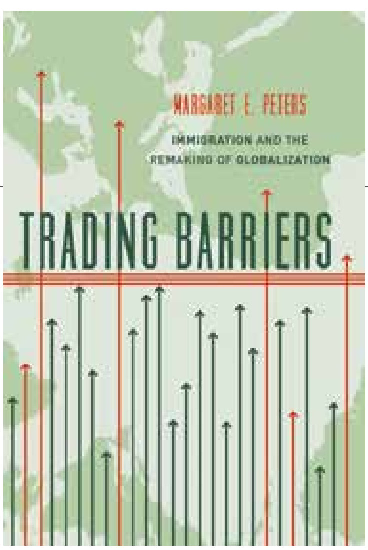
Free Trade, Closed Doors

IN MARGARET PETERS' *Trading Barriers: Immigration and the Remaking of Globalization* the author documents and investigates several new facts regarding the relationship between international trade policy and immigration policy. Her primary argument is that over long periods of time and across a diverse set of countries freer trade leads to tighter immigration policy, a message that Peters supports with an intuitive story and an impressive collection of data.

Peters' main argument is novel and straightforward: in the United States and other relatively well-off countries, international trade may reduce the demand for low-skilled workers, including low-skilled immigrant workers, and this will therefore make firms less likely to lobby for less-restrictive immigration policies. Thus, freer international trade directly reduces the demand for low-skilled immigrants while also indirectly turning domestic policy against them.

Margaret E. Peters
Trading Barriers: Immigration and the Remaking of Globalization
Princeton University Press, Princeton, NJ, 2017, 352 pp., $95



Peters, a University of California, Los Angeles, political science professor, begins by examining the trade-offs that have shaped politicians' and firms' views on immigration and trade policy around the world over two centuries. To do this, she gives an impressive descriptive account of government policies across 19 diverse countries (some OECD members, some in the Persian Gulf, and some in east Asia). She combines this account with data on advances in transportation technologies that have eased international trade. She first presents graphic evidence that immigration and trade policy have diverged over the long run in many of these countries and then shows that as immigration policies tighten, trade policies relax, even in the short run.

Peters then lays out the intermediate steps of her argument, showing that the intensity of industry lobbying on immigration legislation is systematically related to the exposure of the industry to freer trade. Focusing on the United States, she exploits differences in the degree to which firms in a US state are exposed to trade and asks whether these differences can explain voting patterns in the US Senate. In line with her thesis, she concludes that they can.

While Peters sometimes exaggerates the strength of her empirical results, the consistency of the findings across different contexts should be deeply informative for those who negotiate trade and immigration policy. If we cannot have both freer trade and freer immigration, we should choose carefully between the two.

Finally, let me offer a quibble with the economic theory that is intended to provide a framework for the book's narrative. In short, I feel that Peters could have gotten more quickly to her findings rather than describing in so many words, and in such detail, the various possible mechanisms through which trade, immigration, foreign investment, and technology may be related. This is ultimately an unsatisfying middle ground—a detailed exposition that neither rises to the status of a formal model nor serves as a quick overview—that leaves an academic audience questioning the claims and assumptions being made, while likely providing far too much detail for the casual reader.

But all in all, the book is well worth reading and should bring a new and influential perspective to the ongoing debate over trade and immigration policy. FD

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