The Political Economy of High-Skilled Immigration: Sponsorship and votes on high-skilled immigration bills in the U.S. Congress

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Motivation

- Erdal Arikan, U.S. PhD in Electrical Engineering from Turkey
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- Congress tries to reform high-skilled immigration policy, but difficult to reach consensus
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- Congress tries to reform high-skilled immigration policy, but difficult to reach consensus
- Why is it difficult to make high-skilled immigration policy?
Motivation - Two competing forces

- Technological competitiveness: Skilled foreign nationals essential
  - Competition to attract talent fierce across the world

- Populist movements: Need to respond to protectionist demands
Research Questions

- How have high-skilled immigration bills evolved over time in the U.S?
- What factors affect high-skilled immigration policy?
Classifying High-skilled immigration bills

High-skilled immigration bills

- **Liberalizing bills**
  - Increase high-skilled immigration

- **Restrictive bills**
  - Impose tougher measures on high-skilled immigration

- **Expanding bills**
  - Total number of immigrants ↑

- **Zero-sum bills**
  - At the expense of other types of immigration
How have High-skilled immigration bills evolved?
Theory of the Dynamic Demand

- Relax fixed demand assumption from the factor endowment model
  - Politicians from skill-abundant districts support open low-skilled immigration policy (Facchini and Steinhardt, 2011; Facchini and Steinhardt, 2011; Gonzalez and Kamdar, 2000)

- Virtuous cycle: Supply of skilled labor ↑ → demand for skilled labor ↑
  - Cluster of firms: innovation hubs (Silicon Valley, Boston, Seattle, Austin, etc.)
    - Firms & Entrepreneurs: Demand for skilled labor ↑
    - Exchange of ideas: More projects

- Politicians recognize the needs for skilled foreign workers in their districts
  - Interactions with company executives and lobbying
H1. Representatives from districts with high demand for skilled foreign workers are more likely to sponsor or vote for liberalizing high-skilled immigration bills
Hypotheses - Partisanship

H2. Democrats are more likely to sponsor or vote for expanding high-skilled immigration bills.
H3. Republicans are more likely to sponsor or vote for zero-sum high-skilled immigration bills.
H4. Demand will have a larger positive effect on sponsoring expanding bills if a representative is a Democrat

H5. Demand will have a larger positive effect on sponsoring zero-sum bills if a representative is a Republican
### Data construction

#### High-skilled immigration bills
- 86 bills (66 liberalizing bills for 28,556 observations)

#### Demographics
- IPUMS congressional district dataset

#### Demand for skilled foreign workers
- Labor condition applications (LCA), U.S. Department of Labor

#### Lobbying
- Firm lobbying reports from Opensecret

<table>
<thead>
<tr>
<th>Congress</th>
<th>Year</th>
<th>Legislator</th>
<th>State</th>
<th>District</th>
<th>Party</th>
<th>Nominate 1</th>
<th>Nominate 2</th>
<th>Bill name</th>
<th>Bill character</th>
<th>Sponsor</th>
<th>STEM population</th>
<th>Unemployed</th>
<th>Demand</th>
<th>Lobby</th>
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<td>SMITH, Christopher</td>
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<td>4.7</td>
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</table>
Estimating strategy

\[
\text{logit}(\text{Sponsor}_{i,j,t}) = \alpha_s + \alpha_y + \beta_1 \cdot \log\text{Demand}_{i,t} + \beta_2 \cdot \text{Rep}_{i,j,t} + \\
\beta_3 \cdot \log\text{Demand}_{i,t} \cdot \text{Rep}_{i,j,t} + \beta_4 \cdot X_{i,t} + \epsilon_{i,t}
\]

- Logistic model with state and year fixed effects
- Outcome variable: Sponsor (binary), Vote (binary)
- Expectations

<table>
<thead>
<tr>
<th>Variables</th>
<th>Expanding bills</th>
<th>Zero-sum bills</th>
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<tbody>
<tr>
<td>Demand ((\beta_1))</td>
<td>(&gt; 0)</td>
<td>(&gt; 0)</td>
</tr>
<tr>
<td>Republican ((\beta_2))</td>
<td>(&lt; 0)</td>
<td>(&gt; 0)</td>
</tr>
<tr>
<td>Demand X Republican ((\beta_3))</td>
<td>(&lt; 0)</td>
<td>(&gt; 0)</td>
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</table>
(a) Marginal effect of demand given Republican

(b) Marginal effect of Republican given demand
Empirical Analysis - Zero-sum bills

The diagram illustrates the coefficient estimates for various factors related to demand and the receiving lobby. The factors include Demand, Republican, Demand*Republican, Unemployment, STEM degrees, Median income, Non-citizens, African American, Hispanic, Naturalized citizens, and Receiving lobby. The x-axis represents the coefficient estimates, ranging from -2 to 2.
Empirical Analysis - Zero-sum bills

(a) Marginal effect of demand given Republican

(b) Marginal effect of Republican given demand
Empirical Analysis - Robust checks

- Roll-call votes: Consistent
- Robust checks with district and year fixed effects (consistent)
- Triple interaction model: Consistent
Conclusion and Takeaways

- Suggest a new approach to study the politics of immigration
  - Unpack the multifaceted nature of high-skilled immigration bills (as opposed to restrictive/liberalizing classification)
  - Shed light on the demand for skilled foreign workers
- The demand affects high-skilled immigration policy and the effect of demand is moderated by partisanship and by immigration bill type
  - Challenges the conventional wisdom that Republicans favor high-skilled immigration
- Current research/Future direction
  - Expand to other countries (Canada, UK, Australia, Korea)
  - Expand to low-skilled immigration policy
Thank You!
Empirical Analysis - Triple interaction model

\[ \text{logit}(\text{Sponsor}_{i,j,t}) = \alpha_s + \alpha_y + \beta_1 \cdot \text{zerosum}_{i,t} + \beta_2 \cdot \text{Rep}_{i,j,t} + \beta_3 \cdot \text{Demand}_{i,j,t} + \beta_4 \cdot \text{zerosum}_{j,t} \cdot \text{Rep}_{i,j,t} \cdot \text{Demand}_{i,j,t} + \beta_5 \cdot X_{i,t} + \epsilon_{i,t} \]