"Immigration Openness, Immigrant Inclusion, and Compensation Spending: An Embedded Liberal Migration Triad or Trilemma?"

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**Research Questions:** 

What is the relationship among

immigration openness
immigrant inclusion, and
compensation spending ?

Do they fit together as an embedded liberal migration triad or are there political constraints that produce a trilemma?

## Tripartite Menu

Theorize from evidence about citizen preferences to form hypotheses about state policy, focusing on (dis)incentives for policymakers within a democratic political system

	<u>Openness</u>	<u>Inclusion</u>	(Cash) Compensation
Incentives:	reduce low skill labor shortage	attract high immigrants	domestic political stability
Disincentives:	strong voter opposition to more foreigners	(lesser) voter opposition to treating foreigners well	opposition to higher taxes, especially when benefits accrue to low-income foreigners

Embedded liberal triad: given voter opposition to both greater openness and rights, the state cannot have a liberal migration policy *without generous cash compensation*. An Embedded Liberal Migration Policy Trilemma?

Political trilemma: based on citizen preferences/opposition, the democratic state can choose at most 2 of 3.



# Competing Hypotheses

Estimate sequence of country/year models with one policy variable as the DV and the other two as interacted IVs

Openness =	$B_1$ *Inclusion + $B_2$ *Compensation +	$B_3$ *Inclusion*Compensation (1)
Compensation =	$B_1*Inclusion + B_2*Openness +$	$B_3$ *Inclusion*Openness (2)
Inclusion =	$B_1^*Openness + B_2^*Compensation +$	$B_3$ *Openness*Compensation (3)

Openness =	Inclusion +	Compensation +	Inclusion*Compensation
triad	-	+	+
trilemma	+	+	-
Compensation =	Inclusion +	Openness +	Inclusion*Openness
triad	+	+	+
trilemma	+	+	-
Inclusion =	Openness +	Compensation +	Openness*Compensation
triad	-	+	+
trilemma	+	+	-

### <u>Data</u>

Openness and Inclusion data from Bearce and Hart (2019), coded from 2 sequential OECD series: Trends in International Migration and International Migration Outlook.

Includes all legislative and administrative changes (de jure policy) coded +1 (-1) for more (less) liberal, starting all countries at 0.



#### <u>Data</u>

Compensation data from OECD SOCX 1995-2019, focusing on cash benefits per capita



Country/year sample: Australia 1995-, Austria 1995-, Belgium 1995-, Canada 1995-, Chile 2010- Czechia 1995-, Denmark 1995-, Estonia 2009-, Finland 1995-, France 1995-, Germany 1995-, Greece 1995-, Hungary 1999-, Ireland 1995-, Israel 2008-, Italy 1995-, Japan 1995-, Korea 1995-, Latvia 2012-, Lithuania 2012-, Luxembourg 1995-, Mexico 1995-, Netherlands 1995-, New Zealand 1999-, Norway 1995-, Poland 1995-, Portugal 1995-, Slovakia 1995-, Slovenia 2008-, Spain 1995-, Sweden 1995-, Switzerland 1995-, Turkey 1999-, United Kingdom 1995-, and United States 1995-.

Immigration Openness Models

Note:	No controls	Adding LDV	Adding other
		and Country FE	controls
LDV		0.90***	0.87***
		(0.02)	(0.02)
Inclusion	0.11	0.11**	0.10**
	(0.31)	(0.04)	(0.04)
Oster's δ		10.79	7.13
Compensation	0.08	0.20***	0.15**
	(0.18)	(0.06)	(0.07)
Inclusion*Compensation	0.014	-0.015**	-0.013**
	(0.047)	(0.006)	(0.006)
Oster's $\delta$		-0.00	-0.00
Country FE	NO	YES	YES
$\mathbf{R}^2$	0.05	0.94	0.95

N=739. OLS coefficients with robust standard errors clustered on the country. \*\*\*p<.01, \*\*p<.05, and \*p<.10 (two tailed).



Cash Compensation Models

Note:	No controls	Adding LDV	Adding other
		and Country FE	controls
LDV		0.92***	0.92***
		(0.01)	(0.03)
Inclusion	0.27	0.017**	0.018***
	(0.27)	(0.008)	(0.006)
Openness	0.11	0.017***	0.007
	(0.16)	(0.004)	(0.005)
Inclusion*Openness	0.007	-0.003**	-0.003**
	(0.057)	(0.001)	(0.001)
Oster's δ		-46.27	-48.15
Country FE	NO	YES	YES
$\mathbb{R}^2$	0.08	0.997	0.997

N=739. OLS coefficients with robust standard errors clustered on the country. \*\*\*p<.01, \*\*p<.05, and \*p<.10 (two tailed).



Marginal Effect of Immigration Openness



Immigrant Inclusion Models

Note:	No controls	Adding LDV	Adding other	Using total
		and Country FE	controls	Compensation
LDV		0.88***	0.87***	0.88***
		(0.02)	(0.02)	(0.02)
Openness	-0.13	-0.01	-0.02	-0.01
	(0.16)	(0.02)	(0.02)	(0.02)
Oster's δ		0.62	0.98	0.62
Compensation	0.09	0.07*	0.06	0.02
	(0.10)	(0.04)	(0.05)	(0.04)
Openness*Compensation	0.07*	0.009***	0.012***	0.006***
	(0.04)	(0.003)	(0.004)	(0.002)
Oster's δ		1.29	1.45	1.47
Country FE	NO	YES	YES	YES
$\mathbf{R}^2$	0.12	0.96	0.96	0.96

N=739. OLS coefficients with robust standard errors clustered on the country. \*\*\*p<.01, \*\*p<.05, and \*p<.10 (two tailed).



Marginal Effect of Cash Compensation





### Inconsistent Results?

Not necessarily inconsistent, building from 2 stylized facts:

1) two international labor markets: low skill (LS) migrants where S>D and high skill (HS) migrants where D>S

2) state faces lobbying pressure for both LS skill and HS skill migrants from different firms:

One set lobbies for openness to obtain a larger number of LS migrants and another set lobbies for inclusion to attract a smaller number of HS migrants.

Hard to respond positively to the former when starting with more inclusion and compensation because more LS migrants potentially increase cost of social safety net.

Easier to respond positively to the latter when starting with greater openness and compensation because more HS migrants can be added under already large quota and help pay for the social safety net

with less popular resistance to both immigrant inclusion and HS immigration.

Migration Policy Divergence among the OECD

