-skill immigration whereas high-skill labor intensive firms prefer to spend their limited political capital elsewhere. The second dimension captures the ability of the firm to move production overseas. Firms that are relatively

Table 1: Firm preferences for immigration along two dimensions

Ability to Move Overseas	Productivity & Skill/ Capital Intensity	
	Low	High
Unable to move/ Non-tradable	Pro-Low-Skill immigration	Indifferent
Able to Move	Indifferent	Indifferent/ Anti-Low-Skill immigration

immobile will be more likely to need low-skill labor at home, especially when trade is open and, therefore, support LSIP more than firms that can move production. Once firms move overseas, they will be indifferent to or potentially against low-skill immigration at home. Table 1 summarizes these two dimensions.

TABLE 1 ABOUT HERE

Support for immigration is driven, then, by the low-skill intensive immobile firms. With trade openness, the size of the low-skill intensive firms shrinks as firms become high-skill intensive or close their doors. Similarly, with high firm mobility, firms decrease their support for open LSIP as they have an outside option. At moderate levels of trade openness and firm mobility, however, we think that policymakers may respond to firms' threats to close or to move overseas by offering them incentives, including increased low-skill immigration and tax breaks, to stay open. Yet, we expect, that when trade is very open and firms are highly mobile, policymakers will respond to the decreased size of the pro-immigration coalition by voting for restrictions.

Voting on Immigration in the US Senate

There are several obstacles to overcome when testing the argument. First, I discuss how using voting on immigration by the US Congress after 1950 mitigates the endogeneity problem.[43]

---

[43]Peters shows how trade and LSIP have been related over the last 200 years in 19 countries; however, due to the lack of an appropriate instrument, that paper does not show causality. Peters 2013.

Second, I argue below using all votes in the Senate reduces the effects of the strategic roll-call vote generating process. The third I discuss how to measure senatorial preferences on immigration and how to overcome the potential spurious correlations between trade, firm mobility and immigration. Finally, I test the causal mechanisms by examining whether firm lobbying on immigration conforms to the expectations of the argument.

The Sequencing of Trade, Capital and Low-Skill Immigration Policy After World War II

As argued above, it is less likely that increasing immigration restrictions lead to increasing trade openness. LSIP restrictions and trade openness doubly hurt low-skill intensive firms by decreasing the price they receive for their good while increasing the price they pay for labor. If anything, we should expect that firms lobby for increased low-skill immigration and increased trade restrictions. Nonetheless, examining voting on immigration in the US Senate mitigates concerns about reverse causality.

In 1934 with the RTAA Congress effectively tied its own hands on tariff policy.[44] The RTAA meant that on tariffs, and after 1974 on NTBs, the choice for Senators when approving negotiating authority or a treaty — in the first version of the RTAA, Congressional approval was not needed — was the status quo rate (which for a long time was the Smoot-Hawley rate) or a new lower rate. Further, Peril Point legislation and threats not to extend the RTAA were about keeping tariffs at their current rate, not about increasing them as Congress did in Smoot-Hawley. Throughout this time period, then, a senator could not give increased tariff protection, the outcome we would expect if Senators were responding to firm lobbying in the face of increasing LSIP restrictions.[45]

Choosing the status quo was, in fact, a choice for openness in many cases because specific

---

[44]To measure trade openness, I use the percent non-dutied imports or one minus the ad valorem tariff rate from Clemens and Williamson. Clemens and Williamson 2004.

[45]Once a new rate was negotiated, the President could abrogate the treaty and go back to the Smoot-Hawley rate. Yet that action would likely provoke a trade war and if the treaty was negotiated under GATT Article 28, the President would have had to give concessions to countries hurt by protection.

tariffs were inflated away. Irwin estimates that only about 29% of the drop in tariffs from 1932 to 1954 was due to tariff cuts; the rest was due to inflation.[46] Congress could have corrected the tariffs to adjust for inflation, but this would have violated the reciprocal agreements that the US had signed.[47] Nonetheless, it is telling that Congress has not set tariff rates as it did prior to the RTAA in large omnibus tariff bills. Bailey, Goldstein and Weingast argue that the durability of the RTAA is due to its endogenous effects on the composition of exporters and import-competing firms, which are the effects that my argument is built upon.[48]

It is more likely, however, that restricting LSIP led firms to lobby for policies that would increase firm mobility. Firms that are hurt by increasing trade competition and immigration restrictions can increase their profits by moving production overseas. Yet, for most US firms the obstacle for successful off-shoring was not the US government, but foreign governments. Throughout the post-WWII era, the US has had few capital controls; therefore, to produce overseas, firms need locations where they legally could invest and there was a low risk of expropriation.[49] To measure the ability to move capital into other countries, I use two measures: the Quinn-Toyoda and the Chinn-Ito measures of average world capital openness.[50] Both measure the intensity of capital controls and may also capture the expropriation risk. von Stein has argued that states sign IMF Article VIII, which encourages the openness that these variables measures, as a "Good Housekeeping" seal of approval signaling their friendliness to foreign investment.[51]

These measures are also exogenous to US senators. During the Bretton Woods era, the US was leery of interfering with other countries' capital controls because it had helped provoke the Sterling Crisis in 1947 when it push Great Britain to reduce her capital controls.[52] Since

---

[46]Irwin 1998, 347.

[47]Congress increased non-tariff barriers in some cases to protect industries, but the ad valorem tariff rates do not include these measure.

[48]Bailey et al. 1997. Hiscox argues that the durability of the RTAA stemmed from exogenous changes in the world economy and may yet break apart. Hiscox 1999 As yet, this has not occurred.

[49]The US did impose minor capital controls for a few years in the late 1960s and early 1970s.

[50]Chinn and Ito 2008 and Quinn and Toyoda 2006.

[51]von Stein 2005.

[52]Obstfeld and Taylor 2004.

the end of Bretton Woods, there has been a push for removal of capital controls through IMF Conditionality Agreements. While the US has influence over these agreements, individual senators and the Senate as a whole does not. Further, foreign intervention in other countries' capital policies does not affect all countries in a given year; most countries choose their capital policies for their own reasons, exogenous to the preferences of the US. Thus, the measures of trade openness and firm mobility during this time period, therefore, were out of the control of the US Senate.

Neither the passage of the RTAA nor the US's open capital policy was linked to immigration. The Democrats passed the RTAA 1934 because they did not think they could pass unilateral tariff cuts given the economic crisis; they were concerned that the tariff reductions would have little effect given other countries trade barriers and they wanted a durable tariff reduction.[53] At the same time, there was little Congressional action on immigration: Congress only passed two minor immigration laws from the beginning of Roosevelt's first term to the start of World War II.[54] In fact, Congress considered and passed few laws, and none of them major, on immigration from the passage of the Quota Act in 1924 until the McCarren-Walter Act in 1952.

US trade and capital policy continued to open after World War II because leaders in the US, especially Secretary of State Cordell Hull, believed that the trade wars of the Great Depression help foment the conflicts that led to World War II and that trade openness would provide economic growth as a bulwark against Communism.[55] For instance, Hull argued: "Though realizing that many other factors were involved, I reasoned that, if we could get a freer flow of trade — freer in the sense of fewer discriminations and obstructions — so that one country would not be deadly jealous of another and the living standards of all countries might rise, thereby eliminating the economic dissatisfaction that breeds war, we might have

---

[53]Bailey et al. 1997, Irwin 1998.

[54]In 1935, Congress repealed a law automatically giving citizenship to those serving on US vessels and in 1937, it changed the law on deportation for those entering on a fiance visa and allowed the government to deport people to a country other than their country of citizenship.

[55]Barton et al. 2006, Hull 1948, Ikenberry 2001, Irwin 1998.

a reasonable chance for lasting peace."[56] Open capital became part of the Bretton Woods system, in part to allow US firms to invest in Europe and Japan to help them rebuild.

By contrast, there was little planning either by the US government or the Western powers on migration. Roosevelt and, later, Truman were worried that the large numbers of displaced persons in Europe after the war were targets for Communist infiltrators and would lead to an employment crisis, which would also increase support for Communism. These fears led to the creation of the Intergovernmental Committee for European Migration (ICEM), the UN High Commission for Refugees and the Displace Persons Act.[57] Tellingly, however, migration was not part of the Bretton Woods agreement; the Displace Persons Act was temporary and while the US financially supported the ICEM, it did not take any migrants under its auspices.[58] Instead, the status quo on immigration was largely maintained in the first major immigration bill after World War II, the McCarren-Walter Act, which passed four years after the GATT was signed. Thus, at the end of World War II, the US decided to open trade and allow firms to move but to maintain its LSIP.

Roll-Call Votes on Immigration and Agenda Control

Given that studying the US Congress gives us empirical tractability, we have to account for the roll-call vote generating process. As Lee argues, parties not only want to enact their preferred policies but they also want to make political gains for their party.[59] As such, parties use whatever institutional powers they have to control the agenda, giving votes only to those propositions that will create divisions between, rather than within, the parties,, which results in roll call votes that are more partisan than standard theories of ideology would predict. Agenda control is limited in the Senate because there are fewer restrictions on senators' ability to offer amendments and there are procedural votes — such as the filibuster — that give the minority party greater control over the agenda, which means the effect of party will

---

[56]Hull 1948, 84.
[57]Holborn 1965, Gibney 2004.
[58]Holborn 1965.
[59]Lee 2009.

be overestimated in an analysis of House votes to a greater degree than in Senate votes.[60] For example, Irwin and Kroszner found that analysis of House roll-call votes on the Smoot-Hawley Tariff overestimated the effect of partisanship because of strong agenda control by the ranking members of the Ways and Means Committee.[61] In contrast, Senate roll-call votes showed less partisanship and more influence of the senators' constituency.[62]

To examine how senators vote, I collected every roll call vote on immigration in Vote View.[63] All votes that affect the number of immigrants in the United States are included, instead of only including final passage or "important" bills as other scholars have done.[64] Examining only final passage and "important" votes overestimates the effect of party as these votes gain greater attention from the press, interest groups and constituents, leading the parties' to enforce party discipline.[65] If we want to mitigate the selection bias on final passage and important votes by including more votes, it is not clear a priori which votes will should include. First, most of the immigration legislation has taken the form of omnibus bills; therefore, votes on the amendments may affect the final passage of the bill and should be included even if they do not directly affect the number of low-skill immigrants. Additionally, businesses often have preferences over refugee and asylum legislation because refugees become workers; for example, according to Congressional Lobbying reports, the American Farm Bureau Federation lobbied for the Displaced Persons Act in 1947 and 1948 in hopes of increasing farm labor. Finally, it is important to include procedural votes as they can be used to kill bills. Out of the 59 years examined, then, there were votes in 48 of those years,

---

[60]Hartog and Monroe 2011, Lee 2009. Further, the 1970 Legislative Reorganization Act has increased the level of partisanship observed in House roll-call votes by changing the vote generating process. Roberts and Smith 2003. Since this Act occurred in the middle of our time period, roll-call votes in the House may be inappropriate for this study.

[61]Irwin and Kroszner 1996.

[62]An examination of votes on immigration in the Senate similarly show less effect of partisanship. See Appendix A.

[63]Poole 2009, Poole and Lewis 2009, Poole and McCarty 2009. To ensure that each vote was captured, I relied on Hutchinson's seminal history of US immigration policy from 1950 to 1965 and Policy Agenda Project and Congressional Quarterly after. Baumgartner and Jones Baumgartner and Jones, Congressional Quarterly 2003, 2005, 2006a, b, Hutchinson 1981.

[64]Gimpel and Edwards 1999, Milner and Tingley 2012.

[65]Lee 2009.

a total of 313 votes on 117 bills and 530 senators voted on those bills. On average there were 6.52 votes on 2.44 bills per year.[66]

The substance of each vote — what the senators were actually voting on — was coded as restrictive or expansive. Votes that seek to restrict immigration are given a score of 0 and votes that seek to open immigration are given a score of 1. Each vote by each senator was given a score of 0 or 1. A zero indicates that the senator voted in the restrictive direction — either by voting for a restrictive bill or voting against an expansive bill. A one indicates that the senator voted in the expansive direction — either by voting for an expansive bill or against a restrictive bill.[67]

Figure 1 shows that both voting on immigration in the US Senate and US LSIP have become relatively more restrictive since the early 1950s.[68] The US slightly open its door to immigrants directly after World War II. Prior to this period, the US had restricted immigration to a great degree in the early 1920s and had kept immigration restricted throughout the Great Depression and World War II. With the post-war recovery, there was greater support for immigration by businesses needing workers. The post-war openness continued until the late 1970s/ early 1980s as can be seen in the relatively small changes in LSIP. Yet, even during this time there was an undercurrent of anti-immigrant sentiment in the Senate, as can be seen in the large plurality of votes (40-50%) for restrictions. As immigration was restricted in the 1980s and early 1990s, the Senate as a whole was more open to immigration (support was slightly above 50%) but even in the Senate, support for immigration was falling. By the late 1990s and early 2000s, the Senate had become, on average, anti-immigration.

FIGURE 1 ABOUT HERE

---

[66]See Appendix A Figure A1 for data on votes per year. Votes on high-skill immigration programs like the H-1B are included because they are often a critical part of passing an omnibus immigration bill. As a robustness check, these votes have been dropped and the results are similar. See Appendix Table A3.

[67]Abstaining (or simply not voting) and votes of "present" were excluded as it is unclear what they signal. Additionally, I have coded the votes as 1 for voting for an expansive bill, -1 for voting for a restricting bill and 0 for voting for the status quo and the results are similar.

[68]Appendix B describes the coding criteria for LSIP; LSIP can take the value of -2.5 to 2.5. Voting behavior is the proportion of total votes for openness and has been smoothed using a loess smoother with a bandwidth of 0.25.
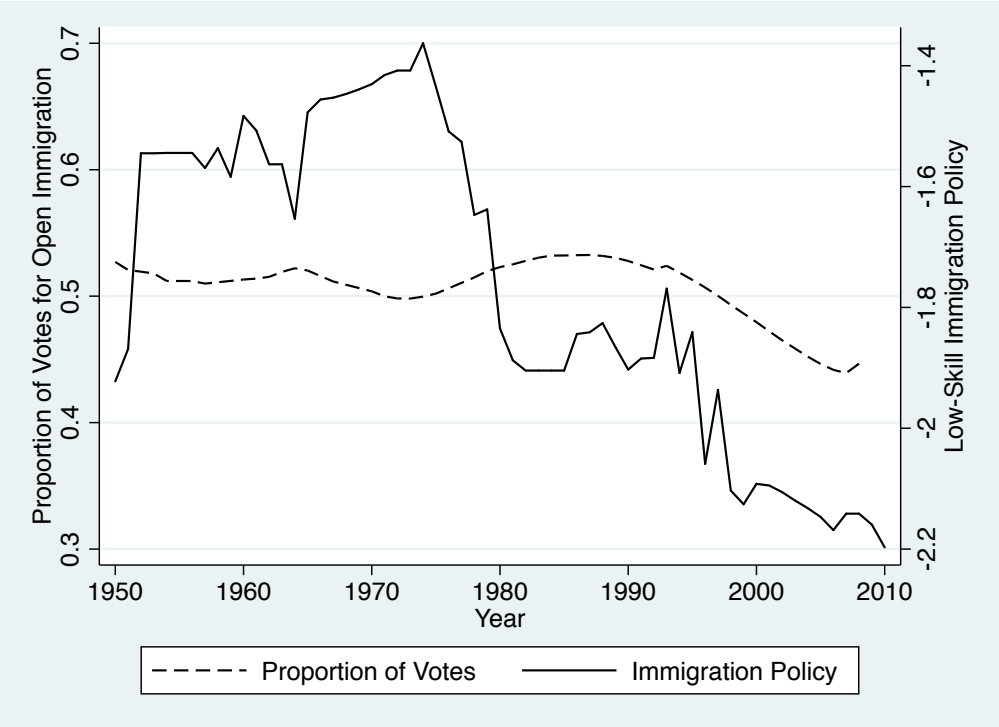
Figure 1: United States Low-Skill Immigration Policy and Voting Behavior of the US Senate, 1950-2010

Testing the Argument

We now examine whether trade and firm mobility have affected the policymakers' preferences as argued above. Table 2 provides a test of the argument of this paper as well as alternative explanations on the voting behavior of Senators from 1950-2008. The dependent variable is the year-over-year change in the proportion of votes for open immigration. The year-over-year change is used due to concerns about spurious correlation. Both the measures of trade openness (one minus the tariff level) and average world capital openness are generally increasing over this time period while, as we see in Figure 1 above, senator's votes on average are becoming more restrictive, raising concerns of spurious correlation.

Each model is a weighted least squares regression with robust standard errors clustered by congress. The dependent variable is censored — it could take values from -1 to 1 — however, the vast majority of observations lay in the interior of the interval making WLS appropriate.[69] I weight each observation by the total number of votes to adjust the results for the different number of votes in each year and the results are similar if we use OLS. The standard errors are clustered by congress because votes are rarely independent within congresses.

Models 1 and 2 are the base models. Both models include the change in the percent salaried workers as a fraction of all workers in manufacturing at the state-level to measure skill intensity.[70] Goldin and Katz have found that the percent salaried workers in an industry is correlated with the average years of education of blue-collar workers in that industry.[71] Thus, producers who use more salaried workers should be less likely to demand the relatively low-skilled immigrant.[72] Next, I include the change in trade openness, measured as one minus the ad valorem tariff rate, and firm mobility, measured using the average world capital mobility from Quinn and Toyoda (QT) and Chinn and Ito (CI). In the above discussion of

---

[69]I have also examined the data using a tobit model and found similar results.
[70]Census Bureau various yearsb.
[71]Goldin and Katz 1998.
[72]I have also used value added per worker and found similar results.

firm preferences, I argued that there was an interactive effect of trade and firm mobility; therefore, I also include an interaction term between trade openness and the two measures of firm mobility.

In models 3 and 4, I include an interaction term trade policy and firm mobility with party to examine the effect of preferences over taxation on immigration. As I argued above, at moderate levels of trade openness and firm mobility, policymakers may be willing to subsidize firms to keep them at home through increased immigration or tax breaks. As we typically think of Republicans as more willing to cut taxes, we might expect that there would be a different effect of trade openness and firm mobility on Republicans than on Democrats.

TABLE 2 ABOUT HERE

Models 1 and 2 show support for the argument that senators' voting behavior is affected by changes in firm preferences due to changes in trade openness. Comparing models 1 and 2 with models 3 and 4, we find that the effect of firm mobility is conditioned by party. To help interpret the effect of the coefficients, Figure 2 plots the predicted change in voting behavior on the change in trade policy and firm mobility for both the Democrats and Republicans.[73] In all models, the effect of trade openness is negative and significant — increased trade openness leads to more votes for immigration restrictions — and this effect is somewhat more pronounced for Republicans than Democrats. Additionally, the trade effect seems to be stronger than the firm mobility effect. This is not surprising given economic estimates on that the job losses due to trade have been larger than those lost to off-shoring, which suggests that the effect on overall firm demand for LSIP should be greater for trade than firm mobility.[74] In model 3, we also see that there is a negative and statistically significant effect of increasing firm mobility on the voting behavior of Democrats (the excluded category). In contrast, there is little effect of increasing firm mobility on the voting behavior of Republicans. From

---

[73]Percent salaried is held at its mean for all predicted probabilities; change in firm mobility is held at its mean in the first and third panels and change in trade policy is held at its mean in the second and fourth panels.

[74]For instance, Bailey and Lawrence find that between 2000 and 2003, almost 5 million jobs were lost due to imports versus 360,000 jobs lost to offshoring.Bailey and Lawrence 2004.

Table 2: Voting behavior regressed on trade openness, world capital openness and controls, weight least squares and standard errors clustered by congress

DV: Δ Voting Behavior	(1)	(2)	(3)	(4)	(5)	(6)
% Salaried	0.00	0.00	0.00	0.00	0.00	0.00
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Δ Trade Openness	-30.07***	-31.62***	-26.40***	-23.99*	-26.57**	-23.76*
	(6.12)	(8.64)	(7.95)	(9.51)	(8.55)	(9.53)
Δ Firm Mobility (QT)	-0.01		-0.03**		-0.03**	
	(0.01)		(0.01)		(0.01)	
Δ Trade*Firm Mobility (QT)	-7.72**		-3.37		-3.61	
	(2.36)		(4.44)		(4.74)	
Republican	0.01	-0.03	0.00	0.02	0.00	0.02
	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)
Δ Firm Mobility (CI)		0.17		-0.41		-0.37
		(0.16)		(0.21)		(0.22)
Δ Trade*Firm Mobility (CI)		10.08		98.26*		87.19
		(21.31)		(41.60)		(51.95)
Δ Trade*Rep.			-9.28	-15.39**	-9.66	-15.83**
			(5.40)	(5.24)	(5.44)	(5.35)
Δ Firm Mobility (QT)*Rep.			0.05***		0.05***	
			(0.01)		(0.01)	
Δ Trade*Firm Mobility (QT)*Rep.			-9.18		-9.04	
			(7.64)		(7.61)	
Δ Firm Mobility (CI)*Rep.				1.14***		1.14***
				(0.18)		(0.18)
Δ Trade*Firm Mobility (CI)*Rep.				-173.73***		-175.62***
				(49.42)		(49.42)
Δ Union Membership					-0.12	-0.08
					(0.25)	(0.22)
Δ Unemployment					0.29	1.16*
					(0.47)	(0.56)
Δ Foreign Born					-0.00	0.03
					(0.16)	(0.14)
Δ Lagged Foreign Born					0.02	-0.07
					(0.26)	(0.23)
Δ Welfare Spending					-0.00	-0.00
					(0.00)	(0.00)
Δ Welfare*For. Born					0.00	-0.00
					(0.00)	(0.00)
Δ State GDP					0.00	0.00
					(0.00)	(0.00)
Constant	0.10***	0.05*	0.10***	0.02	0.10***	0.02
	(0.02)	(0.02)	(0.03)	(0.02)	(0.03)	(0.02)
Observations	2508	2366	2508	2366	2497	2363

Robust standard errors clustered by congress in parentheses

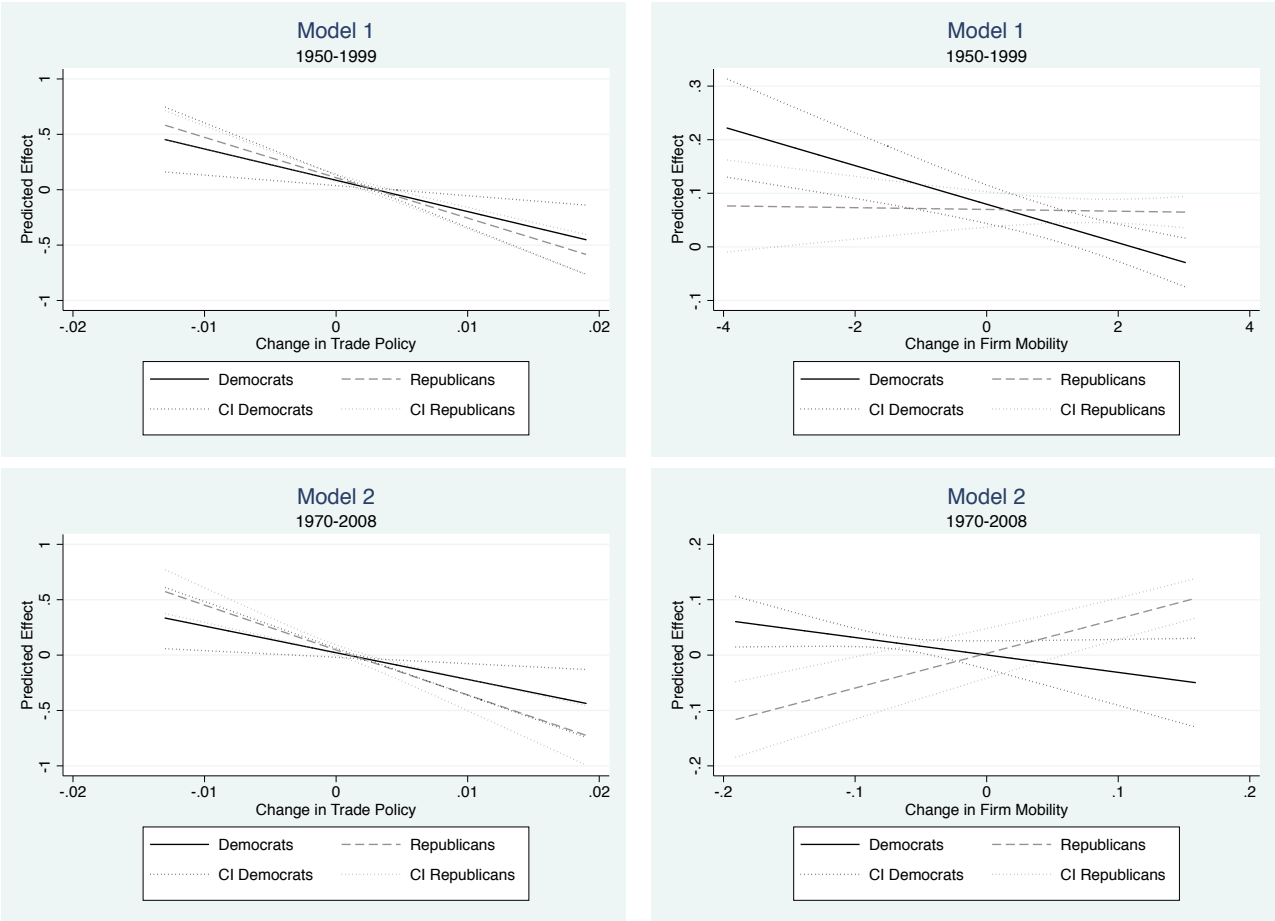* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Figure 2: Predicted Effects of the Change in Trade Policy and Firm Mobility

these two coefficients, it appears that Democrats are more willing to let firms exit in the face of rising firm mobility where as Republicans are more willing to subsidize firms through tax breaks.

FIGURE 2 ABOUT HERE

The results in models 2 and 4 on firm mobility are slightly different than in models 1 and 3. Trade openness still has a negative and statistically significant effect on voting for immigration openness for members of both parties. Firm mobility on its own has little effect; for Democrats, there is a slightly negative effect of firm mobility on immigration. For Republicans there is a slightly positive effect of firm mobility on immigration, showing their

willingness to subsidize some firms — based on what was voted on during this time period these were agricultural firms — with immigrant workers to keep them in business.[75]

The differences between models 1 and 3 and models 2 and 4 are likely driven by the time periods that they cover. Earlier in the post-World War II era, many states had relatively closed capital. The likelihood that firms would move overseas was less of a concern than it became in the late 20th and early 21st century. Because firm mobility became a larger issue as the 20th century went on, it is not surprising that it had more of an effect. Nonetheless, in both models, the effect of trade dominates the effect of firm mobility, leading to greater immigration restrictions.

There is little effect of increasing use of technology as measured by percent salaried in any of the models.[76] Technology was often adopted in response to trade openness during this time period; therefore, the effect of increasing technology may be captured by the coefficient on trade openness. This result is also somewhat counter-intuitive given the public opinion literature on immigration that has found high-skill individuals are more supportive of LSIP.[77]

Importantly, there is no effect of party on its own in either model. While Republicans and Democrats react to changes in trade policy and firm mobility differently, they do not have different preferences simply based on ideology. This result differs from previous research that found an independent effect of party.[78] That research, however, examines only important votes. As discussed above, there is greater partisanship on "important" votes than on all votes, which leads to an overestimation of partisanship. Moreover, neither of these studies interacted party with trade policy or firm mobility, which might be driving their results.

Models 5 and 6 account for other alternative explanations from the immigration literature. I multiply impute the variables where necessary using Amelia II.[79] These models show that

---

[75]Appendix Table A2 and Figures A5 and A6 examine whether there is a difference in effects due to the level of openness. Trade still has a negative effect on LSIP and again there is less of an effect of firm mobility; although, the effect seems to be stronger at higher levels of firm mobility.

[76]Milner and Tingley similarly found no effect of the percentage of high-skilled workers on vote on immigration. Milner and Tingley 2012.

[77]E.g. Goldstein and Peters 2012, Hainmueller and Hiscox 2010.

[78]Gimpel and Edwards 1999, Milner and Tingley 2012.

[79]Honaker et al. 2010. The missing at random assumption holds; the data on these alternative explanations

the implications of the argument hold even when accounting for other factors; the coefficients on trade openness and firm mobility are stable to the inclusion of these variables.

To measure the power of unions and low-skill workers, I include the change in percent of the labor force in each US state represented by a union.[80] In contrast to those who argue that unions have had an important effect on LSIP, there is no effect of changing unionization rates.[81] The statistical insignificance of unions is not surprising given the rise of public sector unions and the change in the composition of union membership. Public sector employees often do not compete with immigrants and may serve low-skill immigrants; open LSIP, therefore, may lead to increased work in the public sector. Additionally, unions in the private sector have increasingly organized low-skill immigrants; therefore, these unions, like the Service Employees International Union, may act as immigrant rights organizations. Thus, some unions may oppose immigration while others favor immigration, leading to null results.

Next, I include the change in unemployment in each US state, as a second test of the political power of workers.[82] If workers are powerful, then senators' support for immigration should vary inversely with unemployment. In model 6, we see a statistically significant effect of unemployment, but it is the opposite direction of what scholars would hypothesize and is not robust to the model specification in model 5. Therefore, it is less likely that workers — whether unionized or not — affect voting on immigration.

To examine the power of immigrant groups and nativism, I include the change in the percent foreign-born in each US state as a rough test of nativism, as in Goldin and Timmer and Williamson.[83] As the percent of foreign-born in a state increase, there are more

---

are missing only in the years in which the data was not collected.

[80]Census Bureau various yearsc.

[81]Briggs 2001. Milner and Tingley find a positive and significant effect of Labor PAC contributions on House votes on immigration, which is the opposite direction of what scholars have predicted. Milner and Tingley 2012.

[82]Census Bureau various yearsc.

[83]Census Bureau various yearsc. Goldin 1994 and Timmer and Williamson 1998. I have also use the percentage of low-skill immigrants as well and the results are substantively the same (see Appendix Table A3). The population of low-skill immigration correlates highly with the foreign born population (at 0.98) but there is less data available; therefore, I use the population of foreign born.

opportunities for the foreign-born to interact with the native-born, which may lead to a nativist reaction. Support for immigration should vary inversely with the change in the percent foreign-born if the nativist hypothesis is correct. The change in lagged foreign-born, in contrast, is used to test the power of immigrants argument. If immigrants form powerful lobbies, as the number of immigrants who can vote (i.e. have been here long enough to have citizenship) increases, so too should support for immigration by the senator. We see, however, that neither the change in percent foreign-born or the lagged change have an effect on support for immigration by the senator, giving us less confidence that immigrant groups or nativist have an effect on policymakers.[84] I have also included the estimated number of undocumented immigrants and similarly found little effect.[85]

I include the change in welfare spending per capita in each US state and interact it with the change in foreign-born to capture the costs of immigrants.[86] Senators from states facing increased costs of fiscal immigration should support open immigration less.[87] Again, there is no effect of the size of the welfare system on votes on immigration, showing less support for this hypothesis. As a robustness check, I have also included the change in state spending as a percent of all government spending, as a measure of burden-sharing.[88] When burden sharing is higher, taxpayers within each state should be less concerned about low-skill immigration. I find similar, non-significant results. Finally, I include the change in state GDP to control for economic effects of the overall economy and find little effect.

These results are robust to many different specifications of the model. First, due to concerns that lobbying by high-skill firms may affect the passage of bills that include language on high-skill immigration or omnibus bills, I drop the votes on those bills and the results

---

[84] Milner and Tingley find a positive and statistically significant effect of the proportion of foreign-born, which may be driven by the greater variation in percent foreign-born in the House or due to the smaller number of votes they examine. Milner and Tingley 2012. Additionally, due to concerns of colinearity between the two variables, I examined each variable individually and still found no effect.

[85] Appendix A Table A4.

[86] Census Bureau various yearsa.

[87] Gimpel and Edwards 1999, Hanson et al. 2007.

[88] Bureau of Economic Analysis 2009.

are similar.[89] I examined characteristics of the senator, such as her race/ ethnicity and her tenure in the Senate and found little effect.[90] Instead of interacting trade openness and firm mobility with party, I interacted them with Republicans and Southern Democrats as one party; tax preferences of senators and the first dimension of the DW Nominate scores.[91] The results are quite stable across these different specifications. I also repeat the above analysis with standard errors clustered by state instead of by congress as we might believe that senators from a single state do not vote independently and the results are similar.[92] Further, instead of examining the year-over-year change in support for open immigration to control for potential spuriousness of the relationship, I repeat the above analysis using a panel logit model on each vote.[93] When we cluster the standard errors by state, the results are substantially and statistically similar to the results in the year-over-year change regressions. Finally, I similarly examined the relationship using a subset of only final passage votes and a subset of all votes on important immigration bill and found similar results.[94] Thus, we can have greater confidence in the results above.

In sum, the data support for the argument that the increasing integration of world markets has an unintended effect on support for open LSIP. Increasing trade openness leads to less support for open LSIP. In most cases, the increasing firms mobility also leads policymakers to support restricting LSIP. Yet, sometimes policymakers, especially Republicans, have been willing to subsidize firms, especially in agriculture, with increased low-skill immigration to keep them in the country. Finally, the data provide little support for alternative explanations; voting behavior does not seem to be driven by partisan differences, the influence of unions, nativist or the foreign-born, the fiscal costs of immigrants or the state of the state's economy.

---

[89] Appendix A Table A5.

[90] Appendix A Table A6.

[91] Appendix A Tables A7-A9.

[92] Appendix A Tables A10-A13.

[93] Appendix A Tables A14-A21.

[94] Appendix A Tables A22-A25.

Evidence of Firm Lobbying

While the data present above show a robust relationship between trade openness and firm mobility and voting on LSIP, it does not show directly that this relationship is caused by changes in firm lobbying. In this section, I provide evidence that firms are an important lobbying group and that industries that have been affected by trade openness and firm mobility lobby less on LSIP than industries that have been less affected. Data on firm lobbying is available from 1998-2011 from the Center for Responsive Politics.[95] The data are on lobbying, not on campaign contributions, but they should still give us a sense of how firms have tried to influence LSIP.[96] The filings include data on what issues the firms or organizations lobbied on, but not if they lobbied for or against, and the total amount they spent on all lobbying, but not how much was spent on any issue. The lobbying data show that on average about 580 firms or business associations and about 269 non-business groups lobbied on immigration each year. Thus, firms are an important lobbying group in the LSIP debate.

While firms are important, not all industries lobby on LSIP equally. A measure of intensity of lobbying on immigration examines what percent of issues that firms/ organizations in a industry lobby on are on LSIP.[97] Immigration is not the only issue that firms lobby on; on average firms that lobby on immigration also lobby on 7.15 other issues in a given year. Even firms lobbying on agricultural or seasonal low-skill immigration lobby on average on 7.63 other issues a year.

Lobbying on immigration conforms to the expectation of the argument; firms that have less trade protection and are more mobile lobby less on LSIP than firms with more trade protection and/or firms that are immobile.[98] If we examine a difference of means, 14% of issues lobbied on by non-tradable/mobile firms are on LSIP compared to only 4% of issues lobbied

---

[95]Center for Responsive Politics Center for Responsive Politics.

[96]Campaign contribution data does not list what issues a firm lobbied on.

[97]Using the number of firms in an industry that lobby on immigration as a second measure of lobbying intensity confirms these results. See Appendix A.

[98]Here I exclude firms that lobby primarily on high-skill immigration.

on by tradable/ mobile firms (p<0.000).[99] Similarly, the correlation coefficient between the percent of issues on immigration and the tariff level lagged five years is 0.33 (p<0.02).[100] As tariffs decrease, firms are less likely to lobby on LSIP. Similarly, the correlation coefficient between the percent of issues on LSIP and log direct investment lagged one year is smaller, -0.23 (p<0.007), but still in the hypothesized direction, and if we lag log direct investment two years, it is -0.25 (p<0.002).[101] As firms increase foreign direct investment they are also less likely to lobby.

TABLE 3 ABOUT HERE

Additionally, examining which industries do not lobby on immigration provides confirmatory evidence for the argument. Sectors that did not lobbied on LSIP, but did lobby on other issues, during this time period include the retail sector, hospitality and restaurants, wholesale, earthenware and glass, wood products, sugar, tobacco, beverages, paper and sundries. Yet, we have reason to believe that some of these industries lobbied on immigration in the past, as many of these industries were once top employers of immigrant labor. Using data from the Integrated Public Use Microdata Series, Table 3 shows the top ten immigrant employing industries by percent immigrants employed for every other census year from 1900-2010.[102] Several of the top employers in the early 20th century did not lobby on immigration at all in 1998-2005, including beverages, sugar, earthenware and glass, and sundries, and many of these industries no longer employ a large percentage of immigrants. The data show that this decrease in immigrant employment is correlated with the tariff level (correlation coefficient 0.54, p<0.000) and the amount of foreign direct investment the industry does (-0.11, p<0.08 with total direct investment; -0.17 (p<0.01) with percent of total

---

[99]All services, construction, transportation, government, utility, wholesale, retail, hospitality, amusement and healthcare are categorized as non-tradable/ mobile.

[100]Tariff data from 1900-1959 are from the Statistical Abstract of the United States and data from 1972-2005 are from Schott. Census Bureau various yearsc, Schott 2010. I lag the tariff level five years because, as argued above, industries that lobby on immigration may get trade protection instead.

[101]Date on foreign direct investment is from the Bureau of Economic Advisors. Bureau of Economic Analysis 2012. I lag direct investment because it helps address the reverse causality issue.

[102]Ruggles et al. 2010.

Table 3: Top Immigrant Employers 1900-2010

Rank	Year						
	1900	1920	1940	1960	1980	2000	2010
1	Beverages	Beverages	Textiles	Textiles	Textiles	Textiles	Textiles
2	Sugar	Sugar	Hospitality	Sundries	Hospitality	Hospitality	Sundries
3	Textiles	Textiles	Metals	Hospitality	Sundries	Agriculture	Hospitality
4	Metals	Metals	Sundries	Sugar	Services	Sundries	Services
5	Sundries	Hospitality	Construction	Metals	Agriculture	Services	Agriculture
6	Earthenwear, glass	Sundries	Sugar	Construction	Sugar	Construction	Chemicals
7	Chemicals	Earthenwear, glass	Earthenwear, glass	Services	Metals	Chemicals	Metals
8	Retail	Recreation	Retail	Retail	Retail	Metals	Transportation
9	Construction	Retail	Transportation	Paper	Health Care	Retail	Paper
10	Services	Construction	Services	Recreation	Chemicals	Transportation	Construction

US FDI). Increases in trade openness and firm mobility for these industries has led them to employ fewer immigrant workers, and in many cases fewer workers as a percent of total US employment, likely leading these firms to spend their lobbying dollars on issues besides immigration.

Conclusion

After World War II, the US sought to rebuild the 19th century liberal international order in trade and capital; yet, little attention was paid to immigration policy. Instead, immigration policy was treated as domestic policy and low-skill immigration was increasingly restricted over the last 60 years. In this article, I argue that it was, in fact, the building of the open trade and capital regime that lead to the restrictions in low-skill immigration policy.

As an unintended consequence of increased globalization of trade and capital, firm preferences over low-skill immigration changed. Trade openness subjected firms, especially low-skill intensive and less productive firms that use immigrant labor, to increased competition. As a result, some firms increased their capital intensity, high-skill intensity or productivity and some firms closed their doors. Either way, these firms no longer provided political capital for open immigration for low-skill workers. The increase in firm mobility compounded this effect; firms hurt by trade competition or seeking market access moved to where production costs were lower. Again, these firms also stopped supporting open immigration for low-skill immigrants. With less support for low-skill immigration, the policymaker could please other constituencies by restricting it.

As theorized, voting behavior in the US Senate supports the argument; changes in voting behavior on immigration were driven by changes in trade openness and firm mobility. Immigration does not simply fall along the left-right dimension. Nativism, measured as the percent foreign-born, does not affect the way that senators vote and neither does a constituency with a large percentage of potential immigrant voters. There is little evidence

unions or welfare spending in the state affect voting either. Moreover, data on industry lobbying on low-skill immigration provide confirmatory evidence of the causal arguments; industries decrease their lobbying on low-skill immigration when their trade protection is reduced or when they engage in more direct investment overseas.

While this paper examines the US, the argument may apply to other low-skill labor scarce states. Many of these states have also lowered their trade barriers and capital controls while simultaneous restricting low-skill immigration; however, unlike the US, these states have used explicit barriers to low-skill immigration through points systems or other skill restrictions. It is for future research to see if this argument explains other countries' immigration policies as well.[103]

This paper sheds light on both immigration policy and on International Political Economy. First, it is one of the few papers quantitatively testing different theories of immigration policy against each other. From the results, few of the existing theories seem to have much explanatory power. Instead, changing firm preferences seem to be a major driver of immigration policy.

The immigration literature, like many, has also assumed that firm preferences are static; I have shown that they can change with different production technology, trade openness and the ability to move production overseas. This line of research could also help increase our understanding of other domestic policies that affect firms including labor, welfare and environmental policy by examining how firms endogenously choose where to produce and, therefore, where they lobby. Perhaps, for instance, environmental policy in wealthy countries follows a similar trajectory — it may be easier for policymakers to pass more restrictive, pro-environment policies as "dirty" firms adopt cleaner technology, close due to increased competitive pressures or move their production overseas. However, this same process may mean that it is harder for developing countries to pass environmental laws, as the "dirty" firm which locate in those states are likely to lobby against these laws.

---

[103]See Peters 2013.

Further, this paper increases our understanding of international political economy and globalization by bringing immigration back into the picture. While international political economy scholars have studied the movement of goods and money, they have largely ignored the third aspect of international flows, the movement of people.[104] This paper bring immigration back into focus by examining international, and not simply domestic, explanations.

Finally, this paper increases our understanding of policy formation by refocusing our attention on the interaction of trade, capital, and migration policy. Economists have long argued that the movement of goods, people and money are substitutes; yet, political analysts have ignored this argument when they have studied immigration policy. Instead, scholars have focused on domestic factors and have therefore missed the role that trade and firm mobility has played in the formation of immigration policy. This paper brought the substitutability of these international economic policies back into focus by arguing that trade and firm mobility affect firm preferences over immigration and affect the way that policymakers respond to firms. Moreover, this paper shows the importance of examining policy substitutes. How policymakers create immigration policy cannot be understood without examining trade and firm mobility. Similarly, these other policy areas should be examined in light of immigration policy and each other as well.

---

[104]Exceptions include Leblang's and Singer's work on migration as well as the public opinion literature on immigration.Goldstein and Peters 2012, Hainmueller and Hiscox 2010, Hanson et al. 2007, Leblang 2010, Singer 2010.

References

Alt, J. E. and M. Gilligan (1994). The political economy of trading states: Factor specificity, collective action problems, and domestic political institutions. *Journal of Political Philosophy 2*(2), 165–192.

Bailey, M. A., J. Goldstein, and B. R. Weingast (1997). The institutional roots of american trade policy: Politics, coalitions, and international trade. *World Politics 49*(3), 309–338.

Bailey, M. N. and R. Z. Lawrence (2004). What happened to the great U.S. job machine? the role of trade and electronic offshoring. *Brookings Papers on Economic Activity 2*, 211–284.

Barton, J. H., J. L. Goldstein, T. E. Josling, and R. H. Steinberg (Eds.) (2006). *The Evolution of the Trade Regime: Politics, Law, and Economics of the GATT and the WTO*. Princeton, NJ: Princeton University Press.

Baumgartner, F. R. and B. D. Jones. Policy agendas project: Roll call votes. Available at: ⟨http://www.policyagendas.org⟩. Accessed 21 May 2009.

Blinder, A. S. (2007). How many US jobs might be offshorable. Unpublished Manuscript. Princeton University.

Briggs, V. M. (2001). *Immigration and American Unionism*. Cornell, NY: Cornell University Press.

Brown, S. S. (2006). Can remittances spur development? a critical survey. *International Studies Review 8*, 55–75.

Broz, J. L. and S. H. Werfel (2013). Exchange rates and industry demands for trade protection. *International Organization*. Forthcoming.

Bureau of Economic Analysis (2009). GDP by state. Available at: ⟨http://www.bea.gov/regional/index.htm⟩. Accessed 9 Jan 2010.

Bureau of Economic Analysis (2012). *U.S. Direct Investment Abroad: Industry Detail.* Washington, DC: US Government Printing Office. Available at: ⟨http://www.bea.gov/international/index.htm#omc⟩. Accessed 15 November 2012.

Carter, S. B., S. S. Gartner, M. R. Haines, A. L. Olmstead, R. Sutch, G. Wright, and M. R. Haines (2006, January). *Historical Statistics of the United States Millennial Edition Online.* New York: Cambridge University Press. Available at: ⟨http://hsus.cambridge.org/⟩. Table Ad256-279: Population, by sex, nativity, and citizenship status: 1920-1990. Accessed 25 November 2012.

Census Bureau (various yearsa). *Census of Governments.* Washington D.C.: US Government Printing Office.

Census Bureau (various yearsb). *Census of Manufactures.* Washington D.C.: US Government Printing Office.

Census Bureau (various yearsc). *Statistical Abstract of the United States.* Washington D.C.: US Government Printing Office.

Center for Responsive Politics. Opensecrets.org: Lobbying database. Available at: ⟨http://www.opensecrets.org/lobby/index.php⟩. Accessed 14 June 2012.

Chinn, M. D. and H. Ito (2008). A new measure of financial openness. *Journal of Comparative Policy Analysis: Research and Practice 10*(3), 309–322.

Clemens, M. A. and J. G. Williamson (2004). Why did the Tariff-Growth correlation change after 1950? *Journal of Economic Growth 9*(1), 5–46.

Clews, H. (1908). The financial and trade situation and prospects. *Transactions of the New England Cotton Manufacturers' Association 84*, 244–261.

Congressional Quarterly (2003). Immigration and naturalization service (INS) abolished, with border security, immigration services divided at department of homeland security

(DHS). *CQ Almanac 2002*. Available at: ⟨http://library.cqpress.com/cqalmanac/⟩. Accessed 12 July 2010.

Congressional Quarterly (2005). Details of the intelligence overhaul law. *CQ Almanac 2004*. Available at: ⟨http://library.cqpress.com/cqalmanac/⟩. Accessed 12 July 2010.

Congressional Quarterly (2006a). Immigration, 2001-2002 legislative chronology. In *Congress and the nation 2001-2004 (Vol. 11)*. Washington, DC: CQ Press.

Congressional Quarterly (2006b). War supplemental has strings attached. *CQ Almanac 2005*. Available at: ⟨http://library.cqpress.com/cqalmanac/⟩. Accessed 12 July 2010.

Copelovitch, M. and J. C. Pevehouse (Forthcoming). Ties that bind? preferential trade aggreements and exchange rate policy choice. *International Studies Quarterly*.

Feenstra, R. C. and G. H. Hanson (1996, May). Globalization, outsourcing, and wage inequality. *The American Economic Review 86*(2), 240–245.

Freeman, G. P. (1995). Modes of immigration politics in liberal democratic states. *International Migration Review 29*(4), 881–902.

Frieden, J. (1991). Invested interests: The politics of national economic policies in a world of global finance. *International Organization 45*(4), 425–451.

Gibney, M. J. (2004). *The Ethics and Politics of Asylum*. Cambridge: Cambridge University Press.

Gimpel, J. G. and J. R. Edwards (1999). *The Congressional Politics of Immigration Reform*. Boston, MA: Allyn and Bacon.

Goldin, C. (1994). The political economy of immigration restrictions in the United States, 1890 to 1921. In C. Goldin and G. Libecap (Eds.), *The Regulated Economy: A Historical Approach to Political Economy*. Chicago: University of Chicago Press.

Goldin, C. and L. F. Katz (1998). The origins of technology-skill complementarity. *Quarterly Journal of Economics 113*(3), 693–732.

Goldstein, J. L. and M. E. Peters (2012). Nativism or economic threat: Attitudes toward immigrants during the great recession. Unpublished Manuscript. Stanford University, Yale University.

Grieco, E. M., Y. D. Acosta, G. P. de la Cruz, C. Gambino, T. Gryn, L. J. Larsen, E. N. Trevelyan, and N. P. Walters (2012, May). The foreign-born population in the united states: 2010. In *American Community Survey Reports*. Washington DC: Census Bureau.

Hainmueller, J. and M. J. Hiscox (2010). Attitudes toward highly skilled and low-skilled immigration: Evidence from a survey experiment. *American Political Science Review*, 1–24.

Hanson, G. H., K. Scheve, and M. J. Slaughter (2007). Public finance and individual preferences over globalization strategies. *Economics & Politics 19*(1), 1–33.

Hartog, C. D. and N. W. Monroe (2011). *Agenda Setting in the U.S. Senate.* Cambridge: Cambridge Univeristy Press.

Hatton, T. J. and J. G. Williamson (2005). *Global Migration and the World Economy.* Cambridge, MA: The MIT Press.

Helpman, E., O. Itskhoki, and S. Redding (2009). Inequality and unemployment in a global economy. Unpublished Manuscript. CEPR Discussion Papr No. 7353.

Hiscox, M. J. (1999). The magic bullet? the RTAA, institutional reform, and trade liberalization. *International Organization 53*(4), 669–698.

Holborn, L. W. (1965). International organizations for migration of european nationals and refugees. *International Journal 20*(3), 331–349.

Honaker, J., G. King, and M. Blackwell (2010). Amelia II: a program for missing data. Available at: ⟨http://gking.harvard.edu/amelia⟩. Accessed 5 May 2010.

Hull, C. (1948). *The memoirs of Cordell Hull.* New York: Macmillan Company.

Hutchinson, E. P. (1981). *Legislative history of American immigration policy, 1798-1965.* Philadelphia: University of Pennsylvania Press.

Ikenberry, G. J. (2001). *After victory: Institutions, strategic restraint, and the rebuilding of order after major wars.* Princeton, NJ: Princeton University Press.

Irwin, D. A. (1998). From Smoot-Hawley to reciprocal trade agreements: Changing the course of U.S. trade policy in the 1930s. In M. D. Bordo, C. Goldin, and E. N. White (Eds.), *The Defining Moment: The Great Depression and the American Economy in the Twentieth Century*, pp. 325–352. Chicago, IL: University of Chicago Press.

Irwin, D. A. and R. S. Kroszner (1996). Log-rolling and economic interests in the passage of the Smoot-Hawley tariff. *Carnegie-Rochester Conference Series on Public Policy 45*, 173–200.

Joppke, C. (1998). Why liberal states accept unwanted immigration. *World Politics 50*(2), 266–293.

Jupp, J. (2002). *From white Australia to Woomera: The Story of Australian Immigration.* New York: Cambridge University Press.

Kelley, N. and M. J. Trebilcock (1998). *The Making of the Mosaic: a History of Canadian Immigration Policy.* Toronto; Buffalo: University of Toronto Press.

Keohane, R. O. and H. V. Milner (1996). *Internationalization and Domestic Politics.* Cambridge: Cambridge University Press.

Krutz, G. S. (2001). Tactical maneuvering on omnibus bills in congress. *American Journal of Political Science 41*(1), 210–223.

Lake, D. A. (2009). Open economy politics: A critical review. *Review of International Organizations 4*, 219–244.

Leblang, D. A. (2010). Familiarity breeds investment: Diaspora networks and international investment. *American Political Science Review 104*, 584–600.

Lee, F. (2009). *Beyond Ideology: Politics, Principles, and Partisanship in the U. S. Senate*. Chicago, IL: The University of Chicago Press.

Linden, T. (2006). Myths and theories; facts and fiction: Misinformation frames immigration reform debate. *Western Grower and Shipper January*, 11–17.

Mansfield, E. D. and M. L. Busch (1995). The political economy of nontariff barriers: A cross-national analysis. *International Organization 49*(4), 723–749.

Medina, M. (2011). *Give me your Engineers, your Ph.D.s, yearning to fund my Welfare State. Fiscal Crises and High-skilled immigration Policies*. Ph. D. thesis, Washington Unviersity in Saint Louis, Saint Louis.

Melitz, M. J. (2003). The impact of trade on intra-industry reallocations and aggregate industry productivity. *Econometrica 71*(6), 1695â1725.

Milner, H. V. (1988). Trading places: Industries for free trade. *World Politics 40*(3), 350–376.

Milner, H. V. and D. H. Tingley (2012). Sailing the water's edge: Where domestic politics meets foreign policy. Unpublished Manuscript, Princeton University, Harvard University.

Mosley, L. (2003). *Global Capital and National Governments*. Cambridge: Cambridge Univeristy Press.

Nassif, T. (2005). Nassif takes on dobbs, transcript. *Western Grower and Shipper May*, 8–9.

Nassif, T. (2006a). Hasta la vista, baby. *Western Grower and Shipper April*, 4.

Nassif, T. (2006b). The key. *Western Grower and Shipper May*, 5–6.

Oatley, T. (2011). The reductionist gamble: Open economy politics in the global economy. *International Organization 65*(2), 311–341.

Obstfeld, M. and A. M. Taylor (2004). *Global capital markets: integration, crisis, and growth.* Cambridge: Cambridge University Press.

Peters, M. E. (2011). *Open Trade, Closed Borders: Immigration Policy in the Era of Globalization.* PhD dissertation, Stanford University, Stanford, CA.

Peters, M. E. (2013). Open trade, closed borders: Immigration policy in the era of globalization. Unpublished Manuscript. Yale University.

Poole, K. T. (2009). 1st-101st senate roll call data. Available at: ⟨http://voteview.com/⟩. Accessed 9 Jan 2010.

Poole, K. T. and J. Lewis (2009). 109th-110th senate roll call data. Available at: ⟨http://voteview.com/⟩. Accessed 9 Jan 2010.

Poole, K. T. and N. McCarty (2009). 102nd-108th senate roll call data. Available at: ⟨http://voteview.com/⟩. Accessed 9 Jan 2010.

Quincy, J. (1896). Address by mayor quincy of boston. *Transactions of the New England Cotton Manufacturers' Association 60*, 65–67.

Quinn, D. and C. Inclan (1997). The origins of financial openness: A study of current and capital account liberalization. *American Journal of Political Science 41*(3), 771–813.

Quinn, D. and A. M. Toyoda (2006). Does capital account liberalization lead to growth? *Review of Financial Studies 21*(3), 1403–1449.

Roberts, J. M. and S. S. Smith (2003). Procedural contexts, party strategy, and conditional party voting in the U.S. house of representatives, 1971-2000. *American Journal of Political Science 47*(2), 305–317.

Rogowski, R. (1989). *Commerce and Coalitions.* Princeton, NJ: Princeton University Press.

Ruggles, S., J. T. Alexander, K. Genadek, R. Goeken, M. B. Schroeder, and M. Sobek (2010). Integrated public use microdata series: Version 5.0 [machine-readable database]. University of Minnesota, Minneapolis, MN.

Schott, P. K. (2010). U.S. manufacturing exports and imports by sic or naics category and partner country, 1972 to 2005. Unpublished Manuscript, Yale School of Management.

Simmons, B. A. (2003). The legalization of international monetary affairs. *International Organization 54*(03), 573–602.

Singer, D. A. (2010). Migrant remittances and exchange rate regimes in the developing world. *American Political Science Review 104*(2), 307–323.

Tichenor, D. J. (2002). *Dividing lines: the politics of immigration control in America.* Princeton, NJ: Princeton University Press.

Timmer, A. S. and J. G. Williamson (1998). Immigration policy prior to the 1930s: Labor markets, policy interactions, and globalization backlash. *Population and Development Review 24*(4), 739–771.

United Nations Development Program (2009). *Human Development Report.* New York: United Naitons.

von Stein, J. (2005). Do treaties constrain or screen? selection bias and treaty compliance. *American Political Science Review 99*(4), 611–622.

Zolberg, A. R. (2006). *A Nation by Design: Immigration Policy in the Fashioning of America.* Cambridge, MA: Harvard University Press.