

Globalization and Industry Support for Immigration

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The Puzzle: How can we explain restrictions in immigration policy?

- ▶ Conventional wisdom: Firms want immigration and they are powerful
- ▶ If this is true, how do we explain restrictions?
- ▶ Literature has turned to labor, nativists and tax payers

My Answer: Changes in support by firms due to globalization

And also technology

- ▶ Open trade leads to the closure of firms that use immigrant labor (*threatened firms*)
 - ▶ Before firms close, they might increase lobbying for immigration or other subsidies that allow them to stay competitive
- ▶ Other states' openness to foreign investment allows these firms to move overseas (*firm mobility*)
 - ▶ Before firms move, they might increase lobbying for immigration or other subsidies because they believe that they have additional leverage
- ▶ Mechanization/ labor saving technology allows firms to produce at home with less labor
- ▶ All three lower firms' support for immigration

How to test this theory?

- ▶ Elsewhere, examined the effects of trade and capital openness on policymakers and policy
- ▶ In this paper, I use a case study of trade organizations in the US
 - ▶ Today, I'm going to go through the agriculture case

Case Selection

- ▶ Industries that have all been reliant on immigration labor at some point in their history
- ▶ BUT, have been affected differently by trade and firm mobility
 - ▶ Textiles: most mobile, most threatened by trade from an early date
 - ▶ Steel/ Metals: not as mobile, not as threatened for a long time, but became threatened and mobile after WWII
 - ▶ Labor intensive agriculture: not mobile or greatly threatened until the late 20th century

The Agricultural Case Study

Western Growers Association (*WGA*)

- ▶ Who
 - ▶ Represents fruit and vegetable farms in CA and AZ since 1926
- ▶ Why
 - ▶ Large, important organization
 - ▶ Farmer have relied on immigrant labor since entry of CA into the Union
 - ▶ Changing exposure to trade and firm mobility

Measuring Preferences

- ▶ Examined trade publication, *Western Grower and Shipper* (WGS), from 1931-2012
- ▶ Collected all articles on immigration, trade and moving production overseas
- ▶ Qualitative and Content Analysis

Testing Assumptions

- ▶ Do firms have unlimited resources to spend on Immigration?
- ▶ No
 - ▶ Many other important issues: labor regulations, railroads, water, environmental regulations, taxes
 - ▶ Not unlimited funds

Variation in Importance of Immigration and Trade

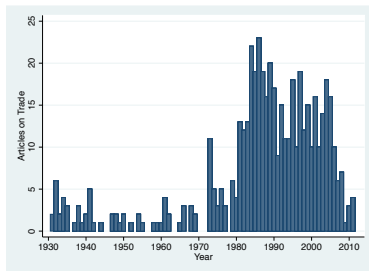
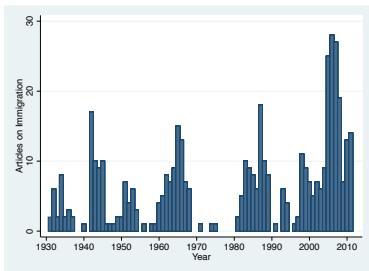


Figure : Number of Articles on Immigration and Trade in *WGS*

More on Trade: *WGS* Supports the New, New Trade Theory

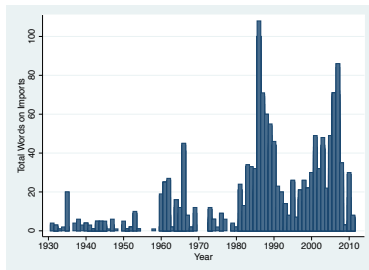
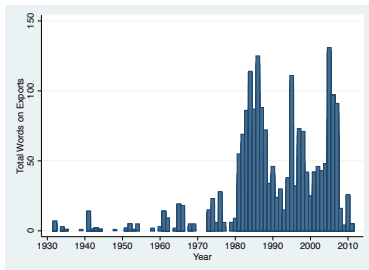


Figure : Number of Words on Importing and Exporting

Where did trade pressure come from?

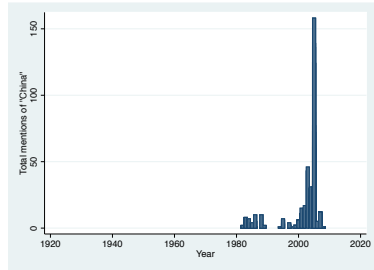
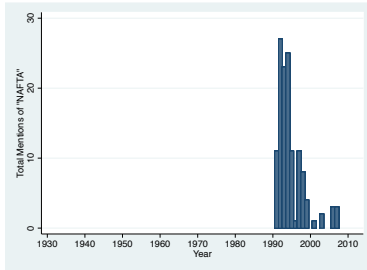


Figure : Number of Words on "NAFTA" and "China"

How do farmers respond

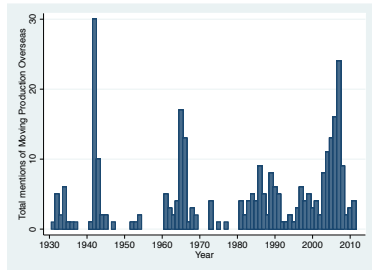
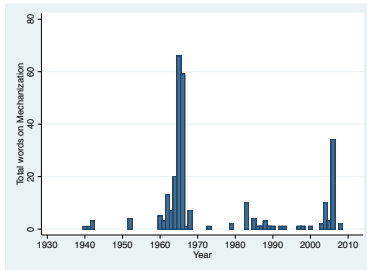


Figure : Number of Words on Mechanization and Moving Overseas

Discussion

- ▶ Due to changes in technology and trade protection, *WGA* members have faced more competition
- ▶ Respond by
 - ▶ Mechanizing when possible
 - ▶ Moving overseas
 - ▶ Lobbying for subsidies: more immigration, lower taxes, less regulation, more research

Some awesome quotes from WGS to help convince you I'm right (1)

- ▶ Mechanization and immigration: *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*
- ▶ Linking trade, immigration, taxes and regulations: *Politicians and policymakers don't understand the fragile ground that our industry stands upon. The immigration debate, lack of proportionate government financial support, unfavorable trade practices, continuing regulation, urban encroachment, water rights and other issues seem to conspire to dare anyone continue doing business in California and Arizona*

Some awesome quotes from WGS to help convince you I'm right (2)

- ▶ Relocation in response to trade competition
 - ▶ WGA members need to relocate their operations overseas *or face extinction*
 - ▶ The garlic industry has moved mostly overseas
 - ▶ This trend is likely to continue if farmers do not get increased labor through immigration or increased subsidies and decreased regulations
 - ▶ Much of the produce Americans eat will be produced by foreign labor; *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*

Conclusion

- ▶ By assuming static firm preferences, scholars have missed the important relationship between trade, firm mobility and immigration
- ▶ I argue that this relationship exists because trade openness and high firm mobility change firm preferences on immigration
- ▶ Data shows that firms respond to competition as model predicts
- ▶ Next steps: National Textiles Association and Lobbying Data

Thank you!