

[Review] Margaret E. Peters (2017) Trading barriers: immigration and the remaking of globalization

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Peters, Margaret, E. 2017. *Trading Barriers: Immigration and the Remaking of Globalization*. Princeton and Oxford: Princeton University Press. Xv, 344 pages. \$35.

Why is low skilled immigration much more restricted today than it was in the nineteenth century or even in the immediate post-war period? This is the question Margaret Peters seeks to answer in her seminal book *Trading Barriers: Immigration and the Remaking of Globalization*. The answer, Peters argues, lies in the political dilemma generated by the political behaviour of firms: wealthy states, those that are likely to receive low-skilled immigrants, can either import the labor they need to produce low-skill intensive goods or import those goods from countries that have low-skill labor in abundance. This is a bold book that synthesises literatures, creating a truly interdisciplinary text that explores the connections' and causation between trade and immigration policy.

Peters argues that as states have evolved to encourage firms to move production to countries with cheap, low skill labor – what Peters terms firm mobility – so openness to trade and offshoring production has increased competition with foreign workers and led to the loss of “good middle-class manufacturing jobs” (p.3). Peters argues then that it is trade and firm mobility along with technological changes that have shifted firms' incentives to lobby for low skilled immigration. In short, the easier it is for a firm to move its factory to another country, the less likely it is to support open immigration at home. In this sense, Peters argues that trade, capital and migration policies can serve as substitutes or complements.

The book's first two chapters delves into the core argument which proceeds in three steps: first, trade, firm mobility and productivity changes firms' preferences over immigration and their willingness to support low-skill immigration, which, second, makes it harder for policymakers to support low-skill immigration, which, third, leads to restrictions on low-skill immigration. The second chapter discusses the empirical implications of the argument for firms and sectors, policymakers, and immigration policy. The third chapter tests the implications at a macro level using an original dataset on low skill immigration policy from the nineteenth century through to the twenty-first. Chapters four and five dig deeper into the casual chain of the argument and show that trade, firm mobility, and productivity change firms' preferences and willingness to lobby on low-skill immigration focusing on three sectors – steel, agriculture and textiles in the United States. Chapter six applies Peters' framework to two different countries – Singapore and the Netherlands. Chapter seven returns to the cross-national data to test the empirical observations. The concluding chapter is especially bold as it considers the implications of Peters' argument for other areas of international relations and advocacy groups more widely. Her statement that “for advocates of more open immigration, the fact that globalization decreases firms' support for open immigration does not bode well” (p.226), provided plenty of food for thought.

Trading Barriers draws on current trade theory and sits squarely in the political economy camp, with Peters core argument resting on the assertion that “firms are not one interest group among many, but the most important interest group” (p.206). This is a big claim but one that Peters credibly demonstrates through rigorous quantitative analysis of various datasets. Her research is methodologically rigorous and impressive in scope with data spanning 19 countries over two centuries of globalization. The

arguments are well backed up but perhaps at the expense of the reader – it would be a demanding read for the non-academic.

Peters empirical results consistently support her argument that freer trade leads to more restrictive policies. She goes on to test alternative explanations for the increasing restrictions on low-skilled immigration including the role of native labor and unions, fiscal effects and the rise of the welfare state, and nativism. Whilst her research finds some but nonetheless limited support for these as drivers for policy restrictions, at times Peters conflates, simplifies and downplays their role in immigration policymaking. Similarly, because Peters places little importance on the role of partisanship including party ideology and electoral strategy, the state is implicitly relegated to the role of a passive broker of interest groups, namely falling prey to firms' demands. This is especially acute as Peter's more detailed analysis in large part rests on the USA as a case study, where the federal system offers multiple avenues for interest groups to lobby and influence government in contrast to other political systems.

These are however smaller critiques of a methodologically impressive book that fills a gap in the literature. Particularly masterful is Peter's innovative methodological use of data and analysis; she utilises a number of datasets to prove her argument, many of which are original and innovative. This will make for critical reading for scholars in migration studies, international relations and labour market economists; it is an important contribution to the debate on the drivers of immigration policy, and Peters' unique framework combining these once disparate literatures and theories for the first time should set the template for future analyses of immigration policy. It is a timely contribution as it raises questions around the impact of offshoring, outsourcing and

technological developments amid imminent anticipated shifts to the global labour market and uncertain political terrains.

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