Integration and Disintegration: Trade and Labor Market Integration

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Abstract

After World War II, the victors—the U.S. and the U.K.—created a liberal international order based on integrating markets for goods and capital but not labor. The decision to remove barriers to trade in goods and capital flows have had profound effects on immigration. Trade has meant the closure of businesses in developed countries that rely on low-skill labor. When these firms closed, they took their support for low-skill immigration with them. The ability of capital to move intensified this trend: whereas once firms needed to bring labor to their capital, they can now take their capital to labor. Once these firms move, they have little incentive to fight for immigration at home. Finally, increased productivity, as both a product of and response to globalization, has meant that firms can do more with fewer workers, again decreasing demands for immigration. Together, these changes have led to less business support for immigration, allowing politicians to move to the right on immigration and pass restrictions to appease anti-immigration forces. The recent backlash to the LIO, then, has implicated the very flow—the movement of labor—that was never part of it.

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I Introduction

In the last few years, it has seemed as if the forces of disintegration have reigned supreme. First, there was the Brexit vote in Summer 2016, followed by the election of Donald Trump as the president of the United States in the fall of that year, and the increasing fortunes of far-right parties and politicians throughout Europe. While there has been some "buyer's remorse" by publics throughout the world—Brexit was pushed back several times, the Democratic party in the U.S. was resurgent in the 2018 congressional elections, and center and left parties have been able to fend off challenges by the far-right across Europe and even gained seats in the European Parliament—, it is clear that there is growing public discontent with globalization, the greater integration of economic markets for goods, services, and money.

What has been most notable about this anger is the high level of resentment towards immigrants, even though immigration has not been part of the post-war liberal international order (LIO). That immigration was left out of the LIO was intentional. The changes of the late nineteenth century and the Interwar Era had increased the power of native labor and with it the need to protect domestic workers from the forces of the international market.[1] When creating the new institutions that would help maintain exchange rates and moderate capital flows (the International Monetary Fund or *IMF*) and increase trade flows (the General Agreement on Tariffs and Trade, later the World Trade Organization, or *GATT/WTO*), the American and British framers had to allow governments to manage their domestic labor markets. Any supra-national organization or agreements on the movement of labor that threatened domestic labor markets were out of the question.[2]

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[1] Barry J. Eichengreen, *Golden fetters: the gold standard and the Great Depression, 1919-1939* (Oxford, U.K.: Oxford University Press, 1996).

[2] There were agreements around labor rights and standards signed under the auspices of the UN, including the International Covenant on Economic, Social and Cultural Rights, and ILO, including the Declaration of the Fundamental Principles and Rights at Work.

Yet the sequencing of post-war openness had profound effects on the shape that globalization took. With the GATT/WTO, states within the liberal core of North American, Western Europe, and Australasia took down their tariffs and other trade barriers relatively quickly. Beginning in the 1970s, they removed their barriers to capital mobility as well.[3] As we have seen, these policies in combination with technological changes in shipping and communications changed the way firms did business. While once businesses had to produce relatively close to their final consumers, the declining costs of trade meant that geographic distance was no longer an obstacle. The ability to move capital easily between states and changes in communications has meant that it is easier for firms to locate production far from their headquarters. Together, these changes have led to the global supply chains that are the hallmark of modern production.

These changes have not just affected business relationships but have also profoundly changed politics, especially the politics of immigration. Trade has meant the closure of businesses in developed countries that rely on low-skill labor. When these firms closed, they took their support for low-skill immigration with them. The ability of capital to move intensified this trend: whereas once firms needed to bring labor to their capital, they can now take their capital to labor. When these firms move, they have little incentive to fight for immigration at home. In turn, this has meant that there is less support from business for immigration; whereas once manufacturing was a major supporter of immigration, now business support for immigration is left to services and agriculture.[4]

With less support for immigration from business, politicians, especially on the right, have been able to cater to anti-immigration groups. If a politician doesn't fear a loss

[3] John B. Goodman and Louis W. Pauly, "The Obsolescence of Capital Controls? Economic Management in an Age of Global Markets," *World Politics* 46, no. 1 (1993): 50–82.
[4] Margaret E Peters, *Trading barriers: immigration and the remaking of globalization* (Princeton, NJ: Princeton University Press, 2017).

of pro-immigration supporter if she moves to the right on immigration—because those groups no longer care about the issue—she can easily move to capture additional votes. There have almost always been groups and voters who oppose immigration; if they are not counterbalanced by powerful pro-immigration groups, politicians restrict immigration to obtain those votes. By moving to the right, they legitimize anti-immigrant views and bring them into the debate. This then allows political entrepreneurs, like Nigel Farange of the U.K. Independence Party or Donald Trump, to move from the fringe into the mainstream. In turn, the increased political space and power of anti-immigrant forces then leads to greater restrictions on immigration. Thus, the decrease in business support has emboldened anti-immigrant forces and led to further restrictions on immigration.[55]

I test the implications of my argument empirically using two different types of data. First, I use data on trade policy and immigration policy in the West (Canada, Australia, New Zealand, the US, and Europe) since World War II to show that immigration and trade are inversely related. When trade has been more restricted, immigration has been more open, as policymakers cater to business demands for greater openness. Yet, when trade opens, immigration becomes restricted as businesses close allowing policymakers to cater to anti- immigrant groups. The ability of firms to move production, as measured by greater capital openness, only magnifies this effect. Second, I dive deeper into the relationship between trade and immigration using senate roll call votes on immigration. I find that when trade openness leads firms in the senator's home state to close, the senator is more likely to vote for restrictions on immigration. Similarly, when more firms have the ability to move or when they mechanize production, senators too are more likely to vote for

[5] See Peters, above n 3.

restrictions. Together, the change in firm support helps explain why Republicans are increasingly anti-immigration.

The way that greater integration of world's economies was achieved then has sowed the seeds for its backlash. By integrating trade and capital markets first, the framers of the LIO forestalled the integration of labor markets. In the short run, this helped to protect native labor but in the long-run it has had the opposite effect: instead of competing against foreign workers in the more regulated labor markets of the Global North, native workers have had to compete against them in the much-less-regulated labor markets of the Global South. This has likely led to more job losses for native workers in the Global North than would have been the case if states had allowed more immigration. Further, it decreased the chance for meaningful contact between natives and immigrants that might prevent anti-immigrant sentiment. Scholars going back to Allport have noted that high quality contact decreases prejudice.[6] The lack of quality contact at work may have allowed fears of immigrants to increase, since few had meaningful experiences with immigrants with which to build counter narratives. This then left many open to emboldened politicians who could frame immigrants as the cause of citizens' problems, instead of more likely culprits like trade and automation.[7]

This article continues as follows. First, I detail the links between trade, firm mobility, productivity, and immigration politics and policy. In this section, I draw upon

[6] Gordon W. Allport, *The nature of prejudice* (Cambridge, MA: Addison-Wesley Publishing Company, 1954).

[7] Immigrants are largely complements for native labor throughout much of the developed world. Giovanni Peri and Chad Sparber, "Task specialization, immigration, and wages," *American Economic Journal: Applied Economics* 1, no. 3 (2009): 135–69. Instead trade and automation have cause much of the loss of manufacturing job losses; although, scholars disagree on how much each factor has caused. See for example Daron Acemoglu and Pascual Restrepo, "Robots and jobs: Evidence from US labor markets," *NBER working paper*, no. w23285 (2017); David H. Autor, "Why are there still so many jobs? The history and future of workplace automation," *Journal of economic perspectives* 29, no. 3 (2015): 3–30; David H Autor, David Dorn, and Gordon H Hanson, "Untangling trade and technology: Evidence from local labour markets," *The Economic Journal* 125, no. 584 (2015): 621–646.

economic theories on trade including both Ricardian comparative advantage and "new" new trade theory to understand how trade, firm mobility, and productivity affect immigration. Then, I discuss how the LIO was put together in the post-war era and what this has meant for immigration, using data on immigration and trade policies in the West. Third, I discuss how trade and capital mobility freed politicians to move to the right on immigration using a case study of voting in the U.S. senate. Finally, I conclude with implications for integration.

II Theory

I argue that trade openness and firm mobility decrease political support for low-skill immigration in wealthy countries. Although all countries experience some immigration, my argument applies especially to states to which many immigrants want to move—states that are wealthy relative to other states in their region or the world. These states must decide whether and how to control their borders. Throughout this section, I draw upon both economic models of trade and political science models of politics.

I assume that policymakers want to stay in office. In all societies, policymakers must have both elite and mass support to stay in office; the amount of one versus the other changes depending on whether the state is a democracy, in which mass attitudes matter a lot, or autocracy, in which elite attitudes are likely to matter more.[8] When we think about how disintegration has occurred in the recent past, we often think about the change in support for globalization and integration among democracies. Thus, for the rest of the discussion and in presenting the evidence, I focus on democracies and democratic politics.

When policymakers in a democracy craft immigration policy, I assume that they

[8] Bruce Bueno De Mesquita et al., *The logic of political survival* (Cambridge, MA: MIT press, 2005).

consider the views of interest groups, their voters, and their party's or their own ideology, all with an eye to re-election. Interest groups are important because they provide politicians with electoral support and engage in formal or informal lobbying.[9] Interest groups can engage in a range of different behaviors to influence policy depending on the electoral rules. In the US, interest groups can give money to candidates or create separate organizations to influence elections, can lobby politicians once in office, and can engage in get out the vote activities. In other countries, campaigns are publicly funded but interest groups can still meet with politicians to discuss how legislation will affect them. In yet other countries, employer and union interest groups have institutional channels to craft policy. For example, in the Netherlands, employers' organization are represented on the Social and Economic Council, which comments on policy initiatives.[10]

I assume that there are both pro- and anti-immigration groups (and voters) in the country. Below I consider the preferences of what has been the most powerful pro-immigration group, firms, but there are other pro-immigration groups like humanitarian groups and groups comprised of earlier immigrants. Anti-immigrant groups consist, at times, of organized labor, which has seen immigrants as competition for jobs; taxpayers, who worry about the burden that immigrants may place on the social welfare system; and nativists, who do not like the cultural changes that come with immigration.[11] Without firms, anti-immigrant groups are likely to outgun, so to speak, the pro-immigrant groups.

How much weight politicians place on interest groups versus voters will depend on electoral timing and the salience of immigration to the general population. Politicians are

[9] Gene M Grossman and Elhanan Helpman, *Special interest politics* (Cambridge, MA: MIT press, 2001).
[10] Sociaal-Economische Raad, *The Power of Consultation: The Dutch Consultative Economy Explained*, https://www.ser.nl/en/~/media/files/internet/talen/engels/brochure/informatiebrochure- power-consultation-en.ashx. Accessed 31 March 2015. 2013.
[11] For a discussion of these groups, see Gary P. Freeman, "Modes of Immigration Politics in Liberal Democratic States," *International Migration Review* 29, no. 4 (1995): 881–902.

more likely to care about the views of voters the closer it is to an election[12] or when an issue is highly salient to the voters.[13] Farther from an election or when an issue is less salient, politicians are more likely to prioritize the views interest groups or their own ideology. Regardless, interest groups' positions are likely to factor into politicians' calculations. Business interests, in particular, are likely to play a large role—businesses provide jobs for constituents and needed tax revenue—in addition to whatever support they may provide for re-election.[14] Thus, as lamented by many, business interests are likely to have a strong effect over policy. This paper, then, considers how businesses' support for low-skill immigration changes with globalization. From here on, I use the term "lobby" to encompass all activities that firms could do that would increase the likelihood that policymakers take their views into account, including providing campaign contributions, working on get out the vote drives, lobbying officials, or advising on policy. I assume that any firm that wants to lobby can do so on its own or as part of a larger organization.[15]

Firms are strategic in their lobbying. Most importantly, firms are not going to lobby in excess of the benefit they will get from a policy change.[16] Lobbying is costly in terms of both money and time that could be spent on other activities of the firm or be given as profit to the owners of the firm. If a firm will not benefit from a change in immigration policy, for example if the firm is a manufacturing firm and the proposed change allows in agricultural workers, the firm will be unlikely to lobby for the policy. Lobbying effort will likely also be

[12] Robert J Barro, "The control of politicians: an economic model," *Public choice*, 1973, 19–42; Gerald H Kramer, "Short-term fluctuations in US voting behavior, 1896–1964," *American political science review* 65, no. 1 (1971): 131–143.
[13] James H Kuklinski and Donald J McCrone, "Policy salience and the causal structure of representation," *American Politics Quarterly* 8, no. 2 (1980): 139–164.
[14] Gene M. Grossman and Elhanan Helpman, "Protection for Sale," *The American Economic Review* 84, no. 4 (1994): 833–850.
[15] I abstract away from the collective action costs. We can think of collective action costs as part of the costs of lobbying: if collective action costs are high, the cost of lobbying will increase.
[16] See Grossman and Helpman, above n 14.

affected by the probability that the policy can be passed.[17]

Firms have different preferences over low-skill immigration depending on the other options they have to produce besides using low-skill labor in their home country. I examine two cleavages that affect business preferences. The first cleavage is based on the low-skill labor intensity of production: firms that use much low-skill labor will favor open low-skill immigration whereas firms that use little low-skill labor will be indifferent. As technology advances, more firms will move from the low-skill-intensive sector to the high-skill-intensive sector,[18] reducing support for low-skill immigration. The second cleavage is mobility across international borders: sectors that are relatively immobile are more likely to support open immigration than sectors that can move overseas. As firm mobility increases, more firms move from the immobile category to the mobile category, again reducing support on low-skill immigration. Trade acts on these preferences by changing the number of firms in the low-skill-intensive, low-mobility sector. Trade restrictions increase the number of firms in this category and allow these firms to grow in size. Trade openness decreases both the number of firms in this category and shrinks the size of existing firms.

The total amount of lobbying on immigration by firms—both the total number of firms lobbying and how much each firm lobbies—is based on the number of firms that use low- skill labor. When low-skill-intensive firms close due to trade competition, when they move overseas, or when they adopt labor-saving technology, support for open immigration drops. This, in turn, allows anti-immigrant forces to have more influence over immigration policy and leads to more immigration restrictions.

[17] While the probability that a given policy is enacted is a product of lobbying, individual firms may be unable to change the probability much, unless they are very large corporations.

[18] Elhanan Helpman, Oleg Itskhoki, and Stephen Redding, "Inequality and Unemployment in a Global Economy" (Unpublished Manuscript. CEPR Discussion Paper No. 7353, 2009).

A Trade's & international competition's effects on business

In classic trade theory, states trade based on their comparative advantage. Wealthy states are abundant in capital and high-skill labor and export goods that use much of those factors of production in their production (*high-skill-intensive goods*) whereas developing countries are abundant in low-skill labor and export goods that are produced with low-skill labor (*low- skill-intensive goods*). When states open their borders to trade, the export sector, in which they have a comparative advantage, will expand as there is greater demand for these goods from overseas and the import sector, in which they are at a comparative disadvantage, will contract as there is more competition for these goods from overseas.[19] For wealthy countries, this means that the low-skill-intensive sectors of the economy will contract. These are the same sectors that employ low-skill immigrants. When firms in these sectors close, they take their support for low-skill immigration with them. Without businesses' support for immigration, anti-immigration supporters gain relatively more power and policy-makers restrict immigration to appeal to these forces.

"New" new trade theory (NNTT) should have a similar effect. In NNTT, states engage in intra-industry trade, usually with states with similar endowments. Trade in automobiles between the U.S., Germany, and Japan is an example of intra-industry trade. Trade occurs because consumers like variety, wanting the ability to consume Fords, Volkswagens, or Hon- das. Because trade is costly—firms have to find importers for their products, comply with different regulations, and pay to ship their product—only the most productive firms can afford to engage in trade.[20] Trade openness decreases the cost of trade,

[19] Wolfgang F. Stolper and Paul A. Samuelson, "Protection and Real Wages," *The Review of Economic Studies* 9, no. 1 (1941): 58–73.
[20] Marc J. Melitz, "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity," *Econometrica* 71, no. 6 (2003): 1695–1725.

allowing firms with lower levels of productivity to export, subjecting all firms—foreign firms, domestic exporters, and domestic-only producers alike—to increased competition in the domestic market. The least productive firms, which prior to the change in trade were producing for only the domestic market, lose market share to the new foreign competition and close. After trade liberalization, there is a higher average level of productivity than before.[21] As productivity increases, firms need fewer workers to produce as much and they often need more skilled workers, who tend to be more productive.[22]

The closure of some firms in the low-skill tradeable sector, e.g. manufacturing and agriculture, also affects the remaining firms in those sectors and the low-skill non-tradeable sector, e.g. construction and services. When firms in the tradeable sector close, they lay off both their native and their immigrant workers, who can now be employed in the remaining firms. The remaining firms no longer need to worry about the availability of low-skill immigrant labor (even if they did not rely upon immigrants in the past) because the lay-offs have led to greater availability of native workers and lower wages. The remaining firms might still like additional immigrant labor but it becomes a lower priority for them and so they are less likely to support low-skill immigration. This dynamic helps explain why the service industry has not sought as much immigration as we might think they would have even though it relies on much immigrant labor. Policymakers can restrict immigration, then, to make others in the polity, including native labor and those who oppose immigration, better off without making non-tradeable firms worse off.

The converse also holds: greater trade restrictions should lead to more support for low- skill immigration. With the increase in restrictions, more low-skill and low-productivity

[21] New firms that enter the market will be more productive, since only those more productive firms can compete with foreign firms. For a formal discussion, see Elhanan Helpman, "Trade, FDI, and the Organization of Firms," *Journal of Economic Literature* 44, no. 3 (2006): 596.
[22] See Helpman, Itskhoki, and Redding above, n 18.

pro- duction happens in the domestic market. Additional firms will enter the low-skill-intensive sector and/or existing firms will expand to fill the demand that was once covered by imports. As these sectors expand, wages for low-skill workers increase, leading to an increase in wages across the economy (assuming that labor can move relatively easily between sectors). The increase in wages will harm firms' profits and may even erase the gains that firms have made with the increase trade barriers. The wage increases lead firms in both tradeable and non-tradeable low-skill-intensive sectors to increase their support for low-skill immigration. Assuming that firms are an important interest group, low-skill immigration should open. Thus, trade policy and policy on low-skill immigration are substitutes: if trade is restricted immigration for low-skill immigrants should open whereas if trade opens immigration policy for these migrants should be restricted.[23]

B Firm mobility

The ability of firms to move production overseas, what I term "firm mobility," also acts as a substitute for low-skill immigration. Unlike trade, though, policy-makers have much less control over many aspects of firm mobility. Importantly, it must be technically feasible for the firm to move production to another location. Additionally, other states must be willing to allow foreign direct investment. There are some factors that policymakers can control: they can reduce their currency's convertibility, which makes moving money from the parent company to the subsidiary more difficult, thereby making it less attractive for home-country firms to establish plants overseas, or sign a bilateral

[23] Trade and immigrant flows are not necessarily substitutes, however. Immigrants can increase the flow of goods by providing information that makes trade more feasible, e.g. David M Gould, "Immigrant links to the home country: empirical implications for US bilateral trade flows," *The Review of Economics and Statistics*, 1994, 302–316. Trade flows can disrupt production in developing countries leading fewer jobs and/or release the poverty trap that keeps some people from migrating. Both effects lead to more migration Philip L Martin, "Economic integration and migration: the case of NAFTA," *UCLA J. Int'l L. & Foreign Aff.* 3 (1998): 419.

investment treaty with another country, which would give firms greater legal protections in the face of potential expropriation, smoothing the path for home-country firms to invest in overseas production. With firm mobility, firms can either bring low-skill workers to their factories in wealthy countries or take their factories to low-skill workers in developing countries.

Which option they choose will depend on the relative ease of moving the factory. If the industry is immobile, firms will support open immigration. For example, much construction has to be done on-site. In contrast, manufacturing textiles or sewing t-shirts can be done anywhere in the world. Once firms move, they no longer support immigration at home, since they do not need the workers. The firms that do remain at home — whether because they are non-mobile like much of construction; they cannot afford to move; or are profitable without moving — can take advantage of the labor laid off when other firms move just like in the case of trade. As it becomes easier for more and more firms to move overseas, business support for low-skill immigration at home declines and policymakers can restrict immigration. In contrast, if it becomes more difficult for firms to move overseas, they will be more likely to support immigration and immigration policy should open.

The effect of firm mobility has become increasingly important with global supply chains. Most firms now rely upon production of at least some parts abroad. When firms out- source production abroad—either internally through a subsidiary like the Ford Motor Company's plants in Mexico or externally through a subcontractor like Apple's relationship with Foxconn—they need less labor at home. This will likely decrease their demands for immigration into the future.

C Productivity & technological change

Finally, technological changes that increase productivity will affect preferences over low- skill immigration. With the industrial revolution, technology has increasingly let businesses replace human labor with machines. Greater globalization has likely also played a role in speeding up the creation and adoption of labor-saving technology, as firms have sought to stay ahead of their competition. Increasing technological developments have also led to less support for low-skill immigration. Some firms simply need less labor and the labor they do hire needs to have more skills,[24] while other firms can take advantage of the excess labor that gets laid-off when another firm or sector mechanizes production to a greater extent. As productivity has increased, support for immigration should fall and with it, immigration policy should become more restricted.

D Integration of world markets and low-skill immigration

Altogether, then, greater integration of the world's goods and capital markets has led to greater disintegration of the worlds labor markets. Increased trade has meant that many firms that once supported low-skill immigration have closed their doors. Others have decided that if they can't beat the foreign competition, they will join them and moved their operations overseas, taking support for immigration with them. Finally, still others have mechanized production or adopted other productivity enhancements that mean they can do more with fewer workers. All three of these strategies have led to less support for immigration.

There are industries left in advanced industrial economies that still want low-skill immigration. These industries, like labor-intensive agriculture, construction, and hospitality, though have a hard time getting the immigration policy that they want because they no

[24] See Helpman, Itskhoki, and Redding above, n 18.

longer have as many allies in other industries. Additionally, because there are fewer industries that need immigrant workers, a restrictionist politician can more easily find other policies that can appease these industries instead of immigration, such as tax changes, labor policies, environmental policies, and the like. Regardless, because much of the firm demand for low-skill immigration has declined with greater globalization, policymakers have been able to restrict immigration to appease to other constituents.

III Trade, Capital Mobility, and Immigration in the Post-War Era

As World War II was coming to the end, American and British policymakers began making plans for the post-war order. The goal of these plans was to create a lasting peace while preventing Communism from spreading further. The architects of these plans, centered around Cordell Hull in the U.S. and John Maynard Keynes in the U.K., believed that the breakdown of economic relations in the Interwar Period exacerbated the Great Depression and led to the rise of Nazi Germany.[25] They wanted to rebuild the nineteenth century economic order but needed to account for the realities of politics in the mid-twentieth century, in which labor had a much greater say over policy than in the nineteenth century.[26] This meant engaging in "embedded liberalism," in which markets would open but there

[25] John H. Barton et al., *The Evolution of the Trade Regime: Politics, Law, and Economics of the GATT and the WTO* (Princeton, NJ: Princeton University Press, 2006); Cordell Hull, *The Memoirs of Cordell Hull.* (New York: Macmillan Co, 1948); G. John Ikenberry, *After victory: Institutions, strategic restraint, and the rebuilding of order after major wars* (Princeton, NJ: Princeton University Press, 2001); Douglas A. Irwin, "From Smoot-Hawley to Reciprocal Trade Agreements: Changing the Course of U.S. Trade Policy in the 1930s," in *The Defining Moment: The Great Depression and the American Economy in the Twentieth Century*, ed. Michael D. Bordo, Claudia Goldin, and Eugene N. White (Chicago, IL: University of Chicago Press, 1998), 325–352.
[26] See Eichengreen, above n 1.

would still be protections for native labor.[27] These plans included opening trade, through what eventually became the GATT/WTO, and recreating the liberal international order in finance through the IMF. In both of these organizations, there were carve-outs and escape clauses to protect labor markets from the worst of shocks of the international system.

On immigration, however, policymakers were unwilling to rebuild the nineteenth century order of relatively open borders; instead, the focus was on how to maintain the status quo while dealing with the problems that war refugees posed. Before the end of the War, Roosevelt commissioned a secret study on land use and population problems. Roosevelt was concerned about the impact refugees, "surplus" population in Europe and Asia, and "geopolitical problem children," minorities who were traditionally exploited for political gain by the great powers, would have on the stability of the world system.[28] After the war concluded, the U.S. and its allies began to work on the issue of displaced persons, leading to what eventually became the UNHCR.[29] At the same time, the US was also concerned that the large number of unemployed and underemployed workers in Europe could undermine the economic recovery stimulated by Marshall Plan and could be used by the Soviets to extend communism west.[30] But, the U.S. did not want to resettle these populations itself.[31] Instead, the U.S. proposed the creation of the Intergovernmental Committee for European Migration (*ICEM*) to assist in the movement of Europeans from the overpopulated areas in Europe to the less developed areas in the British Dominions and Latin

[27] John Gerard Ruggie, "International regimes, transactions, and change: embedded liberalism in the postwar economic order," *International organization* 36, no. 02 (1982): 379–415.
[28] Louise W. Holborn, "International Organizations for Migration of European Nationals and Refugees," *International Journal* 20, no. 3 (1965): 347.
[29] For a history of the creation of the UNHCR, see Alexander Betts et al., *UNHCR: The politics and practice of refugee protection* (Routledge New York, NY, 2012); Rieko Karatani, "How history separated refugee and migrant regimes: in search of their institutional origins," *International Journal of Refugee Law* 17, no. 3 (2005): 517–541.
[30] See Holborn, above n 16, at 336.
[31] "Intergovernmental Committee for European Migration," *International Organization* 9, no. 3 (1955).

America.

ICEM was created largely as a logistical and technical agency. Member states comprised of three types: emigration, immigration, and sympathizing states. Sympathizing states, like the U.S., would provide funding for the agency. Immigration and emigration states would work together to develop programs for migration and the ICEM would help facilitate migration. The ICEM would provide facilities for selection, training, and processing of migrants either with the government of immigration or on behalf of the government of immigration.[32] Both the governments of the immigration and the emigration states provided a contribution for the cost of passage to the immigration country; the U.S. also provided a per capita contribution.[33] The ICEM was relatively successful in moving migrants: by 1960, the ICEM had moved its millionth migrant[34] and by 1965, it had moved 1,366,149 people.[35]

The ICEM had a much more limited role in policymaking and enthusiasm waned over time. It could propose programs, but only government could approve them.[36] By 1956, there was already the belief among member states that the main reason for the ICEM— high unemployment in Europe—was no longer valid.[37] Receiving states too were becoming more selective in which immigrants they wanted, taking fewer migrants.[38] Disputes about whether a multilateral organization was needed were common.[39] In 1963, the U.S. declared that the ICEM's major tasks were to shift from supporting large scale

[32] See Holborn, above n 16, at 341-342.
[33] Edward Marks, "Internationally Assisted Migration: ICEM Rounds Out Five Years of Resettlement," *International Organization* 11, no. 3 (1957): 490.
[34] "Intergovernmental Committee for European Migration," *International Organization* 14, no. 3 (1960): 491.
[35] See Holborn, above n 16, at 336.
[36] See Marks, above n 21, at 491.
[37] "Intergovernmental Committee for European Migration," *International Organization* 10, no. 2 (1956): 349.
[38] "Intergovernmental Committee for European Migration," *International Organization* 12, no. 2 (1958); "Intergovernmental Committee for European Migration," *International Organization* 12, no. 3 (1958).
[39] "Intergovernmental Committee for European Migration," *International Organization* 11, no. 2 (1957): 405.

movements of people to maintaining the organization to assist resettlement in case of another refugee crisis or in case of a major economic downturn in Europe; increase training and selection programs to better fit European migrants to the needs of receiving states; and to boost food production by channeling skilled farmers from Europe to Latin America.[40] By the mid-1960s most of the migration programs of the ICEM ended as Latin America closed its borders to ICEM migrants. Since the 1960s, the ICEM has transformed itself from an implementation agency to an advisory agency as the International Organization for Migration.

While the ICEM was curtailing its mission, trade and capital mobility increased. Throughout the 1950s and 1960s, the GATT had increased its mission, increasing its scope of tariff cuts and the number of participants. By the 1970s and 1980s, capital controls were increasingly removed.[41] The decline in trade restrictions led to deindustrialization throughout the advanced industrialized economies, as low-skill intensive industries moved to newly developing states, leading to the loss of manufacturing firms in those states. Among the remaining manufacturing firms, some moved production overseas either through foreign direct investment or subcontracting. Others increased the use of technology to replace labor. The remaining firms benefited from the loss of jobs in the manufacturing sector, employing the now laid-off labor without raising wages much: in the US, real wages have barely increased since the mid-1960s and throughout the OECD as a whole, median wages have only increased about 10% in the last 20 years.[42]

Together, these developments shrank business support for immigration and led to

[40] "Intergovernmental Committee for European Migration," *International Organization* 18, no. 3 (1964): 670.
[41] See Goodman and Pauly, above n 2.
[42] Drew Desilver, *Pew Research Center: Facttank*, 2018, https://www.pewresearch.org/fact-tan k/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-for-decades/; Cyrille Schwellnus, Andreas Kappeler, and Pierre-Alain Pionnier, "Decoupling of wages from productivity," no. 1373 (2017), https://www.oecd-ilibrary.org/content/paper/d4764493-en.

increased immigration restrictions. Figure 1 shows the relationship between trade and immigration policy in the "Western Core" of the liberal international order of Western Europe—France, Germany, the Netherlands, Switzerland, and the U.K.—and the New World and Asia—Australia, Canada, Japan, New Zealand, South Korea, Taiwan, and the U.S—from the nineteenth century into the twenty-first. To measure immigration policy, I rely on the dataset created by Peters.[43] Peters collected data on twelve different dimensions of immigration policy, including policies that determine which kind and how many immigrants— voluntary, forced, temporary, and permanent—can enter the state; policies on the rights immigrants are granted, as immigrants often go to countries that offer more rights;[44] and policies on enforcement to ensure that a de jure restrictive policy is de facto restrictive as well. These different dimensions of policy were then aggregated using principal component analysis to create a single immigration policy variable.[4545]

To measure trade policy, I use 1 minus the tariff rate. While economists have long debated the best way to measure trade policy, the tariff rate, calculated as total duties over imports, is a useful measure because it is available over a very long period of time. States relied upon tariffs for tax revenue, especially before World War I, so they kept good records of the tariff revenue and the amount of imports entering the country. In the last quarter century or so, tariffs have become a less important as binding tariff rate reductions under the GATT/WTO and other trade agreements have dropped these rates to close to zero. Instead

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[43] Margaret E. Peters, "Open Trade, Closed Borders: Immigration in the Era of Globalization," *World Politics* 67, no. 1 (2015): 114–154. See also Peters, above n 3. The data cover 19 countries, with coverage extending back to the nineteenth century for most countries. The additional countries are Argentina, Brazil, Hong Kong, Kuwait, Saudi Arabia, Singapore, and South Africa.

[44] Jennifer Fitzgerald, David A. Leblang, and Jessica Teets, "Defying the law of gravity: The political economy of international migration," *World Politics* 66, no. 3 (2014): 406–445; Martin Ruhs, *The price of rights: Regulating international labor migration* (Princeton, NJ: Princeton University Press, 2013).

[45] Principal component analysis is used to reduce the data from twelve dimensions to a single dimension. Instead of taking a simple average the data, it creates a weighted average based on where the principal amount of variation in the data is. Each dimension is given a weight and the weights are used to combine the twelve dimensions into one.

policy-makers have turned to other tools to protect industries.

Figure 1 about here

Caption: Immigration and Trade Policy from the Nineteenth Century to the Twenty-First

Note: Trade policy is 1 minus the tariff rate. Immigration policy measures the combination of immigrant entry policy, immigrant rights, and enforcement. Graph originally from Peters (see above n 3, n 31). Reprinted with permission.

As we see in figure 1, there is a negative relationship between trade and immigration in these 12 countries.[46] In the nineteenth century, most states had relatively high tariff rates and very open immigration policies. The states of the New World tended to have both higher tariff rates and more open immigration policies than European or Asian countries. In the interwar period, especially during the Great Depression, these states continued to have high tariff rates but restricted immigration. Even though there were high tariffs, the slowdown of the economies of these states starting in the mid-1920s—except for the U.S. economy which remained healthy until 1929—likely led to an increase in anti-immigrant sentiment, which would have made lobbying by firms less effective and the economic slowdown meant that labor was relatively cheap in these states, which also likely affected firms' willingness to lobby for immigration. After World War II, many of these states opened their economies to trade while also opening somewhat to immigration; however, even for the states that reopened their borders, the policies of the interwar period acted like an intercept shift: no state reopened their doors as far as they had prior to World War I. As the post-war period continued, trade barriers

[46] A similar relationship exists in countries like Argentina, Brazil, and South Africa, that have not liberalized their trade policies to the same extent. These states tend to have a more open immigration policy than in the Western Core. Nonetheless, they too have seen less support for immigration and greater restrictions as they have opened their bordered to trade. See Peters, above n 3, at 46.

were lifted, often through the GATT/ WTO or other international agreements, while, especially after the end of the Bretton Woods exchange rate regime, immigration was increasingly restricted. By the 2000s, low-skill immigration was highly restricted in most of these states whereas trade was very open.

Increased restrictions on immigration has likely dampened immigrant flows. During the same time as these restrictions have been put in place, the ability to migrate has increased as developing states have increasingly removed barriers to *emigration*[47] and air transportation has gotten cheaper and easier, leading us to expect that migration should have increased. Nonetheless, migration has remained stable as a percentage of the world's population; migration (including the number of undocumented migrants) is about 3% of the world's population today, the same that it was in 1960.[48] We can see the effect of these restrictions when we examine survey data about the desire to move; about three times as many people would like to migrate as actually migrate.[49] Of those that do migrate, fewer are going to the Western Core today. Instead, about half of migrants today migrate within the developing world or to wealthy autocracies.[50] Even undocumented immigration is a sign of the increasing restrictions, as it shows that many more people would like to enter a country than legally can.[51] Thus, in a world without as many restrictions, we would have expected immigration flows to be larger; indeed, Peters finds that these restrictions have a significant

[47] Michael K Miller and Margaret E Peters, "Restraining the huddled masses: Migration policy and autocratic survival," *British Journal of Political Science*, 2018, 1–31.

[48] Çağlar Özden et al., "Where on earth is everybody? The evolution of global bilateral migration 1960– 2000," *The World Bank Economic Review* 25, no. 1 (2011): 12–56; World Bank Group, *Migration and remittances factbook 2016, Advanced Edition* (World Bank Publications, 2016).

[49] Neli Esipova, Anita Pugliese, and Julie Ray, "More Than 750 Million Worldwide Would Migrate If They Could," 2018, https://news.gallup.com/poll/245255/750-million-worldwide-migrate.aspx.

[50] See World Bank above n 48. Nonetheless, due to declining birthrates in the Western Core, those immigrants make up an increasing large share of the population in these states. Lant Pritchett, "Only Migration Can Save the Welfare State: Rich Countries Need 380 Million More Workers By 2050," *Foreign Affairs*, 2020, https://www.foreignaffairs.com/articles/2020-02-24/only-migration-can-save- welfare-state

[51] Undocumented immigration, though, does not seem to have taken the place of documented migration as percent of migrants in the world going to the Western Core has declined.

effect on migrant flows.[52]

This relationship between trade and immigration became stronger when capital restrictions were lifted. Figure 2 shows the relationship between trade and immigration during the Bretton Woods Era, when capital was more restricted, and after the Bretton Woods period when capital restrictions were largely removed; the dots represent each country-year in the data and the lines are the line of best fit for the data. At the same time that wealthy nations removed restrictions on capital moving out of their economies, developing nations were increasingly allowing foreign firms to engage in foreign direct investment.[53] The combination of tariff reductions and decreasing restrictions on capital mobility and foreign direct investment made it more attractive for firms to move production. Now they could produce overseas, import their products back to the home country, *and* move their money from one production site to another. As more firms moved some or all of their production overseas, their need for low-skill labor decreased and with it their support for immigration. Policymakers, then, increased immigration restrictions to appease other constituents.[54]

Figure 2 about here

Caption: Immigration, Trade, and Capital Policy, Post World War II

Note: Dots represent each country-year observation and the lines are the line of best fit. Trade policy is 1 minus the tariff rate. Immigration policy measures the combination of immigrant entry policy, immigrant rights, and enforcement. Data is from Peters (see above n 3, n 31).

Within the EU, we have seen a similar effect of the creation of the integrated

[52] See Peters above n 3, at 293.
[53] Sonal S. Pandya, *Trading spaces* (New York, NY: Cambridge University Press, 2014).
[54] As Peters, above n 3, shows, the relationship between immigration, trade, capital, and FDI policies is robust to the inclusion of additional variables, many of which fail to reach conventional levels of significance.

European goods and capital markets on firms support for immigration and immigration policy; how- ever, states have given up their control over immigration from within the EU. As producers in any one country of the EU can no longer get trade protection from any other, they were subject to greater competition from low-wage areas, such as Southern and then Eastern Europe. However, because these firms can easily move within the union, some firms offshored pro- duction to these states. Finally, those firms that were immobile—primarily agriculture and services—have been able to rely on intra-EU migrants. The effect, then, of the integration of the EU has been "migrant diversion," similar to trade diversion, in which opportunities for immigration from outside the EU has declined as opportunities for immigration within the EU have increased.

Thus, as globalization and regional integration has increased, support for low-skill immigration from businesses has decreased. Overall, this has led to increased restrictions on low-skill immigration. As I show in the next section, it also opened up space for political entrepreneurs on the right to pursue hardline immigration restrictions as a political strategy.

III Support for Immigration among Right Parties: The Case of the Republicans

One question that occurs when we think about the rise of immigration restrictions, especially in the U.S., is how have the nativist wings of conservative parties taken over immigration policy? Historically, business interests and nativist groups have coalesced in political parties on the right. For example, in the U.S., the Republican party gained much of its support in the 1850s from smaller, parties and groups, like the Know-Nothing Party, that were anti- immigration. Yet, not long after forming the Republican Party quickly embraced immigration to appease Northern business interests. In the late twentieth and twenty-first centuries, we have seen a reversal. Now, it appears that the Republicans have abandoned business on immigration, but not, crucially, on most other issues. I argue that this movement has less to do with the politicians abandoning the position of business on immigrant than the fact that business has stopped supporting immigration to the same extent it once did.

To understand how the parties' positions on immigration have changed over the last almost 175 years, I examine roll-call votes in the U.S. Senate.[55] Senators balance their own ideological stance on the issue, the preferences of their constituency, and the desires of their party's leadership when they vote. On any given motion (for bill, amendment, or procedural vote), then, the senators' votes may reflect their own ideology or the demand of their party. But, in aggregate, a senator's voting behavior should be generally consistent with the preferences of her state, as she needs to take the preferences of their constituents into account to stay in office.[56]

To understand whether senators prefer openness or restrictions, I use Peters's coding of their votes.[57] The subject of each motion is given a 1 if it is for opening immigration and 0 if it is for restrictions. Each senator's vote is given a 1 if it supports openness either by voting for greater openness or against restrictions and 0 if it supports restrictions by voting for greater restrictions or against openness.[58]

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[55] Roll call data is from Voteview.com. Keith T. Poole, *1st-101st Senate Roll Call Data*, http://voteview.com/. Accessed 9 Jan 2010. 2009; Keith T. Poole and Jeff Lewis, "109th-110th Senate Roll Call Data" (http://voteview.com/. Accessed 9 Jan 2010. 2009); Keith T. Poole and Nolan McCarty, "102nd- 108th Senate Roll Call Data" (http://voteview.com/. Accessed 9 Jan 2010. 2009).

[56] B. Canes-Wrone, D. W. Brady, and J. F. Cogan, "Out of step, Out of office: Electoral accountability and House members' voting," *American Political Science Review* 96, no. 1 (2002): 127–140; J. D Clinton, "Representation in Congress: Constituents and Roll Calls in the 106th House," *The Journal of Politics* 68, no. 2 (2006): 397–409; S. D. Levitt, "How do senators vote? Disentangling the role of voter preferences, party affiliation, and senator ideology," *The American Economic Review* 86, no. 3 (1996): 425–441.

[57] Margaret E Peters, "Trade, foreign direct investment, and immigration policy making in the United States," *International Organization* 68, no. 4 (2014): 811–844.

[58] Absences and abstaining are dropped from the dataset since it is unclear what those actions mean.

Figure 3 about here

Caption: Support for Immigration by the Two Parties, 1850-2008

Note: Voting behavior smoothed with a Loess Smoother, bandwidth of 0.5. Voting data from Voteview.com. Graph originally from Peters, above n 3. Reprinted with permission.

Figure 3 shows support for immigration by the average Republican and average Democratic senator in each year. First, it should be noted that the Senate supported greater restrictions rather than openness throughout much of this time period; the average vote score in a year rarely is above 0.5. This is consistent with the trend starting in the late nineteenth century to increasingly regulate immigration. It is also consistent with the U.S.'s increasing role as a leader in the world economy, which was faced with increasing trade pressure from other states.[59]

Second, the data confirm the conventional wisdom about role of the parties on immigration. As noted above, the Republicans opposed immigration to a greater degree than Democrats when the party first came into existence in the 1850s. After the Civil War, Northeast producers came to dominate the party. They greatly favored open immigration to keep their labor costs down and with their support, the Republicans were able to keep immigration open with limited restrictions in the late nineteenth century. Democrats during this time period increasingly represented organized labor, which opposed immigration. Additionally, during the late nineteenth and early twentieth century, Southern Democrats moved from supporting immigration to opposing it: having realized that most immigrants would not move to the South, their racist ideology combined with their desire to maintain their low-wage advantage over the Northeast and Midwest led them to oppose

[59] See Peters, above n 3.

immigration.[60]

Democrats and Republicans converged on immigration policy to some extent in the middle of the twentieth century. In part, this was due to the limited reopening of immigration during and after World War II, when both parties realized that the pre-war status quo was too restrictive. By the 1970s, though, the parties diverge again, but this time with the Democratic Party as more supportive of immigration.

To understand this divergence, I examine how support by each party changed based on the change in the national tariff rate and the ability to move production abroad from 1970-2000.[61] The national tariff rate is the same tariff rate used above. The ability to move production abroad is based on how many English-speaking countries in the world freely allow FDI to enter their country.[62] I examine the English-speaking world as it is easier for firms to enter an economy in which the workers and customers speak English. The ability to move into other countries is used because the U.S. had almost no restrictions on outward foreign direct investment during this time. To examine the relationship between voting, trade openness, and offshoring, I regress each senator's average vote for the year on the tariff rate, the ability to offshore production, and several controls.[6363]

Figure 4 shows how the predicted support for immigration by Democrats and Republicans change as trade openness (left panel) and the ability to offshore production (right panel) increase, respectively. We find that trade and the ability to offshore production negatively affects both parties support for immigration. Republicans over this time period are actually slightly more likely to support immigration when trade was more restricted and the ability to offshore was low. But as these impacts increase, we see that this reverses and

[60] Ibid.
[61] Time range is due to data availability.
[62] Data are from Pandya, above n 34.
[63] For more details, see the Appendix, table 1.

Republicans become less likely to support immigration than Democrats.

Figure 4 about here

Caption: Effects of Trade and FDI on Senate Voting, 1970-2000

Note: Lines represent the predicted effect of trade policy (left panel) and FDI (right panel) on an average Republican and average Democrat based on a regression model (Table 1). Trade is 1 minus the tariff rate. FDI measures a lack of restrictions on FDI entry in English-speaking countries. Data from Peters, above n 3.

Republican support for immigration is also affected by changes in productivity. As firms increase their productivity they need fewer worker and so are less likely to support open immigration. The effect of increasing productivity is especially strong on senators who represent the agricultural sector. While agriculture in general is more supportive of immigration, as it has become increasingly mechanized, it has needed fewer workers and decreased demands for immigration. Thus, for Republicans who represent agriculture that needs fewer workers—crops like wheat, soybeans, and cotton—their support for immigration is much lower than for Republicans who represent agriculture like fruits and vegetables that still rely on a large workforce.[64] We see that as business support for immigration has declined, so has Republican support for immigration.

The declining support for immigration by firms also helps explain some of the changes in Democrats support, but what explains their increasing support for immigration? Some of it may be from the increase in the size of the foreign-born population.[65] Democrats have long represented immigrants and, after the Civil Rights movement and the realignment of the South from the Democrats to the Republicans, they increasingly represented minorities as

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[64] See Appendix Table 1.
[65] See Appendix Table 1.

well. Thus, as the size of the immigrant population has increased and its composition have changed, the Democrats have become more supportive of immigration. It also appears that the size of the welfare state matters: Democrats from states with larger welfare programs tend to be more supportive of immigration.[66] This is consistent with the embedded liberalism hypothesis: populations are more supportive of openness to the global economy, including immigrants, when the welfare state is there to protect them.[67]

The fact, then, that businesses have stopped supporting low-skill immigration at the same rate as they did in earlier eras means that politicians can cater to other constituents on this issue. In practice, this has meant that the Republican Party in the U.S. increasingly has catered to nativists on this issue. Whereas Freeman once argued that politicians were hamstrung in how they discussed immigration by the strictures of political correctness,[68] this is clearly no longer the case, at least in the U.S. It is likely that as Republicans increasingly catered to nativists, they push the boundaries of acceptable conversation, allowing room for a politician like Donald Trump to be part of acceptable politics. By providing this opening to politicians who were on the far-right of immigration policy, center-right politicians likely opened the door for the far-right in the U.S., Europe and elsewhere.

IV Conclusion

The Liberal International Order (LIO) that the U.S. and U.K. constructed after World

[66] See Appendix Table 1.
[67] See Ruggie, above n 15.
[68] See Freeman above, n 11.

War II has long has its critics but until recently, those critics were not the leaders of the founding countries. The LIO has come under attack at a time when its benefits have accrued to the well-off in the developed world at the expense of the middle and lower classes.[69] Yet, one of the main villains of the backlash to globalization and the broader LIO has been immigration, which was never been part of the LIO.

I argue that it was, in fact, the sequencing of the LIO that led to increased restrictions on immigration. Increased trade led to the closure of firms that intensively used immigrant labor, as they were no longer competitive. The ability to move production overseas meant that firms could now bring their capital to labor instead of fighting to bring labor to capital. Finally, the resulting technological developments have meant that employers can do more with fewer workers. Together this has sapped the support of businesses for low-skill immigration. As businesses pulled back their support, anti-immigrant forces have become ascendant. Data on trade barriers, capital mobility, and immigration policy across the major economies of the Western core of the LIO demonstrate how increasing trade and firm mobility have led to increased restrictions on low-skill immigration. Further, data on voting by U.S. senators shows that as trade and firm mobility increase, Republicans, the right party in the U.S., have moved further in the anti-immigrant direction as business support for immigration has decreased.

This sequencing of the LIO, with trade and capital opened first, was meant to protect native labor from competition. Paradoxically, it likely made competition worse. One of the major points of contention with globalization, primarily on the left, has been that businesses in the developing world gain an unfair advantage because they do not have to

[69] Branko Milanovic, *Global inequality: A new approach for the age of globalization* (Cambridge, MA: Harvard University Press, 2016).

conform to the same labor and environmental standards that businesses in the developed world do. Yet, the playing field would have been leveled, to some extent, if more immigrants had been brought to the developed world, instead of allowing production to move to the developing world. Businesses using immigrant labor in the developed world would have been required to conform to labor and environmental standards. Further, we know now that immigrants are largely complements for native workers, taking on the more routine tasks while allowing native workers to put their skills to use and all the while cutting total labor costs.[70] Greater immigration, thus, could have helped protect the manufacturing sector in the developed world, by making it more competitive, while not harming native workers. More high-quality contact between immigrants and natives could have increased understanding, leading to less nativism[71] and perhaps, less populism. Additionally, with greater understanding, natives would have been better able to organize immigrant workers in the developed world, further increasing labor standards, and even spreading unionism back to developing countries through social remittances.[72] It is then possible that the absence of immigration in the LIO helped sow the seeds of its demise rather than protecting it.

[70] See Peri and Sparber above, n 7.
[71] See Allport above, n 6.
[72] Margaret E Peters and Michael K Miller, "Emigration and Political Contestation," *Unpublished Manuscript. UCLA*, 2020.

Appendix

Table 1: Partisan Shifts on Immigration

	Coefficient	Standard Error
Republican	1.13	(2.37)
1-Tariff Rate	-19.14***	(5.00)
Republican*1-Tariff Rate	-2.65	(2.19)
FDI Restrictions Abroad	-0.99**	(0.35)
Republican*FDI Restrictions Abroad	-0.09	(0.24)
Value Added	-0.02***	(0.01)
Republican*Value Added	-0.00	(0.00)
Agriculture Sector	0.01	(0.02)
Republican*Agriculture Sector	0.06***	(0.01)
Value of Agricultural Equipment	-0.02	(0.02)
Republican*Value of Agricultural Equipment	-0.04***	(0.01)
% Foreign Born	0.14	(0.34)
Republican*% Foreign Born	-0.11	(0.74)
% Union	0.00+	(0.00)
Republican*% Union	0.01***	(0.00)
Welfare Per Capita	0.01	(0.03)
Republican*Welfare Per Capita	-0.07	(0.08)
GDP Growth	-0.32	(0.33)
Republican*GDP Growth	0.41	(0.31)
Time Trend	0.03***	(0.01)
Constant	14.12***	(3.21)
Observations	2699	
R^2	0.14	

Notes: Robust standard errors clustered by Congress in parentheses. + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. *Republican* is an indicator variable taking the value 1 if the Senator is a Republican and 0 otherwise. All variables *Republican*X* are the interaction of the Republican indicator with variable *X*. Non-interacted terms are the effects of the variable Democratic votes; the effect on Republicans is the effect on Democrats plus the interaction term. *1-Tariff Rate* 1 minus the average tariff on all goods entering the US.[a] F*DI Restrictions* is 1 minus the average level of FDI restrictions in English-Speaking countries.[b] *Value Added* is the real value added per worker (logged).[c] *Agricultural Sector* is the real value of agriculture in the state (logged).[d] *Value of Agricultural Equipment* is in real terms (logged).[e] *% Foreign-Born* is the percentage of foreign-born in the state.[f] *% Union* is the percent of workers represented by a union.[g] *Welfare Per Capita* is the real cash welfare spending per capita by state (logged).[h] *GDP growth* is by state.[i] Agricultural sector, value added, value of agricultural equipment, state employment by industry, % union, and foreign-born are from the last census year.

[a] See Peters, above n 3.
[b] See Pandya, above n 34.
[c] Census Bureau, *Census of Manufactures* (Washington D.C.: US Government Printing Office, Various Years).
[d] Bureau of Economic Analysis, "GDP by State" (http://www.bea.gov/regional/index.htm. Accessed 9 Jan 2010. 2009).
[e] Michael Haines, Price Fishback, and Paul Rhode, *United States Agriculture Data, 1840 - 2010*, technical report ICPSR35206-v1, http://doi.org/10.3886/ICPSR35206.v1. Accessed 21 January 2015. (Inter- university Consortium for Political and Social Research [distributor], 2014).
[f] E. Scott Adler, *Congressional District Data File, (All Years)*, 2009; Steven Ruggles et al., *Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database]* (Minneapolis: University of Minnesota, 2010).
[g] Ibid. Census Bureau, *Statistical Abstract of the United States* (Washington D.C.: US Government Printing Office, Various Years).
[h] Census Bureau, *Census of Governments* (Washington D.C.: US Government Printing Office, Various Years).
[i] See BEA, above n *d*.