

Critical Dialogue

Trading Barriers: Immigration and the Remaking of Globalization. By Margaret E. Peters. Princeton: Princeton University Press, 2017. 344p. \$95.00 cloth, \$35.00 paper. doi:10.1017/S1537592719001804

— Tamara Kay, *University of Notre Dame*

Activists have long recognized the inextricable links between trade and immigration policy, particularly in relation to the emergence of free trade agreements in the early 1990s. It has taken a while for scholars to catch up, but finally one has. In her compelling and ambitious book, *Trading Barriers: Immigration and the Remaking of Globalization*, Margaret E. Peters assembles a monumental amount of data to answer a surprisingly overlooked question: What is the relationship between trade and immigration policy? More specifically, she addresses the puzzle of why countries have restricted immigration (thereby limiting competition in the domestic labor market), while at the same time opening markets through trade and permitting firms to relocate overseas (and thereby expanding competition with foreign workers).

These are incredibly important questions to answer, because as Peters reminds us, they inform how foreign economic policy is constructed and what shapes it. For far too long, the dynamics and politics of how trade and immigration policy interact have gone underexamined. We therefore miss what shapes the preferences, what produces the constraints, and what provides the opportunities for how firms, governments, and civil society groups make decisions regarding trade and immigration policies and, most importantly, in relationship to each other.

To answer these questions, Peters crafts an innovative research design that allows her to isolate the effects of various independent variables over time—trade, firm mobility, and productivity—on the dependent variable: low-skill immigration policy. She argues quite convincingly that changes in the global economy—trade, firm mobility, and technology—have changed the incentives for firms to push for open low-skill immigration policies. And with firms in essence exiting the playing field of low-skill immigration, anti-immigrant groups have a greater voice and policy makers can more easily choose to restrict open immigration. She provides a very useful visual overview of her argument in Chapter 2 (p. 19) and

then unpacks its component parts—the heart of her original empirical contribution—across the next four chapters.

In Chapter 3, Peters uses an original dataset on low-skill immigration policy from 19 countries across two centuries of globalization (from the nineteenth century until 2010) to test her thesis at the macrolevel: less restrictive trade policy and increased firm mobility have a negative effect on the openness of low-skill immigration policy. In Chapter 4 she takes a deeper dive into the sector level in the United States, showing that sectors that have made productivity gains, that are more exposed to trade, and that have engaged in more foreign direct investment are less likely to lobby for open low-skill immigration. They manage increasing competition by modifying or mechanizing production. The chapter includes some illuminating qualitative data collected from trade associations that Peters deploys very effectively. But Peters also misses an incredible opportunity to further our understanding of firms' preferences on immigration and how they construct the issue: she examines the number of times business representatives served as a witness or placed a submission in the record during congressional hearings on immigration from 1946 to 2010, but does not examine the substance of the total of 783 hearings or the testimonies themselves.

Chapter 5 focuses on internal dynamics within the United States and policy makers' responses to firms, using data on Senate voting on immigration. Here Peters shows that increasing firm mobility within the United States (as evidenced by significant shifts in production to the South) and internationally, productivity, and technology led to increasing immigration restrictions, both before and after World War II. Peters provides comparative case studies of Singapore and the Netherlands in Chapter 6, showing that her argument applies more broadly to diverse countries.

Throughout the book she offers alternative explanations for her theory, from the power of labor and immigrant groups, nativism, and macropolitical factors to democratization, growth, war, and state identities (these are laid out in more detail in Chapters 2 and 7). She acknowledges that there is evidence to support some of these alternative explanations, but argues that her theory is a stronger one. I do think she overstates her case

a bit and downplays the alternative explanations, but not to the extent that it seriously undermines her argument.

Peters's research is innovative and creative, her data are exhaustive, and her argument is convincing. By showing that changes in the global economy, channeled through firms and influencing their strategies and preferences, are the primary driver of low-skill immigration policy, rather than anti-immigration activism and political maneuvering, Peters suggests that her primary contribution is to theories of international migration. I argue that she also has made significant contributions to theories of globalization. The real contribution of her argument is less about trading barriers and more about the effects of trading *opportunities* for firms. Perhaps the book would be more aptly titled *Globalization and the Remaking of Immigration Policy*.

If *Trading Barriers* is primarily about the impact of globalization on immigration, then discussing some aspects of globalization in greater detail would have made the book even more satisfying. In the early 1990s there was arguably a deepening of globalization processes as free trade agreements emerged. With the negotiation of the General Agreement on Tariffs and Trade (GATT) Uruguay Round and the North American Free Trade Agreement (NAFTA), trade was no longer simply about tariffs and trade barriers. New nontariff-related provisions were incorporated into these agreements that affected domestic laws and regulatory policies, making it harder for countries to protect workers and the environment, provide low-cost medicine, regulate food, and protect consumers. NAFTA also allowed corporations to use special courts to sue governments if their domestic laws and regulations undermined their actual or potential future earnings.

Firms had tried and failed to get legislation with these kinds of benefits and protections through Congress, but they were able to successfully incorporate them into free trade agreements. Of the 566 organizations that participate in the Office of the U.S. Trade Representative's advisory committees, almost 500 are private firms and trade associations. A key provision these firms fought for and secured in NAFTA was the special TN visa category for high-skilled professional workers. It remains in the renegotiated version of NAFTA, the USMCA. Although a provision for the free movement of low-skill workers was not included in NAFTA, firms were able to lobby successfully for policies that affect their access to low-skill workers: NAFTA contained various provisions that made it easier for U.S. firms to use low-skill workers in Mexico and made it likely that certain kinds of low-skill workers, such as farmers and agricultural workers, would be forced to migrate to the United States to obtain work. In addition to lobbying in traditional immigration-related forums, firms thus can also wield their influence and express their preferences in free trade agreement negotiations. Peters misses the opportunity to examine these other institutional processes at work.

Peters's argument begins with the influence of globalization variables on firms, which then influence policy makers, which then lead to shifts in immigration policy. And yet policy makers directly construct policies that create the rules of globalization and the global economy. Although members of Congress earlier voted to give some power over trade and tariffs to the executive branch, they could pass legislation to reclaim those powers (and under the Trump administration some are seriously considering it). They pass legislation that rewards or penalizes U.S. firms that invest in other countries, and they create incentives for firms to make technological advancements (such as electric cars) and fund research with government resources. Peters's argument would be more nuanced if she discussed in greater detail the complexities of policy makers' role in shaping not only the rules of the global economy but also the ability of firms to respond to them. Ironically, she does this splendidly in her analysis of Singapore and the Netherlands, which focuses on how policy makers created real constraints and opportunities for firms in these countries. The nuance and complexity in this chapter only highlight their absence in the others, such as the lack of discussion of the influence of government policies on machine automatization and shipping technology in the United States.

Ultimately, Peters makes a strong claim about globalization processes: given the constraints policy makers face, they cannot restrict trade and low-skill immigration at the same time. Although this may have been true historically, we are entering what appears to be a period of backlash to core globalization processes, with anti-trade, anti-immigrant policy makers leading the charge. The Trump administration's anti-trade policies seem to be on a collision course with his anti-immigration policies. The same can be said for the policies of the Brexiteers who managed to win a referendum to remove the United Kingdom from the European Union. Whether Peters's assessment of the relationship between trade and low-skill immigration will hold up under the new political realities in the United States and around the world remains to be seen. But even if it does not, her argument should not be dismissed. She has captured the most crucial variables for explaining the dynamic interaction between trade and immigration policies for the first two eras of globalization, and that in itself is a major contribution.

Response to Tamara Kay's review of *Trading Barriers: Immigration and the Remaking of Globalization*

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— Margaret E. Peters

In her generous review, Tamara Kay highlights what I also see as two of the most important issues in international political economy (IPE) studies today: the

placing into silos of scholarship on different areas of the international economy and how to think about the changing role of automation.

My book focused on how trade and foreign direct investment (FDI) act on immigration policy. I sought (mostly) exogenous changes in trade and FDI to test empirically how changes in these two areas affect immigration policy. Yet, as Kay rightly notes, these changes are rarely made in a vacuum; instead, she challenges us to think about how firms lobby for and policy makers grant (or do not grant) policy bundles, including in the crafting of trade agreements, an area (along with her other suggestions) that I had to leave for future research.

Kay's critique points to a major problem in IPE. Too often we study one phenomenon—be it trade, international finance, or international migration—without thinking about how it affects or is affected by the other areas. What Kay points to is perhaps a general equilibrium model of international economic policy making. Scholars seem to have shied away from this approach in part because it is often difficult methodologically to test one of these models without a natural experiment or exogenous shock, which is unlikely to have occurred.

Further, I wonder how much policy makers actually think about the connections between these policies at all, let alone have the correct model in mind. For example, it is clear that U.S. policy makers in the late 1980s and early 1990s thought that NAFTA would reduce immigration from Mexico. Given that economists are still debating whether and when aid and trade will reduce immigration, perhaps these policy makers can be forgiven for not anticipating that NAFTA would increase immigration in the short run. In my own discussions with policy makers as part of this project, I found that few understood the trade-off between trade and migration until I pointed it out to them. Thus, theoretical and empirical work should seek to understand not only how these policies arise together but also policy makers' ideas of how these policies interact.

Finally, Kay pushes us to think about whether this relationship between trade and immigration policy will continue given the rise of anti-globalization populist parties throughout the Western core. On the one hand, the rise of these parties may just be a bump in the road for globalization: for all Trump's talk, USMCA looks a lot like NAFTA II, and Brexit has increased support for the EU among the remaining states (and still may not even happen). On the other hand, increased automation may actually mean that this time *is* different. For example, it may be possible for increased trade protections to bring production back to the United States, but this may be unlikely to bring the jobs back. Instead of lobbying for cheap immigrant labor, firms in many industries are likely to increasingly substitute technology.

This may indeed break the link between trade and immigration policy.

Trade Battles: Activism and the Politicization of International Trade Policy. By Tamara Kay and R. L. Evans. Oxford: Oxford University Press, 2018. 264p. \$99.00 cloth, \$29.95 paper.

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— Margaret E. Peters, *University of California, Los Angeles*

In 1934 with the passage of the Reciprocal Trade Agreements Act (RTAA), it seemed as if the Democrats had finally beaten the Republicans in the war of tariffs. Since the founding of the United States, trade had been a contentious issue, pitting farmers and plantation owners against a rising industrial sector. Republicans would raise tariffs to protect their industrial base, and Democrats would lower them back down to help agriculture.

After winning majorities in Congress and controlling the presidency, free traders in the Democratic party created what they thought was a durable solution: take Congress out of the business of setting trade policy. Given that setting trade policy was the constitutionally protected prerogative of Congress, however, they settled on a new institutional form: have Congress grant the president the authority to negotiate trade agreements and then take an up or down vote on the agreement. This process brought exporters into the debate over tariffs and led to the closure of uncompetitive, anti-trade firms, leading tariff levels to decrease from about 19.6% (duties/all imports) with Smoot-Hawley to about 1.6% today (see Michael Bailey, Judith Goldstein, and Barry Weingast, "The Institutional Roots of American Trade Policy: Politics, Coalitions, and International Trade," *World Politics*, 49[3], 1997).

But, as Tamara Kay and R. L. Evans argue in their new book, this institutional change had another, perhaps pernicious, effect: it took the politics out of trade policy. Or at least it did for a while. In the early 1990s, trade once again became a hot political issue with the negotiations over the North American Free Trade Act (NAFTA). Kay and Evans seek to understand how activists made trade contentious once again.

Using a theory grounded in the social movement literature, the authors argue that activists were able to politicize trade policy and gain real concessions by using both insider and outsider strategies. Kay and Evans draw on work on social fields and organizational theory (e.g., Pierre Bourdieu and Loïc J.D. Wacquant, *An Invitation to Reflexive Sociology*, 1992), arguing that social movement actors can "forge novel sources of power by leveraging across fields" (p. 29), where fields are both networks of actors and socially constructed arenas in which actors compete for power.

In the case of trade, Kay and Evans argue that environmentalists and labor organizations leveraged their power in different fields to gain influence over trade policy. Labor already had an institutionalized seat in the development of trade policy in the U.S. Trade Representative office (USTR; or the “trade policy field”) and had strong ties to members of Congress (“the legislative field”). Environmentalists had strong grassroots support and had legitimacy because they had little skin in the trade game. By forging an alliance, these two groups were able to leverage each other’s power in different fields to gain access and power. As Kay and Evans note, this theory of social movements examines how groups form their strategy, rather than who joins social movements, unlike much of the social movement literature.

The authors use process tracing based on interviews with key players and an examination of the *Congressional Record* and publications at the time to examine their argument. They begin their empirical analysis in Chapter 3, setting the stage for their analysis by describing how the politics around trade had evolved post–World War II, leading up to the NAFTA negotiations. Chapter 4 then traces how labor and environmentalists came together and how they framed their arguments not as protection but as “fair trade” in 1990. Chapter 5 picks up the story in 1991 through the election of Bill Clinton to describe how these activists created mass opposition to NAFTA; Chapter 6 presents the negotiations over side agreements on labor and the environment. In Chapters 7 and 8, they then trace how these issues have affected trade politics since.

The empirical chapters offer a rich history of the labor and environmental movements around NAFTA and beyond. The evidence the authors provide bolsters their argument that these groups were able to leverage ties to insiders to gain additional access and power over the negotiations. One of the most persuasive parts of the book is the discussion in Chapter 6 about how labor, which seemed to be the more powerful group, ended up with a weaker side agreement. Kay and Evans argue that labor’s decision to oppose any deal on NAFTA weakened their position. Essentially, this move broke labor’s ties between the trade policy field and the legislative field because trade negotiators no longer needed to placate them. Instead, trade negotiators focused on getting the support that they could elsewhere. In contrast, some important environmental groups signaled that they would be willing to support NAFTA if the side agreement was good enough, which prompted the trade negotiators to make a better deal.

Kay and Evans’s description of these two social movements—organized labor and environmental groups—and their fight over NAFTA makes for fascinating reading for any trade scholar. Yet, the book is not without flaws. In a work about mobilization and mass politics, electoral politics are surprisingly absent. Most importantly, at no

point in the book do the authors discuss what role, if any, Ross Perot played. Perot, one of the most successful third-party candidates in American political history, famously campaigned in 1992 on an anti-NAFTA platform, arguing that “there will be a giant sucking sound going south” if NAFTA passed. Further, he used rhetoric similar to that which Kay and Evans show was used by labor and environmental groups. Was Perot simply appropriating the already successful rhetoric of these groups, or did these groups reach out to Perot once they learned of his anti-trade stance? After the election, how did Perot’s success at the ballot box affect politicians’ to labor and environmentalists’ arguments?

A second shortcoming of the book is that it does not engage with alternative explanations as much as one would like, especially the role of the international bargaining process. Specifically, what were the preferences of the Canadian and Mexican governments? Although the preferences of the Canadian government may have been very similar to those of the United States—generally free trade oriented, but with concerns stemming from their own labor and environmental groups—those of Mexico were likely to be very different. NAFTA was negotiated when Mexico still had an authoritarian government. It is not surprising, then, that the PRI did not want to allow greater labor rights—especially more collective bargaining and organization rights—because they would threaten its power. It was, thus, likely easier for the PRI government to give ground on environmental issues that were less likely to threaten its ability to stay in office.

Throughout the book and especially in the conclusion, Kay and Evans argue that the antidemocratic nature of the trade regime has led, at least in part, to the backlash against free trade. Because the USTR negotiates agreements without much input from the political process, the losers of globalization experience not only economic and social losses but also a loss of political power because of the lack of representation. Kay and Evans do not test this assertion empirically, but it is an interesting area for future scholarship: How much of the recent backlash to trade can be blamed on the structure of negotiations versus other processes, like rising inequality, automation, the decline of organized labor, or other policies, such as decreases in the social safety net?

Normatively, Kay and Evans argue that the process of negotiating trade agreements should be much more open. Yet, I wonder what the counterfactual would have been had Congress not delegated the authority to negotiate more or less in secret to the executive branch. Delegation has allowed the United States to continue to cut trade barriers, greatly increasing world trade. Increased trade and the globalization that it sparked have pulled millions of people out of extreme poverty in a way that few, if any other, policies have done. Without delegation, it is unlikely that the United States would have opened its

borders as widely as it has or that the world would have become so globalized. Yet, perhaps if there had been greater openness in trade negotiations, there would have been more support for the policies of embedded liberalism, which might have stemmed the backlash.

In the end, Kay and Evans present a very detailed and rich history of how labor and environmental groups gained greater power in the realm of trade and suggest that these experiences may serve as a model for other groups. Yet, I cannot help but wonder if labor and environmental groups have thrown the baby out with the bathwater with their opposition to trade agreements. The Trans-Pacific Partnership is going forward without the United States, and the labor and environmental chapters are weaker than they were; Trump's trade wars and tariffs have created or saved few, if any, jobs; and somewhat paradoxically Trump's anti-free trade stance has made free trade more popular than it has ever been in the United States.

Response to Margaret E. Peter's review of *Trade Battles: Activism and the Politicization of International Trade Policy*

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— Tamara Kay

I greatly appreciate Margaret Peters's thoughtful engagement with *Trade Battles*. Our exchange shows the tremendous value of interdisciplinary analyses of trade. Peters has two primary critiques. First, she asks about Ross Perot's influence on the trade debate. We found surprisingly little evidence that Perot influenced how trade was politicized after the election or that his success affected partisan politics in relationship to trade. By the time Perot made his famous "giant sucking sound" statement, activists had been rallying public opposition to NAFTA for two years. After the election the positions of the two major parties did not change; Republicans and some Democrats continued to support free trade agreements. Democrats who opposed NAFTA generally borrowed discursive strategies from and worked closely with labor and environmental organizations, as we discuss at length in *Trade Battles*. A compelling question then, is, why did Perot not have more impact on trade politics after the election? Might the answer lie in the majoritarian electoral rules of the U.S. political system? Perot was an outsider who ran as an independent. Did this make him irrelevant to both major parties' trade positions even after the election? In striking contrast, Trump's anti-trade message was likely more successful, in part, because he channeled it through a major political party.

In my previous book *NAFTA and the Politics of Labor Transnationalism*, I detail how many activists perceived Perot's anti-NAFTA stance to have racist and nationalist overtones—he accused Mexico of "taking" U.S. jobs and

claimed NAFTA would increase illegal immigration and drug trafficking—and distanced themselves from it. As an AFL-CIO official revealed, "I'm sure there were people who preferred the Buchanan approach or Perot. I mean that's one thing I would never do, I wouldn't talk to them" (p. 81).

Peters's second criticism is that she would have liked more engagement with alternative explanations, in particular, the role of international bargaining. We agree that strong preferences by the Canadian and Mexican governments shaped and constrained international bargaining dynamics. As we wrote in *Trade Battles*, "Labor concerns touched the heart of Mexico's economic relationship with the United States and its means of attaining its capital needs. The intensity of Mexican negotiators' preferences for a weak labor agreement far outweighed their preferences for a weak environmental agreement. And it was not countered by an equally strong preference by President Clinton for a strong labor agreement" (p. 133). For us the most interesting question was, given that these preferences and the constraints they created were clear from the beginning, how did labor unions deal with them? How did they attempt to improve the agreement, in what ways did they actually succeed, and how did working in a coalition with environmental organizations help and hurt their efforts? Ironically, during the recent renegotiation of NAFTA, labor unions stayed at the table and pushed USTR Lighthizer to strengthen labor rights and protections, which he did. And this time, the PRI administration agreed to provisions that would significantly and fundamentally change Mexican labor law.

Peters also poses two interesting rhetorical questions. First, she "wonder(s) what the counterfactual would have been had Congress not delegated the authority to negotiate more or less in secret to the executive branch?" In fact, the counterfactual exists. Hundreds of U.S. trade agreements have been successfully negotiated without using the fast-track procedure, with more congressional oversight often resulting in stronger social protections.

Second, the idea that activists have "thrown the baby out with the bathwater" represents a fundamental misunderstanding of their position on trade. Unions and environmental organizations are not opposed to trade; they oppose unfair trade rules and nontariff-related provisions that affect domestic laws and regulatory policies and create secret courts for corporations. These provisions make it harder for countries to protect workers and the environment, provide low-cost medicine, regulate food, and protect consumers. Activists are in good company. Economists Paul Krugman and Joseph Stiglitz opposed the TPP in large part because of these provisions. Is it not possible to secure the benefits of trade while maintaining Streeckian "beneficial constraints" of "high floor" social policies?

Ultimately, I disagree with Peters's assumption about the universal benefits of free trade and neoliberal globalization. In fact, this is not a settled question. Economists show that the benefits of free trade may be exaggerated and uneven and may induce inequalities. Political scientists and sociologists illuminate the emerging costs as regions left behind by trade are decimated

now, as during the first globalization a century ago, as polarization increases, and as a virulent strain of populism emerges. If there is a normative argument in *Trade Battles*, it is that the inequalities that result from neoliberal globalization are neither inevitable nor immutable. They result, in part, from the way we choose to construct the rules.