

Trade, Migration, and Economic Development: The Risks and Rewards of Openness

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From the founding of the Bretton Woods exchange rate system in 1944 through the conclusion of the last round of General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO) talks in the 1990s, the postwar international order has been marked by multilateralism and the building of liberal regimes for trade and finance. These regimes have reduced the risks of openness for national economies and stimulated international exchange across the board. Like portfolio and foreign direct investment and trade, international migration increased dramatically in the postwar period. Yet, with the notable exception of refugees, no liberal regime for migration has emerged. Why has migration continued at such high levels in the absence of a regime and in the face of cyclical downturns, and why have states been willing to risk openness to migration?

Economists have long argued that exposure to trade leads to increased competition and efficiency, resulting in greater specialization in production and a wider and cheaper range of goods available to consumers. Likewise, mobility of productive factors (labor and capital) and the reduction of transaction costs are seen as essential to the smooth functioning of markets. In the case of trade, the GATT/WTO regime was constructed through a multilateral process, with most favored nation status (MFN), nondiscrimination, and reciprocity as the organizing principles. In the case of international finance, exchange rate stability has been pursued unilaterally by the U.S. during the early Bretton Woods period and multilaterally through the International Monetary Fund (IMF) and World Bank. Both institutions have worked to solve problems of liquidity and adjustment as they

arise. In each case, the international community seems to have accepted these goals/goods as indivisible, and herculean political efforts have been made to maintain openness and solve free-rider problems.

Even though similar economic efficiency arguments can be made in favor of international migration, no liberal regime for migration has emerged. States are reluctant to expose their economies and societies to exogenous, competitive pressures, more so in the area of migration than in the areas of trade and finance. It is only at certain points in time and under certain political-economic conditions that states have been willing to risk openness to migration. How can we explain the opening and closing over time, and does openness to migration covary with openness to trade and investment? Is international migration simply a function of the ongoing globalization of economies and societies, or is it linked to changes in international and domestic politics?

This paper argues that openness to migration is heavily dependent upon (1) ideational and institutional factors, especially the willingness of states to guarantee a minimum basket of rights for migrants; (2) domestic political coalitions and alignments that are driven in part by factor proportions and intensities; and (3) the structure of the international system, including the presence or absence of international regimes. In contrast to transnational or globalization arguments about the weakening of state sovereignty, this paper offers evidence in support of a neoliberal argument that stresses the role of institutions and rights, but without abandoning the central precepts of realist theory. Realist theory asserts that states are unitary rational actors and will pursue their interests within the confines of an international system structured by anarchy and distribution of power. Finally, the paper proposes a model of strategic interaction to specify the conditions under which (developed and developing) states will risk migration.

Regulating Trade and Migration

The first rule of political economy is that markets do not and cannot exist in the absence of regulation. This is true at the national as well as the international level. But intervention to establish and maintain markets for goods, services, capital, *and labor* is more complicated at the international level because no central authority exists to guarantee contracts, ensure exchange rate stability, maintain free trade, and protect the rights of migrants. Kindleberger (1973) was one of the first to point out the importance of having a leader in the international economy willing to shoulder responsibility for establishing and maintaining a free-trading system.¹

Another difficulty of sustaining international markets arises from the collective-action problem of finding a basis for cooperation in a dynamic international system.

With the collapse of the Bretton Woods system, the decline of American hegemony in the 1970s, and the Cold War in the 1990s, multilateralism has replaced reliance on American political and economic power as the cornerstone of the international political economy.² As Rogowski (1989) and others (Milner 1997) have demonstrated, economic openness can have a dramatic effect on domestic political alignments, making it difficult to maintain support for trade even in the most outward-looking states, including Great Britain in the nineteenth century (Pax Britannica) and the U.S. in the post-World War II period (Pax Americana). In some respects, migration carries even greater risks (of political and social instability), especially for receiving societies.

Powerful liberal states have found ways to overcome these hurdles, primarily through multilateralism and the building of international institutions that help to lock even the most protectionist states into a more open world economy. Constant political battles are fought to prevent and defeat isolationist and protectionist coalitions. Why do states and their political leaders do this? Simply put, because they recognize the enormous advantages of trade and open investment regimes. In the 1990s, many recalcitrant Third World states jumped on the free trade bandwagon (the so-called Washington consensus), despite the tremendous asymmetry in the world economy between developed and developing economies.

But if the logic of trade and finance is one of openness, the logic of migration tends to be one of closure, especially for the receiving societies. *From a political standpoint, migration is the mirror image of trade and finance.* The wealthier states push hard to keep the lines of trade and investment open, while the poorer states are more skeptical, fearing dependency. With migration, it is the opposite: By and large, the wealthier states push hard to keep foreigners out, usually for reasons of national security or identity, whereas many poorer states want to export people, to reap the benefit of remittances and return migration or simply maintain a social safety valve.

Yet from a historical and economic standpoint, it is exceedingly difficult to separate trade and capital flows from migration. Historically, the movement of goods, services, and capital increasingly is highly correlated with the movement of labor, both skilled and unskilled. Conventional economic wisdom (Heckscher-Ohlin and Stolper-Samuelson) has it that in the long run, trade can substitute for migration through a process of factor price equalization.³ But in the short run, empirical studies demonstrate that trade leads to increased migration, especially when disparities in wages and incomes are very high, as they are between the U.S. and Mexico (P. Martin 1995). Although paradoxical, the reasons for this are simple: When backward economies are exposed to strong exogenous competitive pressures, the agricultural sector can collapse, leading to a rural exodus, swelling the population of cities, and increasing pressures to emigrate. Likewise, increased trade in services leads to high-end migration because technical and professional staff are integral parts of the service. The relationship between trade and migra-

tion is, in fact, very complex, and restrictions on one can lead to increased pressure on the other.

Sorting out winners and losers is at least as complicated in the case of migration as in the case of trade. We can start from the basic premise that migration is heavily dependent on factor proportions and intensities and that groups will support or oppose migration depending upon whether they represent scarce or abundant factors. This is the political corollary of economic push-pull arguments, which hold that cross-border movements of people have a strong economic dimension and that such movements are basically a function of demand-pull and supply-push factors.⁴ There is little doubt that people move in search of better opportunities—however defined—and the existence of markets and information or kinship networks is a necessary condition for migration to occur. *But the sufficient conditions for migration are political.* States must be willing to open their borders for exit and entry, and such openness is not simply a function of interest-group politics or cost-benefit analyses. Ideas and institutions play a crucial role in determining openness or closure.

Since 1945, there has been a continuous increase in the world migrant population, both in developed and developing countries and across regions. This increase parallels similar increases in the volume of world trade and foreign investment, despite the absence of an international migration regime.⁵ It would be tempting to conclude, as many sociologists and anthropologists have, that migration is simply a part of the inexorable process of the globalization of societies and cultures and states have little control over these movements of people.⁶ The corollary of this globalization thesis is that migration will continue as long as there are imbalances in the international economy or until the process of factor price equalization is complete. But I argue that such a conclusion is not only simplistic and premature but wrong. We must look more closely at political factors that govern international migration, mindful that economic pressures for migration (demand-pull and supply-push) are strong and will remain so for the foreseeable future. To understand how politics affects the willingness of states to risk migration, I review several arguments for openness and closure, drawn from international relations theory, to develop a typology of international political economy that will help us understand the conditions under which states can cooperate to manage migration.

Realism and National Security Arguments

The most venerable theory of international relations is political realism. Keohane (1986, 7) succinctly summarizes the assumptions of this theory as follows: "(1) states... are the key units of action, (2) they seek power, either as an end in

itself or as a means to other ends, and (3) they behave in ways that are, by and large, rational and, therefore, comprehensible to outsiders in rational terms.” At first blush, political realism would seem to tell us little about international migration other than the fact that states are sovereign, power-seeking units that act in their own self-interest. As such, one would expect states to protect their sovereignty and maximize their power by opening or closing their borders when it is in the national interest to do so. But this argument is not only dangerously close to being a tautology, it begs the question of why states at certain points in time open or close their borders.

As is often the case with such pure realist arguments, we are thrown back onto an ad hoc analysis of state rationality, seeking to determine, for example, when it is in a state’s national interest to open its borders and when it is not, or whether out- or in-migration will enhance the state’s power and contribute to its national security. Neorealist theory, which builds upon the basic assumptions of political realism, may offer us more insight into why states open and close their borders. Waltz (1979) places great emphasis on the systemic nature of international politics and the fact that the system is structured by anarchy. State behavior is conditioned by the distribution of power within this anarchic system. States, according to Waltz, are caught in an inescapable security dilemma. Any policy that touches upon national security must be made in response to the structure of the international system if a state is to survive in a world characterized by anarchy and the “war of all against all.” Using this perspective as a starting point, we must ask ourselves (1) whether or not international migration has a national security dimension and (2) to what extent migration and migration policy are determined by the structure of the international system.

The second question may be easier to answer than the first because in the twentieth century, we have seen massive shifts in the structure of the international system that have included the end of World War II, which ushered in a new era (1945–) of globalization (increased international exchange), and the end of the Cold War (1989–90), which marked a return to a more multipolar world, albeit one characterized by U.S. dominance. If Waltz is correct, such dramatic shifts in the system’s structure should have an impact on the willingness of states to risk openness.

What hypotheses can we derive from this theory? The intense rivalry between the U.S. and U.S.S.R. divided the world into two competing camps: communist and noncommunist. One result of this struggle was to create great incentives for cooperation among the Western democracies, institutionalizing openness to trade, finance, and migration. The abrupt end of the Cold War removed this geostrategic incentive for cooperation and has made it more difficult (in political terms) to sustain policies of openness.

Prior to the end of the Cold War, Western democracies, led by the U.S., con-

structed a liberal regime for refugees built on the 1950 Geneva Convention and the United Nations High Commission for Refugees (UNHCR). The principles of this regime are well known. They are (1) asylum (based on a well-founded fear of persecution), (2) *nonrefoulement*, (3) protection, (4) nondiscrimination, (5) international cooperation, and (6) a commitment to search for solutions to the problem of refugees. Arguably, this regime was created in response to the horrors of World War II, which left millions of refugees and displaced persons scattered throughout Europe. But it was also a construct of the Cold War, designed in the late 1940s and early 1950s to facilitate the flight of individuals from communist regimes.⁷ From roughly 1950 to 1990, much of the openness of liberal democracies to migration can be attributed to the bipolar structure of the international system. Liberal states in particular felt compelled to cooperate in the building and maintenance of the refugee regime. The creation of the International Organization for Migration (IOM) also was a by-product of this policy.

Following the realist logic, we would expect liberal states to back away from some of their more liberal commitments, especially in the area of human rights and asylum but also trade and migration. Certainly, there is evidence in the 1990s that the commitment of liberal states to the refugee regime, if not to international labor migration, weakened. The Schengen Agreement in Europe suspended *non-refoulement* for asylum seekers who passed through a “safe” third country. The 1993 amendment of Article 16 of the German Basic Law/Constitution eliminated the blanket right to asylum in that country. The 1996 immigration reforms in the United States restricted due process and equal protection for asylum seekers, and the special status of Cuban refugees under American law has been attenuated. All of these changes indicate that liberal states are adjusting to new geopolitical realities and attempting to restrict migration from formerly communist states. It is no longer in the strategic interest of liberal states to promote refugee migration, but levels of labor migration continued to rise throughout the 1990s and into the twenty-first century.

If we return to the more difficult question of whether migration can be defined as a national security issue, we quickly run into the limitations of realist and neorealist arguments. Perhaps the most eloquent argument in favor of treating migration as a national security issue has been made by Weiner (1995), who contends that migration can destabilize societies and regimes, especially in weaker Third World states but also in the more advanced industrial democracies. Third World states are particularly vulnerable because their legitimacy may already be precarious and they do not have the political or economic capacity to absorb large numbers of immigrants in short periods of time. Of the 191 million international migrants in 2005, 61 million, or 32 percent, were in the southern (or less developed) countries where state capacity for managing migration is weakest. The refugee crisis in the Great Lakes region of central Africa in the mid-1990s

resulted in the destabilization of the Mobutu regime in Zaire, demonstrating how threatening such massive refugee flows (in this case, Hutus fleeing Rwanda) can be for some states.

Weiner extends his national security argument to the advanced industrial democracies by pointing out that the fear of immigration among native populations should not be dismissed as merely irrational or xenophobic. Immigration, he contends, threatens many groups and individuals in these countries, whether on economic grounds (foreigners take jobs from natives) or cultural grounds (foreigners threaten the political and cultural cohesion of society and the nation). It is accurate to say that more international migration is happening in the developed countries of the north; 62 million, or 32 percent, of migrants in 2005 moved from south to north, and 53 million, or 28 percent, moved within the Northern Hemisphere from one developed country to another. The numbers alone may contribute to xenophobia and nativism.

From Weiner's national security perspective, immigration can lead to crises of absorption wherein societies can be further divided and destabilized. He cites the example of racist violence in the newly unified Germany as an example of the dangers of too much migration in too short a time. Looking at the U.S., Schlesinger (1992) and Huntington (1996, 2004) echo Weiner's concern for the solidarity and stability of Western democracies when faced with large waves of immigration.⁸ In addition to this "cultural threat," migration raises concerns about terrorism and drug trafficking as well as environmental degradation that may result from overpopulation. Each of these threats can and has been used by politicians in Western democracies as a justification for restricting international migration.

Some human capital arguments reflect the same national security logic, namely a concern for the power, wealth, and sovereignty of the nation-state. A classic example is found in the work of Borjas (1990), who poses the question succinctly in the title of his best-known book, *Friends or Strangers?* His argument is that immigration policy should be driven by national economic interests, and these should determine whether migrants are friends or strangers. As an economist, Borjas uses a strict cost-benefit calculus to determine if migrants have the requisite skills (human capital) needed by the national economy. He goes on to argue that the American economy no longer needs a large pool of unskilled and uneducated (largely Mexican) immigrants, and every effort should be made to restrict the entry of this group. The argument suggests that waves of low-skilled immigration will contribute to inequalities in American society and further weaken the national economy. The realist element in this type of economic reasoning is not as clear as in Weiner's political formulation. If we adopt a strictly cost-benefit rationale, the interests involved in making immigration policy begin to look more like they belong in the realm of low rather than high politics, and it becomes increasingly difficult to make a national security argument for restriction.

For every economist like Borjas who argues against immigration, we can find another, like the late Julian Simon (1989), who argues in favor of increased immigration. Like any public policy in a democracy, immigration policy is to a large extent interest-driven. A political scientist, Freeman (1995), has constructed a rational-choice/pluralist framework for explaining the difficulties liberal democracies encounter in their attempts to restrict immigration. He argues that even though it may be in the national interest to restrict low-skilled immigration, this has been difficult because powerful business interests, ethnic lobbies, intellectuals, and others have captured the state, making it virtually impossible for governments to carry out what is (in his view) clearly in the interest of the nation and society as a whole and what is demanded by the electorate and public opinion.

All of these interest-based arguments (Borjas, Simon, and Freeman) point to the difficulties of reducing migration to a national security issue. They also indicate the extent to which national security itself is a social construct. From the “constructivist” perspective, the interests and identities of states are heavily influenced by a range of sociological factors and are constructed by the actors involved.⁹ They are not—as realists would have us believe—purely a function of international systemic or structural factors such as the distribution of power within the system. This would be twice as true for international migration as it would be for trade and finance because migration involves the movement of animate rather than inanimate commodities. People are not shirts. Unlike goods and capital, people/foreigners have the potential to immediately and radically transform the culture and politics of societies in which they arrive.¹⁰

Hence, as Weiner has pointed out, migration can threaten the national security (and identity) of the nation-state. It is, therefore, not surprising that political debates over defining the national interest with respect to migration can be intense and emotional. But, no matter how hard we try in liberal democracies, it is impossible to remove cultural and social factors completely from these debates or reduce the terms of the debate to a cost–benefit calculation. As Weber (1947, 158) and Lévi-Strauss (1966) remind us, all actions are not strictly economic or instrumental. Subjective and normative elements figure heavily in the construction of interests and national security.

Does this mean we can dispense with realist perspectives on international migration? I argue that we cannot, for two reasons. First, we must recognize the constraints structural factors impose upon states in their formulation of migration policies and their willingness to allow entry or exit. Migration policies are inextricably linked with foreign policies and (from the perspective of weaker states in the south) with strategies for economic development. The end of the Cold War and its impact on the international refugee regime is a case in point. Formerly communist states of the East stopped restricting exit, which compelled liberal democratic states in the West to impose new restrictions on entry. Second, we

must recognize the primacy of sovereignty in international relations. With few exceptions, since the Peace of Westphalia in 1648, sovereignty and noninterference in the internal affairs of other states have been the central organizing principles of international relations—principles that are codified in international law. States have a sovereign right to prohibit the entry or exit of non-nationals into or from their territories. Even asylum seekers, covered by the Geneva Convention, have no right to enter and reside in the territory of signatory states. Under the convention, states are obliged to give asylum seekers a fair hearing and to abide by the principle of *nonrefoulement*; they are not required to admit asylum seekers to their sovereign territory. Realism remains the rule, not the exception, in international relations.

The Globalization Thesis

The globalization thesis stems largely from works in economic sociology and the sociology of international relations, although some economists subscribe to it.¹¹ Globalization arguments stand at the other extreme from realism, which stresses the role of the nation-state as the primary decisionmaking unit in international relations. The globalization thesis comes in a variety of shapes and sizes, but all versions share a common assumption: The regulatory power (and sovereignty) of the national state has been weakened by transnational, social, and economic forces ranging from the internationalization of capital to the rise of transnational communities to the increasing importance of human rights in international relations. The nation-state is no longer the sole, legitimate actor in international relations, if it ever was. Rather, the tables have been turned against the state, which is unable to control either transnational corporations—especially banks that move vast sums of capital around the globe—or migrants who move in search of employment opportunities. The internationalization of capital, we are told, has provoked a radical restructuring of production as national economies move up (or down) the international product cycle. Production itself has been decentralized with the rise of new centers of power and wealth, which Sassen (1991, 22; 1996) dubbed “the global city.”

According to Sassen and others, the rise of transnational economies has resulted in the creation of transnational communities as workers are forced to move from one state to another in search of employment, often leaving family members behind. Such communities can be found at both the high and low end of the labor market as individuals move with more or less ease from one national society to another. A great deal of research has been done to document this practice among Mexican immigrants to the United States. Massey was one of the first to point out the importance of transnational social networks in linking communi-

ties in the country of origin to those in the country of destination. These kinship and informational networks helped instill confidence in potential migrants, thus raising their propensity to migrate and, in effect, lowering transaction costs for international migration.¹² Portes (1997; Portes and Bach 1985) argues that migrants have learned to use this “transnational space” as a way to get around national regulatory obstacles to their social mobility. He goes on to point out that changes in Mexican law to permit dual nationality may reinforce this type of behavior, leading to ever larger transnational communities.

The decline in transaction costs and the ease of communication and transportation have combined to render national migration policies obsolete. Indeed, the entire regulatory framework of the state with respect to labor and business has been shaken by the process of globalization.

To compete in the new international marketplace, business and governments in Organization for Economic Cooperation and Development (OECD) countries have been forced to deregulate and liberalize labor and capital markets, whereas less developed states have been thrown into debt crises, leading to painful policies of structural adjustment that, in turn, have caused more migration from poor to rich states.¹³ A case in point is the Mexican financial crisis in the mid-1990s that led to the devaluation of the peso and a surge in emigration to the United States in the latter part of the decade (U.S. Commission on Immigration Reform 1997). Likewise, developing states such as Mexico and the Philippines are forced to rely increasingly on migrants as a source of foreign exchange. The remittances that migrants send home are a source of hard cash for countries across the Third World, from Latin America to the Middle East, Africa, and Asia. In the globalization framework, migration, like trade, leads only to growing inequalities and dependence within and between countries of the south.

Politics and the state have been factored out of international relations in these types of globalization arguments, most of which are inspired by world-systems theory (Wallerstein 1974). Following on this apolitical logic, both trade and migration—which are closely linked—are largely a function of changes in the international division of labor. States at best play only a marginal role in determining economic and social outcomes. The prime agents of globalization are transnational corporations and transnational communities, if not individual migrants themselves.¹⁴ If states have such a minor role, any discussion of national interests, national security, sovereignty, or even citizenship would seem to be beside the point. But at least one group of sociologists has tried to bring politics and law, if not the state, back into the picture.

Works by Soysal (1994) and Jacobson (1996) focus on the evolution of rights for immigrants and foreigners. Both authors posit the rise of a kind of postnational regime for human rights wherein migrants are able to attain a legal status that is outside the bounds of national citizenship. Jacobson, more than Soysal, argues

that individual migrants have achieved an international legal personality by virtue of various human rights conventions, and both authors view these developments as presenting a distinctive challenge to traditional definitions of sovereignty and citizenship. But Soysal in particular is careful not to use the terms *postnational citizenship* or *transnational citizenship*, opting instead for the expression *postnational membership*. Wrestling with the contradictory nature of her argument, Soysal writes: "Incongruously, inasmuch as the ascription and codification of rights move beyond national frames of reference, postnational rights remain organized at the national level ... the exercise of universalistic rights is tied to specific states and their institutions."

Another sociologist, Bauböck (1994) is less circumspect. He argues simply that, given the dynamics of economic globalization, a new transnational/political citizenship is necessary and inevitable. Bauböck draws on political and moral philosophy, especially Kant, in making his argument in favor of transnational citizenship. Like Soysal, he relies heavily on the recent history of international migration in Europe and the experience of the European Community/Union to demonstrate that migration has accompanied the process of economic growth and integration in Europe and that these migrants, many of whom were guest workers, have achieved a rather unique status as transnational citizens. What all three of these authors (Soysal, Jacobson, and Bauböck) attempt to do is give some type of political and legal content to world-systems and globalization arguments. But like Sassen, they see the nation-state as essentially outmoded and incapable of keeping pace with changes in the world economy.

What do these theories tell us about migration policy (the opening and closing of societies) and the willingness of states to risk migration? At first blush, they would seem to account rather well for the rise in migration. Even though the globalization arguments are neo-Marxist in orientation, they share many assumptions with conventional, neoclassical (push-pull) theories of migration.

The first and most obvious assumption is that migration is caused primarily by dualities in the international economy. As long as these dualities persist, there will be pressures for individuals to move across national boundaries in search of better opportunities. But whereas many neoclassical economists (like Simon) see this as pareto optimal—creating a rising tide that will lift all boats—globalization theorists (like Sassen, Piore, and Portes) view migration as further exacerbating dualities both in the international economy and in national labor markets. This variant of the globalization thesis is very close to the old Marxist argument that capitalism needs an industrial reserve army to surmount periodic crises in the process of accumulation.¹⁵ As migration networks become more sophisticated and transnational communities grow in scope and complexity, migration should continue to increase, barring some unforeseen and dramatic fall in the demand for immigrant labor. Even then, some globalization theorists like Cornelius (1998)

would argue that the demand for foreign labor is “structurally embedded” in the more advanced industrial societies, which cannot function without access to a cheap and pliable foreign workforce.

The second (crucial) assumption that globalization theorists share with neo-classical economists is the relatively marginal role of the state in governing and structuring international migration. States can act to distort or delay the development of international markets (for goods, services, capital, and labor), but they cannot stop it. With respect to migration, national regulatory regimes and municipal law in general simply must accommodate the development of international markets for skilled and unskilled workers. To talk about the opening and closing of societies is simply a nonstarter in a “global village” where the world is flat (Friedman 2006). Likewise, citizenship and rights can no longer be understood in their traditional national contexts. If we take the example of postwar West Germany, nationality and citizenship laws date from 1913, and until the reforms of 1999/2000, these laws retained kinship, or blood (*jus sanguinis*), as the principal criterion for naturalization.¹⁶ But this very restrictionist citizenship regime did not prevent Germany from becoming the largest immigration country in Europe. Globalization theorists like Sassen, Portes, and Soysal explain this anomaly by pointing to the structural demand for foreign labor in advanced industrial societies, the growth of networks and transnational communities, and the rise of postnational membership. Postnational membership is closely tied to human rights regimes—what Soysal calls universal personhood. National citizenship and regulatory regimes would seem to explain little about the variation in migration flows or the openness (or closure) of German society.

A more fully developed critique of these arguments is provided in the conclusion. But what can we retain at this point from globalization, as opposed to realist, arguments? The biggest shortcoming of the globalization thesis—in contrast to realism—is the weakness or, in some cases, the absence of any political explanation for migration. The locus of power and change is in society and the economy. There is no place for the state in this theoretical framework. Almost everything is socially and economically determined. The next section reviews neoliberal arguments, which combine economic and political theories to explain why states are willing to risk free trade.

Neoliberalism and International Regimes

Neoliberal arguments, often referred to among international relations theorists as liberal institutionalism, are heavily rationalist and have some things in common with neorealism. Both schools of thought stress the primacy of interests, the major difference being that neoliberals want to disaggregate “national inter-

est” and look at the multiplicity of social and economic groups that compete to influence the state. For neoliberals, both national and international politics can be reduced to an economic game and ultimately to a problem of collective action. To understand this (means–ends) game, all that is needed is to correctly identify the interests and preferences of social, economic, and political actors.¹⁷ Not surprisingly, neoliberal theorists focus heavily on politics and policy in developed democracies, where the competition among groups is relatively open and unfettered by authoritarianism and corruption. Studying competition among groups at the domestic level, as well as the allocational and distributional consequences of policy, presents a clearer picture of why (liberal) states behave the way they do in the international arena, whether in the areas of trade, finance, or migration.

Since this approach incorporates both economic and political analysis, it has come to be called international political economy (IPE). IPE theorists are interested in the connections between domestic and international politics. In addition to focusing on domestic interests, they also stress the importance of institutions in determining policy outcomes. For one of the original IPE theorists, Keohane, institutions hold the key to explaining the puzzle of conflict and cooperation in international relations, especially with the weakening of American hegemony in the last decades of the twentieth century. Keohane and Nye (1977) argue that increases in economic interdependence in the postwar period have had a profound impact on international relations, altering the way states behave and the way in which they think about and use power. In the nuclear age and with growing interdependence, it became increasingly difficult for states to rely on traditional military power to guarantee their security because security was tied increasingly to economic power and nuclear weapons fundamentally altered the nature of warfare. The challenge for liberal states post-1945 was how to construct a new world order to promote national interests that were tied ever more closely to international trade and investment, if not to migration.

In the first two decades after World War II, this problem was solved essentially by the United States, which took it upon itself to reflate the world economy and provide liquidity for problems of structural adjustment. This approach to international political economy was dubbed “hegemonic stability.”¹⁸ But with the gradual decline of American economic dominance in the 1970s, the problem arose of how to organize world markets in the absence of a hegemon. The answer would be found, according to Keohane, Ruggie, and others, in multilateralism and the building of international institutions and regimes (like GATT and IMF) to solve the problems of international cooperation and collective action.¹⁹ As the Cold War waned in the 1980s, the entire field of international relations shifted dramatically away from the study of national security toward the study of international economics, especially issues of trade and finance. In the last decades of the twentieth

century, even domestic politics, according to IPE theorists, was thoroughly internationalized (Keohane and Milner 1996).

Despite the fact that international migration would seem to lend itself to neoliberal arguments (migration has a strong political-economic dimension and clearly contributes to the internationalization of domestic politics), very little has been written about it from this perspective.²⁰ The reasons are fairly simple. Until recently, there was little demand for international policy in the area of migration, with the major exception of refugees. Even for the refugee regime, the numbers were relatively modest until the 1980s, and incentives for cooperation among liberal states were closely linked to the Cold War and the bipolar structure of the international system. From the late 1940s through the 1970s, liberal states had little incentive to cooperate or build regimes for managing labor migration because an unlimited supply of (unskilled) labor could be recruited through bilateral agreements with the sending countries. The German *Gastarbeiter* (1960s) and the American *Bracero* (1940s to 1960s) programs are classic examples of these types of bilateral accords. We did, however, see more innovation in the area of refugee policy, especially in Europe, where states came together to find ways to slow the influx of asylum seekers. The Dublin Convention and the Schengen Accords have helped to harmonize asylum policy in Western Europe, creating a border-free Europe but one in which every member state is responsible for policing a common external border.

But the situation with international labor migration did not change that much in the 1980s and 1990s, despite the end of the Cold War. Today, there is still an unlimited and rapidly growing supply of cheap labor available in developing countries. What has changed, however, are the goals of immigration and refugee policies of the OECD states. The demand now is for policies to control, manage, or stop migration and refugee flows. The Cold War refugee regime, specifically the United Nations High Commissioner for Refugees, has come under enormous pressure to manage various refugee crises, including the Cambodians in Thailand, Kurds in Iraq, Hutus in Zaire (now the Republic of Congo), and Albanians fleeing Kosovo. Existing international organizations for dealing with economic migration, such as the IOM and the International Labour Office (ILO) in Geneva, have not been besieged by demands for action. With the major exception of Western Europe, which has developed a regional regime for migration, there has been little effort to regulate international labor migration on a multilateral basis. Even a clause in the General Agreement on Trade in Services (GATS) dealing with international labor migration (Mode 4) has done little to promote cooperation in the area of migration. Most OECD countries, especially the United States, are uninterested in the creation of an international guest-worker program, and attempts to link trade regimes with migration have been resisted tooth and nail by both the Americans and Europeans.²¹

What can neoliberal theory tell us about the development of international migration and the willingness of states to risk migration? The *first hypothesis* we can derive from neoliberal theory is that states are more willing to risk opening their economies to trade (and by extension, migration) if there is some type of international regime (or hegemonic power) that can regulate these flows and solve collective-action and free-rider problems. However, as I have pointed out, there is no regime for regulating migration that comes close to the type of regime that exists for trade (GATT/WTO) or for international finance (IMF/World Bank). Yet we know that migration has increased steadily throughout the postwar period in the absence of a regime or any type of effective multilateral process. The EU and Schengen group are partial exceptions. If we accept the realist assumption that states are unitary, rational actors capable of closing as well as opening their economies, other (political) factors must be driving the increases in migration and maintaining a degree of openness to migration, at least among advanced industrial democracies.

The *second hypothesis* that can be derived from neoliberal theory focuses on domestic coalitions. The maintenance of a relatively open (nonmercantilist) world economy is heavily dependent on coalitions of powerful interests in the most dominant, liberal states. In *Resisting Protectionism*, prominent neoliberal theorist Helen Milner (1988, 18–44) demonstrates how advanced industrial states in the 1970s were able to resist the kind of beggar-thy-neighbor policies that were adopted in the 1920s and 1930s. She argues that growing interdependence (multinationality and export dependence) helped to solidify free trade coalitions among the OECD states in the postwar period, thus preventing a retreat into protectionism following the economic downturns of the 1970s and 1980s. Government leaders in a range of industrial nations were willing (and able) to resist strong political pressures for protectionism in the 1970s in large part because a powerful constellation of business interests contributed to a substantial realignment within these societies. In some cases, polities themselves were (creatively) redesigned by political entrepreneurs to facilitate the maintenance and strengthening of these new (free trade) coalitions.²² Of course, free trade interests were bolstered by the existence of an international trade regime (GATT) in the 1970s.

Therefore, from a neoliberal perspective, the central questions with respect to migration are: How did pro-immigration coalitions in the key OECD states form? And will they be able to maintain legal immigration regimes with the end of the Cold War and in the absence of a strong international migration regime? We should not discount the importance of international systemic constraints such as the end of the Cold War, which clearly has had an impact on political coalitions and alignments in all of the liberal democracies. The end of the Cold War had a profound impact on coalitions supporting open migration policies, even more so than on trade. The major difference between trade and migration is in the nature

and types of the coalitions that form to support or oppose them. Although related, in the sense that strong economic liberals tend to support both free trade and more open migration policies, there is a much stronger ideational and cultural dimension to pro-migration coalitions than free trade coalitions.²³

Free trade policies clearly have important political and social effects, but the arguments about comparative advantage and tariff policies tend to be heavily economic, and interest groups are organized along sectoral or class lines. With respect to trade, individuals and groups tend to follow their market interests, but in the making of migration policies, this is not always the case. If a state can be sure of reciprocity—that other states will abide by nondiscrimination and the MFN principle—it is easier to convince a skeptical public to support free trade. With migration, on the other hand, economic arguments (about the costs and benefits of migration) tend to be overshadowed by political, cultural, and ideological arguments that cut across class lines. National identities and founding myths—what I have called national models—come into play in the making and unmaking of coalitions for admissionist or restrictionist migration policies (Hollifield 1997a, 1997b). Debates about migration in the liberal-democratic (OECD) states revolve as much, if not more, around issues of rights (see next section) and national identity than around issues of markets or social class. The coalitions that form to support more-open migration policies are often rights-markets (left-right) oriented, and debates about sovereignty and control of borders are reduced to debates about national identity—a fungible concept that reflects values, morality, and culture rather than a strictly instrumental, economic calculus.

If we take a neoliberal approach to understanding the rise of migration in the postwar era, we are thrown back into an analysis of three factors that together drive national migration policy.

The first of these factors is ideational, historical, and cultural. Migration policy, especially in the biggest liberal republics (the United States, France, and Germany), is heavily influenced by national (or founding) myths, which are codified in citizenship and nationality laws (Brubaker 1992, 165). These myths and national identity are subject to manipulation and involve strong elements of symbolic politics. They are reflected in constitutional law and can be analyzed from a historical, sociological, legal, and political standpoint.

Citizenship, like society or the economy, is subject to exogenous shocks. Immigration—as Weiner (1995) and Koslowski (1996) have pointed out—can change the composition of societies, alter political coalitions, and transform citizenship and national identity. The argument, therefore, can be made that migration contributes to the internationalization of domestic politics and economics. Multiculturalism is the functional equivalent of multinationalism. If the rise of multinational corporations has contributed to the creation of new free trade coalitions, as Milner and others have argued, then the rise of immigration and

multiculturalism has contributed to new pro-immigration coalitions. As foreigners gain a legal foothold in liberal societies, rights accrue to them and they become political actors capable of shaping both policy and polity.²⁴

But there is clearly a second factor involved in building pro-migration coalitions. As Freeman argues, businesses that are dependent on foreign labor—whether skilled, as in the case of the software industry, or unskilled, as in the case of construction trades or agriculture—can form powerful lobbies and, under the right conditions, capture parts of the state to maintain access to a vital input.²⁵ The political and economic history of Western states since the late nineteenth century, when the transaction costs of migration were lower, is replete with examples of businesses working with, around, through, or against the state to import labor.²⁶ Economic interests are always at play in the making of migration policy because the profits to be had from importing labor are great (demand-pull forces are strong) and an abundant supply of cheap labor is available. Cutting off access to foreign labor for businesses that are heavily dependent upon it is the same thing as imposing high tariffs on imported raw materials. The industries affected will howl. Both policies are protectionist and have profound allocational effects, often leading to increases in irregular migration.

In the postwar period, the third and most important factor in building pro-migration (as opposed to free trade) coalitions is institutional. Perhaps the most famous and oft-quoted statement about European guest-worker programs was made by Swiss novelist Max Frisch, who said, “We asked for workers, and human beings came.” Unlike capital or goods, migrants—as individuals and sometimes as groups (Cubans in the U.S., ethnic Germans and Jewish immigrants in Germany)—can acquire legal rights and protections under the aegis of liberal constitutions and statutory law. Even when they are not admitted immediately to full citizenship, migrants acquire the rights of membership, which can, depending upon the state, include basic civil rights, a package of social, or welfare, rights, and even political, or voting, rights. What is important to keep in mind, however, is that these rights are anchored in national legal systems, and although they may flow from constitutional law, they also depend upon increasingly fragile political coalitions involving left- and right-wing liberals. With the end of the Cold War, these “strange bedfellow” coalitions have become more difficult to sustain, even in the area of political asylum, a principle that is supported in international law.²⁷ As the coalitions weaken, we would expect to see a concomitant decline in support for admissionist immigration and refugee policies.

But rights have a very long half-life in liberal democracies. Once they are extended and institutionalized, it is extremely difficult to roll them back. Most democracies—especially those, like the U.S., France, and Germany, with republican traditions and strong elements of separation of powers—have a variety of judicial checks that limit the ability of executive and legislative authorities to alter

civil, social, and political rights. To understand the “limits of immigration control” in liberal democracies, as well as the mix of internal and external strategies for control, we must have a clear understanding of the evolution of rights-based politics and of the way in which rights are institutionalized.²⁸ Even if rights-markets coalitions supporting immigration weaken, this does not mean that migration and refugee policies will change overnight or that liberal states can quickly and effectively seal their borders.

To conclude, the neoliberal approach requires us to look first at international institutions and regimes and second at the types of coalitions that form to support more-open migration regimes. I have identified three factors that influence coalition building: (1) ideational and cultural, which are closely linked to formal, legal definitions of citizenship, (2) economic interests, which are linked to factor proportions and intensities such as land, labor, and capital ratios, and (3) rights, which often flow from liberal-republican constitutions. The following sections develop this neoliberal framework, offering a critique of realist and globalization arguments.

Risking Migration and the Centrality of Rights

Of the three analytical perspectives on migration and international relations we have reviewed so far—realism, globalization, and neoliberalism—neoliberalism comes closest to explaining why states risk migration. But, as I have indicated, we cannot ignore structural or systemic factors, such as the end of the Cold War, that can influence the propensity of states to support liberal international regimes. In the absence of a threat or hegemon to unite liberal states and help them overcome collective-action problems, multilateralism is one way for states to cooperate and build a migration/refugee regime.

Following the work of Ruggie (1993a, 3–47), we can identify three tenets of multilateralism. The first is *indivisibility*, which is another way of saying that multilateral regulation should take the form of a public good. Unless it is a hegemon, a single state or even a small group of states cannot provide this good for the international community. The costs and benefits of its provision must be shared relatively equally among states. The second tenet is *principles*, or *norms of conduct*, which can alter the behavior of states. The fewer principles or norms there are, the greater the likelihood that states will respect them and change their behavior. The most difficult problem in any multilateral regime is to find a single compelling principle (or at least a very small number of interrelated norms or principles) “around which actor expectations can converge.”²⁹ Third, Ruggie points to *diffuse reciprocity*, meaning that states must be convinced everyone will respect the rules of the game, making it possible for governments to

persuade a skeptical or even hostile public to accept the short-term political and economic costs of establishing the regime in order to reap the long-term gains.

Using this neoliberal framework, we can ask: What are the possibilities of building an effective international migration regime? What would be the incentives to participate in such a regime? Can states overcome their misgivings, which may include loss of sovereignty, threats to national security and identity, and changes in the composition of the citizenry?

On the first point, indivisibility, we must ask if migration can be defined as an international public good. As noted earlier, this is problematic, especially if we compare migration and trade. During the postwar period, a consensus emerged—based on American leadership and the doctrine of comparative advantage—that an open trading regime would promote global welfare and advance the cause of peace. The motto of the immediate postwar period was “Peace through trade.” The GATT system was created to ensure that the costs and benefits of free trade would be shared equally, and this allowed the leading liberal states (especially the U.S.) gradually to overcome the hostility and skepticism of weaker developing states. Free trade would lead not only to specialization in production, increased output, and pareto-optimal economic outcomes, it also would promote interdependence and a more peaceful world.

This type of economic reasoning, however, does not work well in the area of migration because the asymmetry between developed and developing countries is too great. It is only at certain points in time (such as the turn of the twentieth century in America, the period of reconstruction in Europe after World War II, and the period of very high growth in Asia in the 1970s and 1980s) that the interests of developing and developed states converge. Developing states almost always have an incentive to export surplus populations, whereas developed states only periodically have an interest in admitting large numbers of foreign workers. The history of south-to-north migration has tended to be one of fits and starts, of peaks and valleys that tended to follow the business cycle. But there is strong evidence this dynamic may have been broken in the postwar period, at least for certain “core” liberal states in America and Europe (Hollifield and Zuk 1998). We can see this in the rates of world migration, which have been rising continuously since 1945.

So, if migration does not mirror the business cycle, what is driving it? The answer, in a word, is rights. As the world becomes more open, more democratic, and more liberal, people are freer to move than ever before. This has placed great strains on liberal states, especially on the institution of citizenship. Liberal states are caught on the horns of a dilemma or, what I have called a liberal paradox (Hollifield 1992a, 222; Weiner 1995, 112). In liberal political and economic systems, there is constant tension between markets and rights, or liberty and equality. Rules of the market require openness and factor mobility, whereas rules of

the liberal polity, especially citizenship, require some degree of closure, mainly to have a clear definition of citizenry and to protect the sanctity of the social contract—the legal cornerstone of every liberal polity. Equal protection and due process cannot be extended to everyone without undermining the legitimacy of the liberal state itself. How can states solve this dilemma and escape from the paradox? Constructing an international migration regime, as European Union members have done, is one way.

But if migration is to be defined as an international public good, it cannot be defined purely in economic terms, even though mobility of productive factors (like free trade) is recognized in economic theory to be pareto optimal. To regulate migration on a unilateral basis, liberal states must adopt draconian (il-liberal) policies that may threaten the foundations of the liberal state itself. It is not efficient or desirable in a liberal state to close or seal borders. This would be the ultimate strategy for external control. Likewise, strategies for internal control—including heavy regulation of labor markets, limiting civil rights and liberties for foreigners and citizens, and tampering with founding myths (for example, weakening birthright citizenship in the U.S.)—also threaten the liberal state. Such measures can fan the flames of racism and xenophobia by further stigmatizing foreigners. Establishing a multilateral process for regulating and controlling immigration offers one way out of this dilemma, but to accomplish this, control must be redefined on a multilateral basis as the “orderly movement of people” (Ghosh 1998, chap. 5). Orderly movements imply respect for the rule of law and state sovereignty, which are fundamental principles in every liberal state.

The problem remains of how to set up generalized principles of conduct in the area of migration. Various conventions exist, many put forward by the UN and its agencies (the UNHCR, IOM, and ILO) to safeguard the rights of migrant workers and establish standards for the treatment of these workers and their families.³⁰ Likewise, Mode 4 of GATS includes provisions for migration (Bhagwati 2004). But none of these agreements has achieved the status of a full-blown international migration regime capable of altering the behavior of states. It is only with asylum that a quasi-effective international regime has emerged in the postwar period, with a single guiding principle—a well-founded fear of persecution. The freedom-of-movement clauses of the various European Union treaties have resulted in the construction of a regional migration regime for EU member states, and the Schengen group has developed rules for dealing with the migration of third-country nationals, specifically asylum seekers.

In such a regional context, where the asymmetry is less pronounced than in the international system, it is easier to solve the problems of reciprocity and collective action. Rules can be adopted and formalized through already established institutional procedures. At the international level, what we have seen instead is a proliferation of very weak rules, norms, and procedures, resulting in a kind of

fragmented and ineffective regime (Ghosh 1998, chaps. 4 and 5). Moreover, the primary concern of the most powerful liberal states is not to facilitate the orderly movement of people (even paying tourists) or promote international factor mobility. Rather, the concern is for control, which has as many different meanings as there are states.

The challenge for any state or organization attempting to construct an international migration regime will be to define control in such a way that it is indivisible, can serve as a generalized norm or principle of conduct, and can lead to diffuse reciprocity. This is no mean feat because, heretofore, international migration has been regulated almost exclusively on a bilateral basis, if not through some type of imperial hierarchy. In fact, we still see both regulatory systems at work today. It is only among the OECD states that freedom of movement (but not settlement) has been more or less achieved, especially for the highly skilled. Between the core liberal states in the international system and the less developed countries, movement of populations is still governed by a system of imperial hierarchy, which is in many ways more one-sided today than it was during the colonial era.³¹

To better understand the difficulties of international cooperation to regulate migration, I have constructed a typology of international regimes. This typology, depicted in Figure 1, points to a clear distinction between the regulation of capital, goods, and services on one hand and migrant labor or refugees (people) on the other. When it comes to regulating trade and capital flows—an essential function of the international political economy—multilateralism is strongest and most heavily institutionalized in the area of finance. Even though the institutions dealing with international finance are far from perfect, the IMF and World Bank have become the bulwarks of stable exchange rates, without which international

Figure 1
A Typology of International Regimes

		Institutions	
		Weak	Strong
Multilateralism	Strong	Refugees and political asylum (UNHCR)	Finance (IMF and World Bank)
	Weak	International labor migration (ILO and IOM)	Trade (GATT and WTO)

trade and investment would be difficult and extremely risky. The GATT/WTO regime for trade also is heavily institutionalized, but the multilateral basis of this regime is, I would argue, weaker than that for finance. The need for strong currencies and stable exchange rates is felt much more acutely by states than the need for free trade. Nonetheless, both of these institutions have evolved together in the postwar period. Powerful market incentives, as well as formal enforcement mechanisms in the case of the WTO, compel states to “play by the rules” (Goldstein 1993, 201–32).

Of the two “regimes” dealing with migration, one for labor migrants and the other for refugees, clearly the refugee regime, which is institutionalized through the UNHCR, is the more effective, for reasons I have spelled out. I put the term regimes in quotes because the labor regime is quite ineffective. The rules for entry and exit of economic migrants are controlled by nation-states, not by international organizations like the UN, IOM, or ILO. Again, the major exception is the EU, but the EU regime for international labor migration functions only for nationals of the member states, not (or at least not yet) for third-country nationals (Guiraudon 1998, 657–74).

Even for the Schengen states—referred to in the British press derisively as Schengenland—third-country nationals do not have freedom of movement. Only Schengen nationals have this right. Schengen does, however, function as a multilateral regime for asylum and is designed to help member states restrict refugee migration and prevent “asylum shopping.” Refugees have the right to request asylum in the first Schengen state in which they arrive—consistent with the Geneva Convention—but if they transit through a “safe” third country, they can be *refoulés* (sent back to that third country). The result has been to forge a more or less common asylum policy in Schengen and turn all adjoining states into buffer states. The important point is that these Western European states, together with the U.S. and other liberal democracies, are respecting the letter, if not the spirit, of international refugee law.

Although the principles of the refugee regime are widely recognized, the UNHCR as an institution remains weak and heavily dependent on a few “client states,” especially Sweden, the Netherlands, and other small European social democracies. The Japanese contribute a lot of money to the UNHCR, and the Americans support it and use it as a tool for managing refugee crises around the world, especially when American national interests are involved.

The regime for international labor migration is weakly institutionalized with no central norm (*Figure 1*), and its principal organs, the ILO and IOM, based in Geneva, have little regulatory or institutional capacity. For developed states in particular, the costs of participating in a regime for international migration would seem to outweigh the benefits, and a short-term strategy of unilateral or bilateral regulation of migration is preferred to a long-term, multilateral strategy. This is

less true for the refugee regime because the more powerful liberal states need this regime for situational exigencies—to manage massive refugee flows that can destabilize governments and, in some cases, entire regions. When such crises strike close to home, as in the 1999 Balkan war, the utility of the refugee regime goes up exponentially. But when the crisis is past, it drops again.

To date, unwanted labor migrations might be considered more of a nuisance, especially from a political standpoint, but they are not fundamentally threatening and, therefore, can be handled unilaterally and on an ad hoc basis. The payoff from international cooperation in the area of unwanted labor migration is negative, and opportunities for defection are numerous. The possibilities for developing, monitoring, or enforcing some principle of nondiscrimination are minimal at this point. That brings us back to the domestic level in our search for an explanation of why states risk migration. The three factors driving migration policies—cultural and ideational, economic interests, and rights—must be studied on a case-by-case basis.

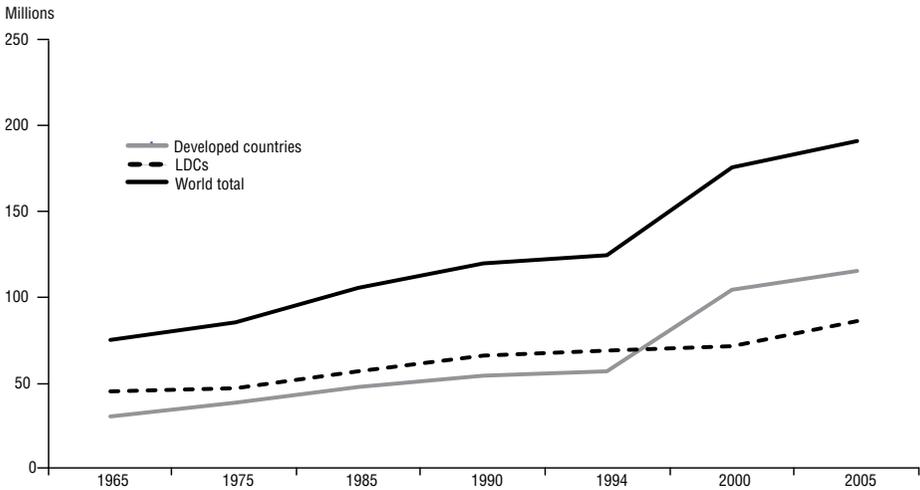
Yet an international market for labor exists and is growing. If the first rule of political economy is that markets beget regulation, some type of international regime is likely to develop. What will the parameters of such a regime be and how will it evolve? International relations theory, especially neoliberal/rationalist arguments, offers some clues.

Migration, Trade, and Development: The Coordination Problem

One of the principal effects of economic interdependence is to compel states to cooperate (Keohane and Nye 1977; Milner 1988). Increasing international migration (*see Figure 2*) is one indicator of interdependence, and it shows no signs of abating. As the international market for skilled and unskilled labor grows in the coming decades, pressures to create an international regime will increase. Following the work of L. Martin (1993, 91–121) and drawing on the preceding review of international relations theory, we can identify two ways in which states can overcome coordination problems in the absence of trust and reciprocity (developed states do not trust less developed states to help control borders and deter irregular migration): (1) through the centralization of regulatory power and pooling of sovereignty, and (2) suasion or, as Martin (1993, 104) puts it, “tactical issue linkage.”

We already have seen an example of the first strategy at the regional level in Europe. The EU and, to a lesser extent, the Schengen regimes were built through processes of centralization and pooling of sovereignty. But, as I have pointed out, this was fairly easy to do in the European context because of the symmetry (of interests and power) within this region and the existence of an institutional

Figure 2
World Migration, 1965–2005



framework (the European Community or EU). It would be much more difficult to centralize control of migration in the Americas or Asia, where the asymmetry (of interests and power) is much greater and levels of political and economic development vary tremendously from one state to another. It is unlikely that regional trade regimes like the North American Free Trade Agreement (NAFTA) and Asia–Pacific Economic Cooperation (APEC) will lead quickly to cooperation in the area of migration. But the beginnings of collaborative arrangements are there, just as they were with the European Coal and Steel Community (ECSC) in the early 1950s. The regional option—multilateralism for a relevant group of states—is one way to overcome collective-action problems and begin a process of centralization.

Most international regimes have had a long gestation period, beginning as bilateral or regional agreements. It is unlikely, however, that an international migration regime could be built following the example of the International Trade Organization/GATT/WTO. It is too difficult to fulfill the prerequisites of multilateralism: indivisibility, generalized principles of conduct, and diffuse reciprocity. The norm of nondiscrimination (equivalent of MFN) does not exist, and there are no mechanisms for punishing free riders and no way of resolving disputes. In short, as depicted in Figure 1, the basis for multilateralism is weak, and the institutional framework is very weak.

With the asymmetry of interests and power between developed (migration receiving) and less developed (migration sending) countries, suasion may be the

only viable strategy for overcoming collective-action problems, whether at the regional or international level. L. Martin (1993, 104–06) points to a number of ways in which suasion can help solve coordination problems.

Step one is to develop a *dominant strategy*, which can be accomplished only by the most powerful states, using international organizations to persuade or coerce smaller and weaker states. From the standpoint of receiving countries, the orderly movement of people, defined in terms of rule of law and respect for state sovereignty, would be the principal objective of hegemonic, liberal states. From the standpoint of the sending countries, migration for development, taking advantage of remittances and return (brain gain) migration, would be the principle upon which an international regime could be based.

Step two is to persuade other states to accept the dominant strategy. This will necessitate *tactical issue linkage*, which involves identifying issues and interests not necessarily related to migration (such as MFN, for example) and using these as leverage to compel or coerce states to accept the dominant strategy. This is, in effect, an “international logroll.” Such tactics will have only the appearance of multilateralism, at least initially. Tactical issue linkage was considered in negotiations between the U.S. and Mexico on NAFTA, and migration issues have figured prominently in negotiations between the EU and prospective EU members in East Central Europe. At the EU summit in Seville in 2002, the British and Spanish attempted to link official development aid and trade concessions for African states to migration control, but this initiative was blocked by the French and the Swedes.

In such instances, reciprocity is specific rather than diffuse. Individual states may be rewarded for their cooperation in controlling emigration. Again, we have seen many bilateral examples of this type of strategic interaction between the states of Western and Eastern Europe. The post-unification German governments have cut a number of deals with East Central European states to gain their cooperation in the fight against irregular migration. In the case of Poland, this has involved investments and debt relief as well as greater freedom of movement for Polish nationals in Germany. But liberal-democratic states may face a problem of credibility in pursuing these types of strategies. They need international organizations to give them greater credibility (cover) and facilitate these logrolls.

The third step for hegemonic states is to move from what is an essentially one-sided, manipulative game to a multilateral process and eventually to *institutionalize this process*. The long-term benefits of such a strategy for receiving states are obvious. It will be less costly to build an international regime than to fight every step of the way with every sending state, relying only on unilateral or bilateral agreements. This may entail some short-term loss of control (such as a larger number of visas or higher quotas for the sending states) in exchange

for long-term stability and more orderly migration. The ultimate payoff for liberal states is the establishment of a liberal world order based upon rule of law, respect for state sovereignty, ease of travel, and the smoother functioning of international labor markets. The payoff for sending states is greater freedom of movement for their nationals, greater foreign reserves and a more favorable balance of payments (thanks to remittances), increased prospects for return (brain gain) migration, and increases in cultural and economic exchange, including technology transfers.

However, changes in the international system with the end of the Cold War have altered this game in several ways. First, it has made defection easier. Since 1990, states have been more likely to pursue beggar-thy-neighbor policies by closing their borders and not cooperating with neighboring states in the making of migration and refugee policies. The Schengen process itself is a kind of beggar-thy-neighbor policy on a regional scale. Second, the new post-Cold War configurations of interests and power, both at the international and domestic levels, make it more difficult to pursue a multilateral strategy for controlling international migration. Rights-markets coalitions have been breaking apart in the dominant liberal states, increasing polarization and politicization over immigration and refugee issues. Yet liberalization and democratization in formerly authoritarian states to the east and south have dramatically reduced the transaction costs for emigration (Hollifield and Jillson 1999). Initially, this caused panic in Western Europe, where there was a fear of mass migrations from east to west. Headlines screamed, "The Russians are Coming!"³² Even though these massive flows did not materialize, Western states began to hunker down and search for ways to reduce or stop immigration. The time horizons of almost all Western democracies suddenly were much shorter because of these changes in domestic and international politics. Migration came to be perceived as a greater threat to national security (Huntington 2004).

If the U.S. were to defect from the liberal refugee and migration "regimes," such as they are, it could mean the collapse of these regimes. In game theoretic terms, such a defection would fundamentally alter the equilibrium outcome, and it would be potentially costly to all states and the international community. At least as far as migration is concerned, the process of globalization of exchange could be quickly and dramatically reversed.

To prevent the collapse of liberal migration and refugee regimes, the U.S. and other liberal states must pursue an aggressive strategy of multilateralism, taking the short-term political heat for long-term political stability and economic gain. This happened in the areas of international finance, with the collapse of the Bretton Woods system in the early 1970s, and trade, with the Latin debt crisis of the 1980s and Asian crisis of the 1990s. Without the kind of leadership exhibited in international trade and finance, irregular migrations will increase and become ever more threatening, leading more states to close their borders.

Conclusion

The two central questions this paper poses are (1) how can we explain increasing migration in the face of strong political opposition and (2) why are states willing to risk migration? Several hypotheses, derived from international relations theory, are advanced. The first is the realist, or national security, argument that states open and close their borders in response to changes in the structure of the international system. The problem with this argument is that such structural changes (for example, shifts in the distribution of power) are relatively rare. But this type of change did occur in 1990 with the end of the Cold War, and there is considerable evidence that the willingness of (liberal) states to risk migration declined dramatically in the 1990s. Coalitions of left- and right-wing liberals—what I term rights-markets coalitions—that had flourished during much of the Cold War period suddenly came under pressure and fell apart in many liberal societies. But we have not seen a concomitant decline in the rate of international migration.

An alternative hypothesis is offered by what I call globalization theory, derived largely from world-systems arguments. According to this thesis, migration is largely a function of changes in the international division of labor and restructuring of the global economy, which entails rapid and massive movements of productive factors, including capital and labor. Globalization is a social and economic imperative, and even the most powerful states are incapable of regulating flows of capital, goods, services, information, and people. The result has been the rise of new global centers of production, what Sassen calls the “global city,” which is outside the regulatory reach of the state. The demand for (skilled and unskilled) foreign labor is embedded in the economies of the advanced industrial societies.

In such pure globalization arguments, it makes little sense to study either domestic or international politics as a way of understanding increases in international exchange, whether in finance, trade, or migration. Sovereignty is an antiquated concept, and we must think about the global economy in terms of postnationalism. Soysal, Jacobson, and Bauböck have argued that, with respect to migration, globalization of the economy has created a new kind of postnational membership, or in Bauböck’s terms, a transnational citizenship. Rights, according to Jacobson, now extend across borders. Such political developments are the logical counterpart of globalization.

The globalization thesis, in which outcomes are socially and economically determined, stands at the opposite extreme of realism, in which outcomes are politically determined. A third perspective, neoliberalism, accepts the continuing importance of the nation-state in international relations. But neoliberals argue that economic interdependence has altered the way in which states think about

and use power. Rather than relying on traditional military means to pursue national interests, liberal states are increasingly drawn into “collaboration games” to regulate the international economy and reduce the risks associated with trade in particular. This desire to reduce risks and lower transaction costs has led the most powerful states to construct international regimes for trade and finance. Unlike neorealists, neoliberal theorists do not consider the unitary-actor assumption to be sacrosanct, and they are willing to look at domestic politics, especially at coalitions and institutions that may facilitate openness and increase demand for international cooperation.

Following neoliberal and neorealist thought, I have argued that the rise in migration in the postwar period is closely linked to three factors: (1) the structure of the international system, including the distribution of power and the presence or absence of international regimes; (2) domestic political coalitions, based on economic interests (factor proportions and intensities) and rights (which flow from liberal constitutions and laws); and (3) ideational, cultural, and legal factors, or what Brubaker calls “traditions of citizenship and nationhood.”

During the Cold War, liberal states were more willing to risk migration because of the bipolar nature of the international system, which prevented large-scale emigration from communist states and helped solidify rights-markets coalitions in liberal states. The end of the Cold War has radically altered the configuration of power and interests, at both the national and international levels, and changed the dynamic of collaboration games, especially with migration. States are still willing to risk trade, and coalitions of liberal states led by the United States support the institutions for maintaining stable exchange rates, especially the IMF. There is evidence, however, that multilateralism in these areas is under increasing political pressure, especially in the U.S. Isolationism and protectionism are stirring anew.

The logic of cooperation is different for trade than for migration. Liberal states work hard to keep trade and investment flowing in the world economy and increasingly work hard to keep migration, including refugees, bottled up in less developed (sending) countries. The international trade regime (WTO) is based squarely on the doctrine of comparative advantage and the principle of nondiscrimination (MFN). Free trade has come to be accepted by a wide range of states as an international public good. Ironically, following the Stolper–Samuelson theorem of factor price equalization, trade and foreign direct investment are often touted as the solution to the problem of unwanted migration. According to this theorem, trade can substitute for migration in the long term. Nevertheless, migration continues in the short term and may actually increase when less developed economies are exposed to strong exogenous shocks of trade and foreign investment.

No organizing principle has emerged as a basis for international cooperation to regulate migration. The exceptions are the international refugee regime, based

on a well-founded fear of persecution, and the EU regime, based on freedom of movement for nationals of member states. The primary reason for the lack of cooperation and the absence of an international regime for migration is the tremendous asymmetry between interests and power in the international system. The challenge for proponents of an international migration regime is to find (1) an organizing principle and (2) a strategy for overcoming collaboration problems. In the penultimate section of this paper, I suggest a principle—namely rule of law and the orderly movement of people—and several strategies for overcoming the asymmetry of interests and regime building. These strategies include the centralization of authority to promote trust and provide information and enforcement mechanisms. The problem with this strategy is that it requires continuous and strong intervention by a hegemon or group of hegemonic states. A more likely strategy is suasion, which involves tactical issue linkage and international logrolls that link unrelated issues to cooperation in controlling emigration.

The central argument in this paper is that states will not continue to risk migration in the post-Cold War era without some type of international regulatory framework. If migration is closely linked to trade and investment both economically and politically, as I and many others have argued, any weakening on the part of liberal states in their commitment to support orderly movements of people could threaten the new liberal world order. This argument is at odds with the globalization thesis, inasmuch as I see politics and the nation-state as crucial to the stability of the global economy, especially with the end of the Cold War. To paraphrase Polanyi (1944, 140), without the “continuous, centrally organized, and controlled intervention” of the most powerful liberal states, the “simple and natural liberty” of the global economy will not survive. Globalization is a myth, insofar as it ignores the imperatives of politics and power, which are still vested in the nation-state.

Notes

- ¹ Kindleberger's argument evolved into what is now called “hegemonic stability theory,” where, in the words of Keohane, “hegemonic structures of power, dominated by a single country, are most conducive to the development of strong international regimes whose rules are relatively precise and well obeyed ... the decline of hegemonic structures of power can be expected to presage a decline in the strength of corresponding international economic regimes.” Quoted in Gilpin (1987, 72).
- ² Ruggie (1993a) defines multilateralism in terms of three criteria: indivisibility, generalized principles of conduct, and diffuse reciprocity.
- ³ This is the Stolper–Samuelson theorem. See Stolper and Samuelson (1941). Also see Mundell (1957).
- ⁴ For a more in-depth discussion of the political economy of international migration, see Hollifield (1992a) and Cornelius, Martin, and Hollifield (1994, 6–11).

- ⁵ For trends in trade, foreign direct investment, and migration, see United Nations Conference on Trade and Development (1996). Also see Rogowski (1989).
- ⁶ On the globalization thesis, see Sassen (1991, 1996). On migration, globalization, and the rights of foreigners, see Soysal (1994) and Jacobson (1996).
- ⁷ The origins of the asylum regime date from the period immediately following World War I and the creation of the League of Nations. See Goodwin-Gill (1996).
- ⁸ As Huntington writes, "Promoting the coherence of the West means ... controlling immigration from non-Western societies, as every major European country has done and as the United States is beginning to do, and ensuring the assimilation into Western culture of the immigrants who are admitted."
- ⁹ For a summary of the constructivist theory of international relations and national security, see Katzenstein (1996), especially the introduction, 1–32.
- ¹⁰ As Shain (1989) and Koslowski (1996) have pointed out, international migration can create divided loyalties and transnational political communities. Shain stresses the rise of political diaspora, whereas Koslowski focuses on the emergence of dual nationality as a sign of the weakening of the nation-state.
- ¹¹ A good example of globalization arguments can be found in the works of Strange (1998).
- ¹² See Massey et al. (1987). For a cogent review of transnationalism and migration theory, see Portes (1997).
- ¹³ See Sassen (1996). For a critique of the globalization perspective on migration, see Joppke (1998b).
- ¹⁴ Rosenau (1990) takes the globalization argument to its logical extreme, postulating the "individualization of the world" and the rise of "postinternational politics."
- ¹⁵ A version of the industrial reserve army argument can be found in Castles and Kosack (1985) and Piore (1979). For a critique of this argument, see Hollifield (1992a, 19).
- ¹⁶ On this point, see Brubaker (1992, 165).
- ¹⁷ A representative example of neoliberal theorizing can be found in Milner (1997, 33–66).
- ¹⁸ See note 2 and Gilpin (1987).
- ¹⁹ See Keohane (1984). Also see Ruggie (1993a), especially the chapter by Goldstein, 201–25.
- ²⁰ For an early attempt to use international political economy (IPE) framework for understanding migration, see Hollifield (1992b, 568–95). For a more recent and purely IPE study of migration, see Kessler (1997).
- ²¹ Among those promoting the linkage of trade and migration and advocating the creation of a world migration organization similar to the WTO are Bhagwati (2004) and Ghosh (2000).
- ²² This argument, similar to Milner's (1988), is made by Luszitig (1996).
- ²³ For more evidence on the relationship between free trade and pro-immigration coalitions in the U.S., see Hollifield and Zuk (1998). Also see Kessler (1997).
- ²⁴ Here, the early, path-breaking works of Miller (1981) and Schmitter (1979) are very instructive.
- ²⁵ See the argument by Freeman (1995) and Joppke (1998b).
- ²⁶ See the various country studies in Cornelius, Martin, and Hollifield (1994).
- ²⁷ Zolberg (1990) was one of the first to point to the "strange bedfellows" phenomenon. Also see Tichenor (1994).
- ²⁸ On this point, see the introduction in Cornelius, Martin, and Hollifield (1994). Also see Hollifield (1999, 59–96).

- ²⁹ Multilateralism is obviously closely related to the notion of an international regime, as defined by Krasner (1982).
- ³⁰ See International Organization for Migration (1994) and *International Migration Review* special issue (1991).
- ³¹ In the case of the British Commonwealth, for example, freedom of movement for colonial subjects was greater prior to the granting of independence. From the 1960s until the passage of the British National Act in 1981, there was a gradual restriction of immigration from the so-called New Commonwealth states. The act effectively shut out people of color from British citizenship. See Layton-Henry (1994). Certainly, the same could be said of the relationship between France and its former colonies in Africa, except for the fact that the French have never completely shut former colonial subjects out of French citizenship *de jure*, although *de facto* one could argue that it is extremely difficult for North and West Africans to immigrate and naturalize. See Hollifield (1994).
- ³² This was a leader in *The Economist*, for example.

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