Global Migration, Local Enforcement, and Electoral Outcomes

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Puzzle: Electoral Consequences of Anti-Immigration Laws

Why do politicians adopt anti-immigration legislation?

- Little research on electoral consequences of restrictive laws

- Assumption: anti-immigration laws provide electoral gains?

- Anti-immigration laws might have unintended consequences

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Argument: Anti-Immigration Laws Harm Incumbents

Restrictive laws disrupt beneficial linkages to global economy

- **Migrant networks drive FDI** into their host communities
    - Help coethnic investors overcome information asymmetries

- Restrictive laws **signal hostile environment** for migrants

- Migrant networks transmit signal to investors, reducing FDI and its positive spillovers

- **Voters punish incumbents** for weaker economic performance

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H1: ↑ Anti-immigration laws → ↓ Incumbent electoral performance

H1a: ↑ FDI orientation → ↑ Electoral penalty for anti-immigration laws

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Anti-Immigration Laws and Incumbent Performance

- County panel of gubernatorial election results, 2005-2012
- Outcome: change in two-party gubernatorial vote share
    - CQ Voting and Elections
- Independent variable: restrictive state immigration laws
    - Reich (2017)
- Classify counties as "high" or "low" FDI recipients
    - fDi Markets dataset

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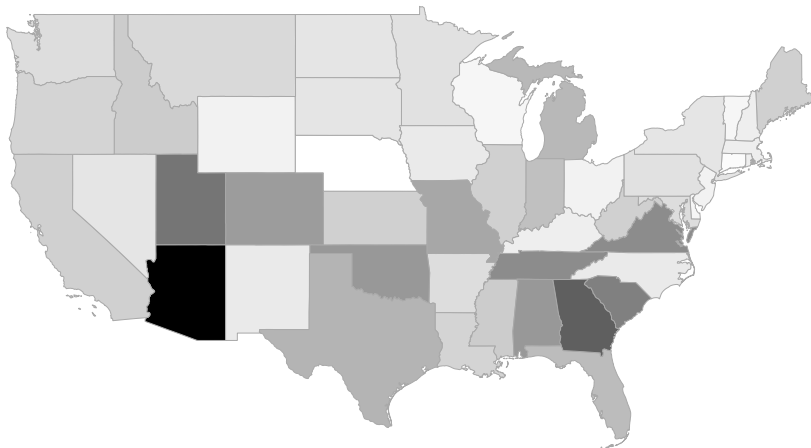## Anti-Immigration Laws and Incumbent Performance

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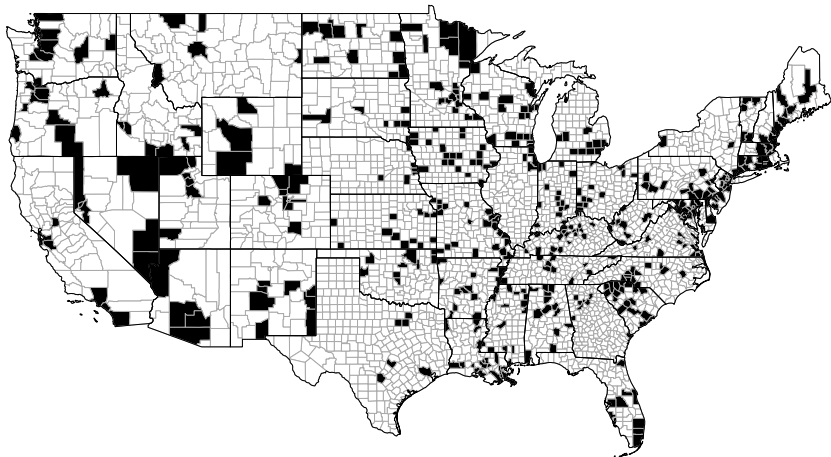   - fDi Markets dataset

Anti-Immigration Laws, 2005-2012

Number of restrictive immigration laws, 2005–2012

0   20   40   60

High-FDI Counties

Share of state FDI inflows, 2005–2012   □ Below average   ■ Above average

Models

Anti-immigration laws and incumbent vote share:

$$\Delta RepVote_{ijt} = \beta_0 + \beta_1 RepIncumbent_{jt} + \beta_2 RestrictiveLaws_{jt:t-1} +$$

$$\beta_3 \textbf{RepIncumbent}_{\textbf{jt}} * \textbf{RestrictiveLaws}_{\textbf{jt:t-1}} + \gamma_i + \tau_t + \epsilon_{ijt}$$

Heterogeneity by FDI orientation:

$$\Delta RepVote_{ijt} = \beta_0 + \beta_1 RestrictiveLaws_{jt:t-1} * HighFDI_i +$$

$$\beta_2 RepIncumbent_{jt} * HighFDI_i + \beta_3 \textbf{RepIncumbent}_{\textbf{jt}} *$$

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Anti-Immigration Laws Reduce Incumbent Vote Share

	Dependent variable: $\Delta RepVote_{ijt}$			
	(1)	(2)	(3)	(4)
$RepIncumbent_{jt}*$	-3.738***	-1.530***	-2.645***	-2.952***
$RestrictiveLaws_{jt:t-1}$	(0.111)	(0.146)	(0.159)	(0.155)
Observations	6,117	6,117	6,117	6,117
Control for unemp.	X	✓	✓	✓
Control for accom. laws	X	X	✓	✓
Control for migrants	X	X	X	✓

Note: ***$p < .01$ **$p < .05$ *$p < .1$. OLS. County and year FEs.

Incumbent Losses Concentrated in High-FDI Counties

	Dependent variable: $\Delta RepVote_{ijt}$		
	(1)	(2)	(3)
$RepIncumbent_{jt}*$	-0.585***	-0.653***	-0.649***
$RestrictiveLaws_{jt:t-1} * HighFDI_i$	(0.198)	(0.245)	(0.244)
Observations	6,117	6,117	6,117
Control for accom. laws	X	✓	✓
Control for wages	X	X	✓

Note: ***$p < .01$ **$p < .05$ *$p < .1$. OLS. County and state*year FEs.

Mechanism: Migrant-Driven FDI

- Dyadic panel analysis of US states, 2003-2019

- Unit of analysis: country-US state dyad (e.g., India-Calif.)

- Outcome: count of foreign investment projects
    - fDi Markets dataset

- Independent variable: state migrant stocks and education
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Migrant-driven FDI:

$$FDI_{jkt} = \beta_0 + \beta_1 \log(Migrants_{jkt-1}) + \kappa_{jt} + \theta_{kt} + \varepsilon_{ijt}$$

Higher-educated diasporas:

$$FDI_{jkt} = \beta_0 + \beta_1 \log(Migrants_{jkt-1}) + \beta_2 MigrantShare_{jkt-1} + \kappa_{jt} + \theta_{kt} + \varepsilon_{jkt}$$

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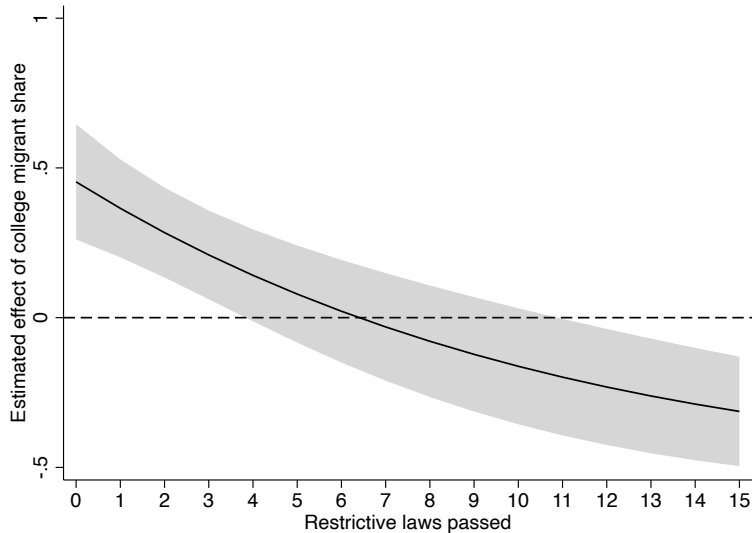
Migration Increases FDI in Host Communities

	Dependent variable: FDI_{jkt}	
	(1)	(2)
$\log(Migrants_{jkt-1})$	0.224***	0.382***
	(0.024)	(0.024)
$CollegeShare_{jkt-1}$		0.308***
		(0.082)
$HighSchoolShare_{jkt-1}$		0.060
		(0.124)
$FIREShare_{jkt-1}$		0.207
		(0.266)
Observations	38,262	32,372

Note: ***$p < .01$ **$p < .05$ *$p < .1$. PPML.
State*year and country*year FEs.

But Anti-Immigration Laws Reduce this Effect

Takeaways

- Politicians who embrace restrictive legislation might "shoot themselves in the foot"

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- Effect of migrant networks on investment flows is dynamic and conditional

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