

---

# The Exclusionary Foundations of Embedded Liberalism

Sara Wallace Goodman  and Thomas B. Pepinsky 

---

**Abstract** Analyses of embedded liberalism have focused overwhelmingly on trade in goods and capital, to the exclusion of migration. We argue that much as capital controls were essential components of the embedded liberal compromise, so too were restrictions on the democratic and social rights of labor migrants. Generous welfare programs in labor-receiving countries thrived alongside inclusionary immigration policies, but this balanced arrangement was only tenable if migrants were politically excluded in their destination countries. That is, embedded liberalism abroad rested on exclusionary political foundations at home. In bringing together the IPE literature on the “globalization trilemma” with the comparative politics of citizenship, we provide a novel account of how embedded liberalism worked politically, with implications for current debates about the fate of the liberal order in a time of populist resurgence.

---

Migrant workers are profitable and beneficial to the host society only so long as they are unorganized, insecure, bereft of political rights, in a word, “exploited.”

Gary Freeman, *Immigrant Labor and Racial Conflict in Industrial Societies*<sup>1</sup>

A central tenet of international relations is that the postwar international economic order was “embedded”—governments intervened in free markets to compensate for the losses from global trade and international market volatility.<sup>2</sup> Ruggie describes the accommodation of market efficiency and social stability as a “compromise,” preserving liberal multilateralism *with* and *through* interventionist policies.<sup>3</sup> In his analysis, international economic orders reflected underlying social and political orders, and Ruggie draws attention to the “legitimate social purpose” that economic orders serve.<sup>4</sup> Finnemore and Sikkink characterize the postwar liberal economic order as the “coupling of power” with “a war for hearts and minds.”<sup>5</sup>

1. Freeman 1979, 4.

2. Ruggie 1982, 415.

3. *Ibid.*, 393.

4. In his words, “to say anything sensible about the content of international economic orders and about the regimes that serve them, it is necessary to look at how power and legitimate social purpose become fused to project political authority into the international system.” Ruggie 1982, 382.

5. Finnemore and Sikkink 1998, 887.

But although analyses of embedded liberalism have emphasized shared social values of stability, order, and mutual gain, decades of scholarship have failed to critically consider the domestic prerequisites of national governments identifying and acting on shared values. The “social” in social purpose is not inherent. Its meaning is shaped by international<sup>6</sup> and domestic norms,<sup>7</sup> as well as democratic imperatives to include some and exclude other.

We argue in this article that migration created a fundamental tension in the postwar liberal international order (LIO), and that tracing how states grappled with migration reveals central dynamics in both the rise and decline of embedded liberalism. Postwar economic growth in many advanced industrial democracies was driven by migration, but compensatory policies under embedded liberalism excluded migrants. Advocates of a return to embedded liberalism or something like it<sup>8</sup> have identified the importance of compensation to make globalization work, but have not grappled with the fundamental tensions between domestic liberalism and the international liberal order in a world of migration. States are the decisive actors in establishing social purpose in the international economy but they are also bound by territory and citizenship.

Analyses of embedded liberalism have focused overwhelmingly on flows of goods and capital, implicitly assuming that labor represented just another factor of production. But just as active welfare regimes and capital controls were essential components of the embedded liberal order, as Lake, Martin, and Risse observe, so too were restrictions on the democratic and social rights of migrants.<sup>9</sup> This combination of economic openness and political closure has been characterized as a “liberal paradox.”<sup>10</sup>

Embedded liberalism came under strain in the 1970s, buffeted by the rise of finance and the decline of Anglo-American leadership. Here we draw attention to parallel processes putting strain on the order’s common social purpose. Just as the LIO expanded to include new countries and industries via international trade integration, advanced democracies were met with new obligations to integrate migrants socially and politically, not merely economically. As advanced industrial democracies made citizenship and social policies more inclusive, they put strain on the common “social purpose” that had been implicit in embedded liberalism’s domestic political foundations.

To describe how labor-receiving states managed the tensions created by migration under embedded liberalism, we introduce the concept of *exclusionary openness*: policy regimes that combine openness to labor migration with strict limits on the

6. Barnett and Finnemore 1999.

7. Finnemore and Sikkink 1998.

8. See Ikenberry 2018; Rodrik 2018.

9. Lake, Martin, and Risse 2021.

10. Hollifield 1992b. That liberalism is never as inclusive as its proponents have hoped is an argument with a long pedigree. See Mills’ *The Racial Contract* (2014) and Mehta’s *Liberalism and Empire* (2018). On race in particular, see Búzás 2021.

social rights available to migrants. These policy regimes place bounds on the *citizenship* (legal status, implying full legal and political rights) and *membership* (belonging and social inclusion, delineating in-group members who fully enjoy the benefits of compensation, protection, and rights) of migrants.<sup>11</sup> Boundedness is central to democratic theory, defining the *demos* who may participate in democratic life<sup>12</sup> and determining whom the state registers, regulates, and taxes. This generates a tension: the territorial boundaries established by the Westphalian state system are only coterminous with the population within that territory in a world without migration. In a world of migration, states must either restrict the citizenship and membership rights of migrants, or expand their definition of “the people” to include them. The latter choice, we argue, undermined embedded liberalism from below because “social purpose” had been maintained through selective, *purposeful social closure*.

Taking a historical institutionalist approach, we trace how policies enacted to support migration in the postwar international order have had unanticipated consequences for politics today. Focusing on the paradigmatic cases of Germany and the United Kingdom, and drawing additional comparative insights from Japan, we examine the tensions of migration and embedded liberalism and the ways that advanced industrial economies have attempted to manage them.

In bringing together two literatures that have developed largely in isolation from one another—citizenship and international political economy—we show that the widely heralded “globalization trilemma”<sup>13</sup> provides an incomplete picture of the stakes of “democracy” or “autonomy” because it disregards how flows of labor affect the composition of national political communities. International economic liberalism in a world of nation-states exists in tension with domestic democratic liberalism, which values social and political equality. Our argument likewise joins the international politics of embedded liberalism with the established literature on social exclusion and the welfare state.<sup>14</sup> We see these processes as fundamentally intertwined, as do many others, but we identify how these domestic processes have shaped—and have been shaped by—the LIO over the past seventy-five years. In addition to attending to how the changing structure of the international economy has undermined embedded liberalism,<sup>15</sup> international relationship scholarship must also grapple with the role of inclusionary citizenship and immigration policies in eroding the domestic constituency for embedded liberalism from below.

We are aware that our argument has disquieting implications. Many believe that the embedded liberal era provided a better foundation for democratic capitalism in a global economy than its neoliberal successor, and one might conclude that the key to restoring embedded liberalism is to reconstruct its exclusionary foundations.

11. Membership, for example, may include permanent residence, for example, and full status independent of citizenship. See Goodman 2014, 16–21.

12. See Dahl 1990; Rustow 1970.

13. Rodrik 2011.

14. See Esping-Andersen 1990; Freeman 1986; Pierson 1996; Sainsbury 2012.

15. Mansfield and Rudra 2021.

Although we do not endorse this view, we do hold that only by understanding how embedded liberalism actually functioned can we understand how it might be rescued, and the value in doing so. We address this in our conclusion.

### **Embedded Liberalism and the Challenge of Migration**

Following Abdelal and Ruggie, “the core principle of embedded liberalism is the need to legitimize international markets by reconciling them to social values and shared institutional practices.”<sup>16</sup> This perspective sees the legitimacy of economic liberalism at the international level as being achieved through compensatory policies at the domestic level that respond to the volatility and economic transformation that accompany international economic integration. These may include capital controls, active labor market policies, robust welfare state policies, and Keynesian demand management.<sup>17</sup>

Reconciling the market and state constitutes what Ruggie describes as a “compromise” of embedded liberalism: the state stepped in to manage the domestic economic dislocation associated with international economic liberalism. This distinguished embedded liberalism from the classical liberal order that existed prior to World War I, which saw steady increases in international trade and investment as well as domestic economic transformation toward a market-based economic system, but without any concomitant effort to manage the dislocations that accompanied rapid economic change. This “disembedded” the economic order and—in the analysis of Karl Polanyi<sup>18</sup> and the generation of policymakers who followed him—was ultimately self-undermining because the social and political dislocations of economic transformation were too much for societies to bear. The new liberal order that emerged following World War II would need to ensure that states would be able to ease the costs to their citizens. Those citizens, in turn, would come to support that liberal order, institutionalizing economic openness within a self-sustaining system of national democratic politics.

In practice, embedded liberalism introduced liberal multilateralism alongside active economic management. Institutionalized in the areas of international monetary and financial governance, multilateralism was sufficiently flexible to balance international market pressures with the requirements of domestic stability, including social obligations. Yet structural exemptions in the LIO left significant discretion for the advanced industrial economies to navigate “legitimate social purpose” and domestic disruption for themselves. For example, the General Agreement on Trade and Tariffs (GATT) secured a new trade regime but included many exemptions, such as for exhaustible natural resources, minimum labor standards, environmental concerns, and national security.

16. Abdelal and Ruggie 2009, 153.

17. See Hart and Prakash 1997; Hays, Ehrlich, and Peinhardt 2005.

18. Polanyi 1944.

Exemptions also facilitated flexibility. The Bretton Woods financial system committed countries to a fixed exchange rate regime, coupled with capital and credit controls to ensure that the states maintained macroeconomic policy autonomy.<sup>19</sup> In principle, the constraints were not fixed. Therefore, the practice of embedded liberalism reveals not only a series of compromises but also innovations and flexibility.<sup>20</sup> As Haggard and Simmons note, the common social purpose was “elastic enough to subsume a fairly wide range of ‘norm-governed changes,’” including the protectionism of the 1970s.<sup>21</sup> Among these compromises were participation exemptions in international trade agreements that allowed for domestic safeguards for balance-of-payment reasons, which evolved alongside the international trade regime itself.

There were also sectoral exemptions. Ruggie mentions textiles and agricultural exemptions specifically as being excluded from trade agreements because of their central importance to national economies and democratic constituents. These exemptions were not a core design feature of the LIO, but rather they were more an evolving practice. And quantitative restrictions in these areas have been “relatively modest,” their purpose being to “slow down structural change and to minimize the social costs of domestic adjustment.”<sup>22</sup> Finally, Ruggie notes that the embedded liberal order did not fully include developing countries,<sup>23</sup> whose inclusion would be disruptive to mutual prosperity (although he also believed that this represented a missed opportunity).

Despite its focus on national labor under economic globalization, the literature on embedded liberalism is strangely silent on a key area where they directly intersect: migration. For example, the very logic of embedded liberalism envisions national governments encouraging “an international division of labor which, while multilateral in form and reflecting some notion of comparative advantage (and therefore gains from trade), also promised to minimize socially disruptive domestic adjustment costs as well as any national economic and political vulnerabilities that might accrue from international functional differentiation.”<sup>24</sup> But in countries devastated by World War II, labor shortages were a pressing issue. The concerns of the classic embedded liberalism literature were the division of labor and gains from trade, overlooking the initial *availability* of labor to achieve those ends.

We start from the position that migration lies at the heart of the international liberal order,<sup>25</sup> with labor functioning as another factor of production that—like goods, services, and capital—flowed across national borders. In fact, migration is a central feature of economic liberalism more generally. For example, as mercantilism transitioned to “disembedded” liberalism of the midnineteenth century, states saw

19. Monnet 2018.

20. See Kirshner 1999; Helleiner 2019.

21. Haggard and Simmons 1987, 510.

22. Ruggie 1982, 412.

23. *Ibid.*, 413–14.

24. *Ibid.*, 399.

25. See Goodman and Schimmelfennig 2020; Hollifield 1992b.

unprecedented population movement both within Europe and to new settler states.<sup>26</sup> Omitting migration from analyses of embedded liberalism not only misses a larger economic story of how certain states were able to economically revive and thrive so robustly after World War II, it also misses the politics of how social purpose is designated, *and for whom*.<sup>27</sup> Polanyi's understanding of embeddedness explicitly rejects an apolitical understanding of a market system as distinct from the social foundations that support it.<sup>28</sup> It is precisely because migration affects social structures as well as economic outcomes that embedded liberalism must attend to its effects on the LIO.

We consider how states regulate social boundaries between insiders and outsiders, using immigration and citizenship policies. In this balancing act—constructing a distinction between migrants as labor and citizens as social rights-bearers—we explain how legitimate social purpose was defined, obtained, and eventually abandoned.

### Citizenship, Migration, and the Politics of Social Purpose

Every subfield of political science recognizes the importance of boundaries. The field of international relations primarily conceives of boundedness as territorial: as the physical demarcation of space. This is derived directly from Max Weber's definition of the state, as a "community that successfully claims the monopoly of the legitimate use of physical force *within a given territory*."<sup>29</sup> But demarcation is not just territorial, it is also social. States designate who is and is not a member of the national political community, and therefore a recipient of status, rights, protections, and obligations. The ability to designate is a reflection and extension of a state's administrative capacity, and depends on its relationship with its community members.<sup>30</sup> For the modern state, citizenship denotes the relationship between the state and the community on whose behalf it acts.

Citizenship is the formal institutional expression of national belonging,<sup>31</sup> and the infrastructure for extracting and distributing resources between individuals and the state. Weber's definition of the state makes no mention of the population within it, but some residents claim rights and status as citizens, whereas others—residents, foreigners, and other nonstatus outsiders—merely live there. These distinctions shape the demographic, military, and social characteristics of nation-states. As Torpey

26. Zolberg 1978.

27. Elsewhere in his body of research, Ruggie noted the importance of identity to international authority—"American hegemony was every bit as important as American *hegemony* in shaping the postwar order" (1998, 863)—as well as territoriality, in how collective identity—what he calls "social epistemes"—affect "outcomes via the mechanisms of social empowerment and delegitimation." Ruggie 1993, 169.

28. Polanyi 1944.

29. Weber 1965.

30. Tilly 1975.

31. Smith 2001.

illustrates, one could define the state not by territory but by its “monopolization of the legitimate means of movement.”<sup>32</sup> Citizenship, as Brubaker defines it, operates as both an “instrument and object of social closure,”<sup>33</sup> prohibiting individuals from accessing territory or the national in-group. According to Brubaker, the modern state is not a territorial organization but rather a membership organization that confers or withholds access based on national interest.

We are not the first to have noticed that migration might challenge the embedded liberal order. Nearly three decades ago, Hollifield noted that an increase in international migration could jeopardize the liberal economic order by challenging what he termed the “the national perquisites [*sic*] of sovereignty and citizenship.”<sup>34</sup> Nor are we the first to observe the surprising consequences of political inclusion. Dancygier, in her theory of immigrant conflict, describes how—in the context of economic scarcity—native-immigrant conflict emerges where migrants have electoral power.<sup>35</sup> But, uniquely, we join these observations and locate them in the early days of embedded liberalism, in state arrangements to deliver on “legitimate social purpose” by demarcating domestic recipients of social compensation and rights from labor.

To capture the role of citizenship and immigration policymaking in the politics of embedded liberalism, we generate a typological space in which citizenship and immigration policy interact. This approach preserves their unique but often complementary characters while allowing for different configurations of policy. In this schema, citizenship is a status and a set of rights. In Thomas H. Marshall’s definition, full citizenship was receiving social rights, from “a modicum of welfare and security to the right to share to the full in the social heritage and live the life of a civilized being according to the standards prevailing in society.”<sup>36</sup> In fact, this understanding of citizenship rights is located institutionally not in border control, or ministries of justice, but in the welfare state, which grew alongside the rise of embedded liberalism. Immigration, by contrast, regulates the movement of individuals into state territory. Another way to conceptualize this difference is as one between “external” and “internal” closure:<sup>37</sup> the former restricts the movement of people, the latter restricts the rights and privileges available to those who have migrated. They are distinct, but logically related; Michael Walzer describes membership as the “primary good,” where distributional decisions concern “present and future populations.”<sup>38</sup>

With this distinction, we present four general constellations of migrant management policy in [Figure 1](#). Under autarky, social and physical borders are closed, thereby establishing firm boundaries around the political community that correspond to the country’s residents. Inversely, when migration is and membership policies are

32. Torpey 2000.

33. Brubaker 1992, 23.

34. Hollifield 1992a.

35. Dancygier 2010.

36. Marshall 1950.

37. Hammar 1990.

38. Walzer 1983, 30.

inclusive, boundaries on the political community are comparatively low (represented in “inclusionary openness”). The lower-right quadrant constitutes what we call “inclusionary closure,” describing a regime that restricts movement of people but adopts few or no restriction on citizens once admitted.<sup>39</sup> Last, the upper-left quadrant—what we term “exclusionary openness”—allows for cross-border population movement but restricts access to the rights associated with citizenship and national membership. These constellations are ideal types; in reality, there are intermediary positions between openness and closure, between restriction and inclusion, and movement in between.

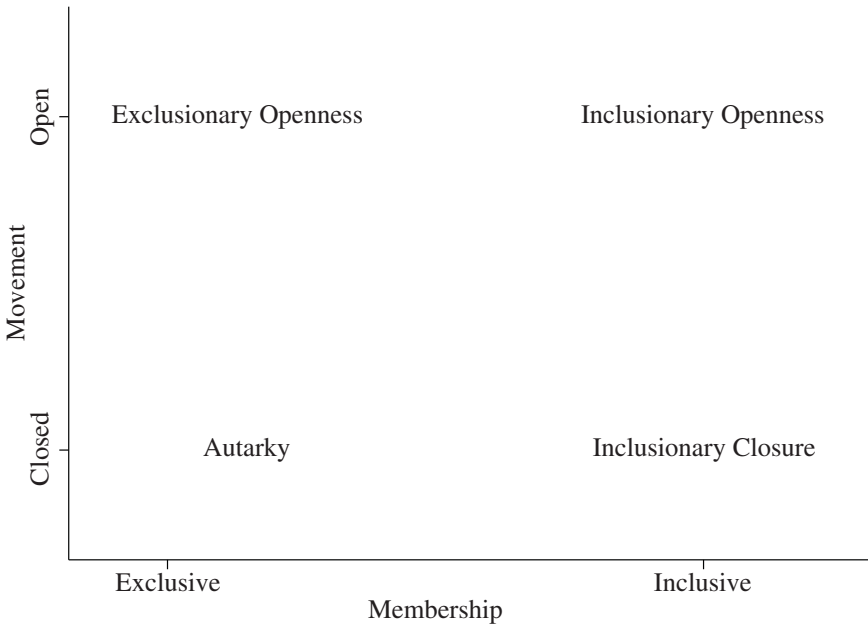


FIGURE 1. *Migration and membership policy*

Our particular interest is this last type: exclusionary openness, in which states accept immigrants but restrict membership, limiting access to political status and social-civil rights. As we show, restrictions on citizenship and social were—like capital controls and trade exclusions—part of the domestic bargain that compensated for economic openness. Three features characterize exclusionary openness in practice: (1) openness to migration; that is, to the cross-border movement of people to support the new LIO; (2) commodification of migrants as labor; and (3) restrictions on citizenship and membership rights to migrants and their descendants. Although the

39. This cell describes a case similar to Israel prior to the 1990s.



specific details of exclusionary openness vary across national contexts, such regimes establish balance necessary for embedded liberalism, allowing labor to flow across national borders while compensating citizens for the dislocation that this may create.

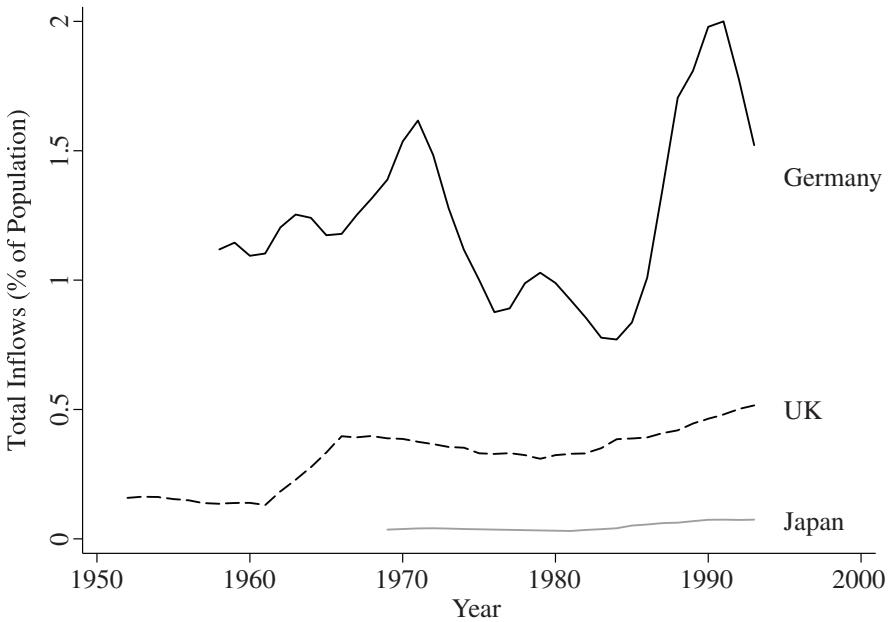
Our contribution is not simply to identify the configuration of exclusionary openness, but rather to show how it reflects an essential tension between democratic politics at home and imperatives of the economic international liberal order. Material prosperity from economic integration—of goods, capital, and labor—provided the economic basis for shared prosperity. The embedded liberal order was politically sustainable just as long as democratic governments produced benefits and protections for their citizens.

### **Embedded Liberalism: Migration Openness and Social Closure (1945 Through the 1970s)**

To illustrate the exclusionary social foundations of embedded liberalism, we follow the embedded liberal compromise through two epochs: its origins and growth (1945 through the early 1970s), and its crisis and decline (from the late 1970s onward) in Germany and the United Kingdom. Each confronted a severe domestic labor shortage immediately following World War II, and their responses illustrate the different ways that the advanced economies have resolved the tensions between migration and citizenship. Trends in immigration inflows as a percentage of national population appear in [Figure 2](#), alongside comparison with Japan, which grew rapidly without labor migration, choosing autarky instead. Germany achieved robust economic growth under embedded liberalism through a classical presentation of exclusionary openness; that is, guest workers were welcomed but with social and political exclusion that lasted generations. In the United Kingdom, we see an initial approach of inclusionary openness that they quickly abandoned, adopting instead a series of post-colonial citizen stratification reforms. In particular, this case highlights the politically unsustainable domestic costs of its initial policy of openness.

The postwar liberal order supported cross-border economic flows, and migrants were a key part of these robust cross-border exchanges. However, migration was largely unregulated at the international level, and no liberal regime for migration emerged.<sup>40</sup> What the LIO *did* provide was a compensation norm; in exchange for economic openness and high global growth, states would reconcile market liberalization with societal demands for stability through capital controls and compensatory policies that reduced unemployment and welfare inequalities. As economic openness necessitated domestic regulations on market competition in key sectors, so too, analogously, did labor mobility necessitate domestic *social* controls to reduce the potential dislocation from labor migration. Decisions about what these controls would be—although largely unguided

40. Hollifield 2000 refers to this as the “missing regime.” Sykes (2013, 317) attributes this to a “‘one-way problem’—the benefits of cooperation to liberalize migration, or to reduce enforcement costs, may be quite asymmetrical and in fact some countries may find themselves worse off with cooperation.”



*Notes:* Trendlines are five-year rolling averages (authors' calculations based on DEMIG 2015). Pre-1990 data for Germany are for West Germany only. The United Kingdom data prior to 1963 exclude non-Commonwealth migrants, and this is responsible for the mid-1960s jump in inflows.

**FIGURE 2.** *Migrant inflows, 1950 through 1995*

by international factors (effectively relegated to the states in pursuit of “legitimate social purpose”)—were strongly constrained by domestic forces, from the interests of stakeholders and firms to the electoral interests of governing elite. We discuss subsequently the three conditions that produced exclusionary openness.

### *Openness to Migration*

First, the pursuit of economic growth through embracing labor migration—although an opportunity created under the postwar LIO—was not one pursued by all industrialized states. Migration to labor-receiving countries such as Germany and the United Kingdom was instrumental in supporting their postwar recovery. Kindleberger showed that the influx of foreign labor into Germany was responsible for the country's rapid economic expansion.<sup>41</sup> He also attributes the United Kingdom's relatively anemic early growth rates to constraints on labor supply, noting that immigration

41. Kindleberger 1967. See also Hollifield 1992b.

from both Ireland and the United Kingdom's former colonies was an essential source of labor for British manufacturing but also produced a political backlash as a result.<sup>42</sup> By contrast, Japan's rapid economic recovery proceeded without large inflows of foreign labor, a fact that Kondo and others attribute to large amounts of internal (rural to urban) migration, rapid mechanization of unskilled labor, and far longer working hours relative to Europe.<sup>43</sup>

### *Commodification of Migrants as Labor*

For immigrant-receiving countries in Western Europe and North America, migration in the immediate postwar era—following massive flows of refugees and returnees after the war itself—was almost singularly economic. To fuel the industrial production that spurred the postwar economic recovery in which native workers were increasingly moving to middle-class work. Western European countries in particular began to seek labor from abroad. This choice, however, had consequences: opening up national economies to migration and trade exposed domestic economies to international markets in goods and labor. In the absence of robust international governance in the realm of migration,<sup>44</sup> the responsibility of managing the potential domestic implications of labor migration fell to national governments.

The distributional effects of immigration within countries are a subject of considerable debate.<sup>45</sup> Migrants whose labor substitutes for native labor, or who enter inflexible labor markets, may undermine wage rates and increase native unemployment. If, on the other hand, migrant labor is a complement to native labor and labor markets are relatively flexible, then migration may improve labor market efficiency without undermining native labor's wages or employment.<sup>46</sup>

Balancing these costs and benefits—much like pursuing economic openness alongside social purpose—is the responsibility of national governments. Just as they regulate other aspects of globalization in the interests of their citizens, these governments regulate immigration in ways that reflect domestic priorities. And Germany and the United Kingdom reveal instructive differences in how governments sustained the embedded liberal compromise. Both, along with other northern European countries, began intensive labor recruitment drives to rebuild postwar economies, both through intentional bilateral labor agreements and as the incidental consequences of decolonization. But where Germany rebuilt by sustaining a domestically popular model of guest worker recruitment alongside rights exclusion, the United Kingdom illustrates the domestic costs of inclusion. It “accidentally” admitted thousands of Commonwealth citizens with access to jobs and social rights, and subsequently

42. See also Layton-Henry 1985.

43. Kondo 2002.

44. Hollifield 1998, 615.

45. See Zimmermann 1995; OECD 2014.

46. Migrants may also contribute to the welfare state by paying taxes or otherwise contributing to the state's fiscal position, and as consumers, they may also stimulate aggregate demand.

“course-corrected” to pacify elite opposition and retain a governing majority. In the subsequent case studies, we illustrate how the domestic politics of embedded liberalism necessitated social exclusion of migrants, satisfying the third condition of exclusionary openness: *restrictions on the social and economic rights available to migrants*.

### *Germany and Classic Exclusionary Openness*

Despite a long-running doctrine that Germany was *kein Einwanderungsland* (“not a country of immigration”), and in fact passed its first comprehensive immigration bill only in 2004, German postwar economic recovery was intimately connected to migration. By accepting migration but limiting social and membership rights, Germany exemplifies exclusionary openness. After initial assistance from the Marshall Plan, and an influx of returnees and refugees, West Germany sought to maintain its “economic miracle” through a deliberate strategy for labor migration recruitment. This guest worker (*Gastarbeiter*) program<sup>47</sup> established bilateral agreements first with Italy (1955), then with Spain and Greece (1960), and later with Turkey (1961), Morocco (1963), and Yugoslavia (1968). Immigrants were recruited for manual labor and low-skilled positions in agriculture and industry, under contracts designed to be temporary and rotational, and by the time the oil crisis ended recruitment, “some 3 million non-nationals remained in the country ... and were soon joined by spouses and dependents.”<sup>48</sup>

Immigration made possible both economic growth and a generous welfare state. By the early 1960s, native-born unemployment was almost zero. By filling industrial and agricultural jobs, guest workers were not competing with West Germans but were specifically credited for moving native workers into the middle class, moving into managerial and clerical positions.<sup>49</sup> The programs were economically and politically popular, supported by “a robust political consensus” and, as James Hampshire observes, “it is remarkable how guestworker recruitment was viewed as an essentially technocratic administrative issue.”<sup>50</sup> The consensus extended to include employers’ associations and especially unions, which, along with the federal government, “were united by the underlying common goal of economic growth” through recruitment policies.<sup>51</sup>

But while native Germans were experiencing social mobility and rising welfare, immigrant lives were far more precarious. First and fundamentally, they lacked a right to citizenship, and therefore to participation and representation. But, most immediately to their needs, foreigners did not have a right to residence, and were permitted to stay only as long as they met “the needs of the Federal Republic,” according to the 1965 *Ausländergesetz* (Foreigner’s Act). This residential insecurity

47. Guest worker schemes were also used in Belgium, France, the Netherlands, and Switzerland.

48. Green 2004, 5.

49. Göktürk, Gramling, and Kaes 2007, 10.

50. Hampshire 2013, 19.

51. Thränhardt 1992, 203.

had practical consequences; for example, in response to rising unemployment in 1966, many guest worker contracts were not renewed in order to protect the employment of native workers. Rotation worked initially but failed in subsequent attempts.

In the labor market itself, immigrants also experienced significant exclusion, from good wages and mobility<sup>52</sup> and from sector-based representation. This labor commodification of migrants was deliberate, as Green observes: “to minimise costs for society (which would arise in the form of schools, housing and health care provision for permanent immigrants and their dependents), the Federal Labour Office usually favoured young, single men.”<sup>53</sup> There were also exclusions in recruitment: German employer associations successfully lobbied to downgrade Italy’s recruitment priority status, even though Italians workers were included in European Common Market regulations.<sup>54</sup> Finally, although activities such as joining trade unions were encouraged, they yielded mixed integration results.<sup>55</sup> Foreign workers had to actively lobby and organize strikes against major unions to get them to press for stronger protections, rights, and representation.<sup>56</sup> Likewise, recruiting employers were responsible for providing accommodation, but this obligation ended if a worker changed jobs, thus constraining worker mobility.

All of these limitations reflected an attempt, as Straubhaar describes, to maximize the “allocational benefits” of migration while reducing its “distributional costs” on Germans, specifically referencing citizenship as an example of the latter.<sup>57</sup> The “robust political consensus” among the federal government, firms, and employer associations supported exclusionary openness, which maximized the profitability of migration while reducing its social costs on Germans.

### *From Inclusionary to Exclusionary Openness: The United Kingdom*

The United Kingdom exhibits a different trajectory in which instead of offsetting economic openness with social exclusion immediately after the war, British policymakers “accidentally” experimented with inclusionary openness. Starting from a position of maximal openness toward immigration by default, Gary Freeman notes, one can “interpret much of post-war immigration policy in Britain as an attempt to remove rights of citizenship too generously extended during the colonial period.”<sup>58</sup> Exclusion was not achieved by making citizenship restrictive, but by redefining eligibility for entry based on technicalities of Commonwealth status. As Christian Joppke remarked, “the peculiarity of British immigration policy is that it is directed not against aliens, but against formal co-nationals.”<sup>59</sup>

52. Constant and Massey 2005.

53. Green 2004, 33.

54. Thränhardt 1992, 204.

55. Castles and Kosack 1973, 130–32.

56. Katzenstein 1987, 222–23.

57. Straubhaar 1992.

58. Freeman 1979, 38.

59. Joppke 1999, 100.

Beginning with the British Nationality Act (BNA) of 1948, the United Kingdom conferred citizenship—and with it, access to the British labor market—to all Commonwealth subjects.<sup>60</sup> Given acute labor shortages in the aftermath of World War II that remained unfilled by refugee and Irish labor, the British government “at best passively tolerated”<sup>61</sup> migration from the Commonwealth, as opposed to implementing active recruitment policies such as those in Germany.<sup>62</sup> In time, the so-called Windrush Generation (named after the ship that brought 500 Jamaican migrants to the United Kingdom in 1948) brought hundreds of thousands of migrants from across the Commonwealth, which, along with other postcolonial migration, transformed Britain into a multicultural society.

Although immigrants filled a variety of vital labor demands, migration almost immediately became associated with race and social concerns. Even while entry numbers were initially small, government ministers expressed “considerable public concern” that migration—particularly non-White migration—would pose a social problem, specifically to Britain’s cultural homogeneity.<sup>63</sup>

Given not only political pressures to keep the multiethnic Commonwealth together, but also the expansiveness of Commonwealth subject rights, Conservative governments of the 1950s were restricted in how much they could limit migration. In this classic example of a two-level game,<sup>64</sup> the British government balanced domestic interests against maintaining ties with the (New) Commonwealth countries. In the end, unlike the consensus exhibited in German policymaking, Britain’s migration was regulated by markets and labor demands, not politics. Yet government was not entirely toothless; instead of legislating social closure, they instructed administrative practices in the country of origin to limit “Colonial” *qua* “colored” migration to Britain. For example, immigration from Pakistan was curbed by issuing passports only if applicants could speak English (among other conditions), as immigrants from Asia were deemed “not as readily employable as West Indians” and “cannot be absorbed.”<sup>65</sup> In Jamaica, a British citizen had to show a clean criminal record. By contrast, no such practices were adopted to curb immigration from Ireland, Canada, Australia, or New Zealand.

If British subjects *were* able to settle in the United Kingdom, they faced immediate disadvantages and race-based discrimination.<sup>66</sup> Although formally enrolled for provisions such as the National Insurance system, migrants faced deep discrimination, from labor market practices—often through collusion in discriminatory practices between unions and management<sup>67</sup>—to housing, where blacks “were simply not

60. Howard 2009 attributes this historical liberal citizenship practice to two factors: penetrative colonialism and democratization before the twentieth century.

61. Joppke 1999, 102.

62. Hansen 2000, 16.

63. Thränhardt 1992, 600–601.

64. Putnam 1988.

65. Spencer 2002, 92.

66. Bleich 2003.

67. Layton-Henry 1992, 42.

considered in the massive housing reform program of the post-war Labour Government.”<sup>68</sup>

By the late 1950s, nonwhite migration from the New Commonwealth (that is, the West Indies, India, Pakistan) outpaced Old Commonwealth migration (that is, from Canada or Australia). Rising unemployment (particularly in areas such as Yorkshire that experienced industry-specific recession and high concentration of migrant settlement) and race riots fed Conservative party beliefs that migration needed to be controlled through legislation. Therefore, the 1962 Commonwealth Immigrants Act delinked the right of entry from citizenship, meaning that immigrants from New Commonwealth countries became subject to migration controls. Entry became tied to a limited number of government-issued employment vouchers. This work voucher system was thinly veiled prejudice, reserving immigration for skilled workers with an employment offer in hand (who were disproportionately white, Old Commonwealth migrants). The remainder would be subject to entry permits that were strategically allocated based on “labour needs of the United Kingdom economy.” Hence, from 1962 onward, the state regulated immigration to fulfill labor market needs. The intention was clear: economic openness could not coincide with social openness at the domestic level. Even the Labour Party, which opposed the racialized grounds of the 1962 act, preserved it when they entered government in 1964 and extended it in the 1968 act. And, when the Tories re-entered government in 1970, these limits were expanded.

A comparison of Germany and the United Kingdom reveals how both countries reconciled the need for migrant labor with its implications for native populations. Germany adopted a planned approach, undergirded by a robust political consensus that migrants were guests. Immigration policy in the United Kingdom “corrected” for its initial inclusionary openness, limiting rights associated with British status and, eventually, limiting access to migration directly. In both cases, the result was restrictions on rights and benefits to migrants in favor of expansive welfare protections for native populations.

### **Challenging Exclusionary Openness: Inclusion and Its Consequences**

The oil crisis of 1973 is a critical juncture between the heyday of embedded liberalism and its subsequent unraveling, between balancing economic openness with social closure on the one hand, and gradual granting of social and citizenship rights to migrants on the other. Economic restructuring reduced the industrial economies’ need for migrant labor, so guest worker and open recruitment schemes came to a grinding halt. This transformed the policy debate by revealing the “myth of the guest worker;”<sup>69</sup> not only did guest workers not return to their home countries—they

68. Hayes 2014, 38; also see Castles and Kosack 1973.

69. Castles 1986.



also had brought family members with them when they migrated. Moreover, once economic opportunities for migration were closed, advanced economies began to see upticks in humanitarian-based claims.

In Germany, after the oil crisis shut down temporary migration, permanent settlement became a fact of life: three million migrants stayed in Germany, “becoming permanent ethnic minorities.”<sup>70</sup> As dependents came to join these family members, Joppke notes there was no serious attempt to remove or deport the guest worker population: “next to legal constraints, moral constraints kept the political elite from doing this.”<sup>71</sup> In fact, the “political elite developed a sense of special obligation toward the guestworker population,” with deep contestation evolving over what these obligations would look like. The “notion of prevailing elite consensus” on matters of immigration and citizenship in Germany became “difficult to sustain,” as political parties began to disagree over matters of immigrant integration and citizenship acquisition.<sup>72</sup> This period in postwar German history exemplifies the inherent instability of embedded liberalism’s exclusionary foundations, as liberal pressures for increased mobility and moral obligations for inclusion collided with the exclusionary policy regime that had benefited native labor.

Already on the path to restriction, the United Kingdom’s Conservative government rolled out its strongest immigration control yet with 1971’s Immigration Act, building on the 1968 restrictions of Harold Wilson’s Labour government. Replacing employment vouchers with work permits, immigration control was extended to all nationalities, exempting only those with direct personal or ancestral association to Britain (“patriality”). This act, according to Hansen, “confirmed in critics’ eyes the essentially racist character of British migration law.”<sup>73</sup> Restrictions increased further in 1981, limiting right of abode for non-British citizens and adding other citizenship conditions. As [Figure 2](#) depicts, Great Britain had robust admission, particularly from the Indian subcontinent and the Caribbean, but intake plateaued for more than a decade. The Conservative government, led by Margaret Thatcher, aimed to reduce migration further in the 1980s, famously observing that “people are rather afraid that this country might be rather swamped by people with a different culture.”<sup>74</sup>

### *International and Domestic Pressures for Inclusion*

In the decades following the oil crisis, we see several processes at the domestic and international levels that exposed and challenged the tension of exclusionary openness—and with it, the domestic constituency for embedded liberalism. Beginning with

70. *Ibid.*, 761.

71. Joppke 1999, 64.

72. Green 2004, 10.

73. Hansen 2000, 30.

74. Margaret Thatcher Foundation. 27 January 1978. TV Interview for Granada, *World in Action*. Available at <<https://www.margaretthatcher.org/document/103485>>. Accessed 11 September 2020.



global factors, the emergence of an international human rights regime<sup>75</sup>—observed in international norms, declarations, international organizations, and the widening practices of international courts—created “international legitimation” for inclusionary norms at the domestic level.<sup>76</sup> As Hollifield observes, “as the world has become more open, more democratic, and more liberal, people are freer to move than ever before in history. This has placed great strains on liberal states, especially on the institution of citizenship.”<sup>77</sup> And, in the British case, although work-based migration was severely limited following the oil crisis, the new flow of refugees from around the world—notably Tamil refugees from Sri Lanka (a Dominion of the British Empire until 1972)—presented new challenges to Britain’s regime of exclusionary openness.

A second international factor pressuring toward openness was globalization itself, specifically trade integration. As Ronald Rogowski shows, trade significantly affects domestic political alignments, which can make it difficult to maintain political support for international economic policies.<sup>78</sup> An analogous argument applied to labor migration. Social compensation became more difficult to maintain when it was so thoroughly outpaced by international trade and its many distributional effects.<sup>79</sup> Domestic labor began to lose its alliances with business and agriculture. Gourevitch wrote of this period that where “business collaborated with labor in the postwar reconstruction to promote stabilization mechanisms and an open international economy,” labor costs, as well as high taxes and regulation, became viewed as barriers to both profitability and modernizing national economies.<sup>80</sup> Thus, trade integration not only internationalized production but also loosened the link between domestic labor and firms. We would also emphasize here the role of transnational social networks in pressuring for opening, as migrants themselves pushed for liberalization.

In Europe, these international changes were reinforced by organizations such as the European Union, bringing states together in a single market by the late 1980s, and into a political and economic union with the 1992 Maastricht Treaty. This not only brought international norms shifts to the domestic level but also created binding institutions that codified some of these norms, such as labor mobility and free movement within the Schengen zone.<sup>81</sup> Labor market mobility for EU citizens became so contentious that by the late 2000s, new EU citizens from Bulgaria and Romania had delayed access to the European Union’s labor market, initially required instead to obtain work permits in most member states. And although formal participation in the European Union did not harmonize immigration policies for entry from outside

75. Donnelly 1986.

76. Finnemore and Sikkink 1998; also see Risse, Ropp, and Sikkink 1999.

77. Hollifield 1998, 622–23.

78. Rogowski 1989.

79. Compare Peters 2017.

80. Gourevitch 1986, 30.

81. Importantly, the Treaty of Rome originally envisioned only the free movement of *workers* as one of the “Four Freedoms” (alongside goods, capital, and services).

the European Union (third country nationals) nor did it harmonize citizenship practices, it did establish minimum standards of social rights and bolstered emerging norms toward liberalizing citizenship policy.<sup>82</sup>

Exclusionary openness was also difficult to sustain for domestic reasons. First and foremost were the long-term effects of migration itself. As the Swiss author Max Frisch wrote, “we asked for workers and we got people instead.” This revelation—that migrants were not merely human capital stock but people, with family, needs, and interests—was a belated one to policymakers and employers alike. Freeman notes that many misperceptions on migration stem from a “systematic tendency toward ‘temporal illusion’” in that “the effects of migration tend to be lagged; short-term benefits oversold and the long-term costs denied or hidden to show up clearly only in the outyears.”<sup>83</sup> That “economic problems” turned out to be “social” ones is a byproduct of the process of settlement and integration, inevitably positioning migration as a subject of “trade-offs” between markets and rights.<sup>84</sup> This required new policies in areas typically separate from immigration, such as social policy and welfare, the very areas in which embedded liberalism’s “legitimate social purpose” was achieved.

These concerns interweave with a broader spectrum of philosophical and programmatic imperatives of liberal democracy, namely tolerance and equality, which by the 1980s were preserved in and asserted through strong multicultural policies. Institutional accommodation of group-based differences and group recognition became features not only of British and Dutch immigrant policy, for example, but also of states that avowedly rejected multicultural ideals but maintained multicultural practices, such as Germany.<sup>85</sup> This trend both reflected and moved in parallel to the waning days of the Cold War, a victory not just for economic liberalism but also for *political* liberalism.<sup>86</sup> In this environment, the political appetite for the continued domestic restriction of migrant rights declined. As Hollifield argues, “the confluence of unregulated markets for foreign labor and the rise of rights-based politics ... explains the failure of restrictionist policies.”<sup>87</sup> Migrants and their families experienced greater access to social programs<sup>88</sup> and opportunities for long-term residence and eventually for citizenship itself.<sup>89</sup> In the United Kingdom, citizenship was among the most liberal for *naturalizing* immigrants, where access for postcolonial migrants became more restricted as a function of status. But liberalization never did eliminate the tensions that had produced exclusionary openness in the early

82. Howard 2009.

83. Freeman 1995, 883.

84. Ruhs 2013.

85. Banting and Kymlicka 2011.

86. Fukuyama 2006.

87. Hollifield 1992b, 170; also see Hollifield, Martin, and Orrenius 2014.

88. Johns 2014.

89. Baldi and Goodman 2015.

days of embedded liberalism—they simply resolved them in a different way. The United States is an exemplary case.

This inclusionary norm also developed to counterbalance the xenophobia of growing far-right populist parties, first in France and Belgium. Given the documented transformation of immigration politics over the second half of the twentieth century from a market-driven movement to a sociopolitical liability, it remains unsurprising that nativist, anti-immigrant positions form the substance of the illiberal, populist backlash of the 2010s. Initially, states had been generally able to maintain liberal migration policies because these policies were set by firms who stood to gain substantially from inflows of labor, and not by the public, whose costs were more diffuse.<sup>90</sup> But as unemployment rose in the 1970s, so did xenophobia and racism. One immediate implication has been the rise of welfare chauvinism<sup>91</sup> as well as greater public opposition to immigration. We can interpret the emergence of anti-immigrant welfare chauvinism—and with it, the broader challenge to the postwar international order as a whole—as far-right populist forces responding to liberals’ efforts to challenge postwar exclusionary openness.<sup>92</sup>

### *Domestic Inclusion and the Erosion of Social Purpose*

The product of these many factors, as Brian Burgoon<sup>93</sup> and others have argued, is an erosion of domestic consensus about the “legitimate social purpose” of the embedded liberal order. As migrants and their descendants began to enjoy both the material and symbolic benefits previously reserved for only “native” citizens, they came into conflict with the group that had previously formed the key domestic constituency that had endorsed the embedded liberal bargain. Even if parties on the left were willing to accept liberalization of trade and investment, they could not do the same for migration. In sum, the push toward greater inclusiveness had the unintended effect of undermining the domestic political constituency in favor of embedded liberalism. Domestic inclusion removed boundaries surrounding social compensation, with the result that by the 1980s, economic openness without effective compensation had begun to render the “bargain” of embedded domestically untenable.

These tensions were already evident by the early 1990s, with parties such as the Austrian Freedom Party advancing the anti-immigrant “Austria First” petition while also embracing the core elements of the Austrian welfare state. In the United States, new peaks in immigration were offset by new domestic restrictions, such as California’s Proposition 187 that excluded undocumented immigrants from most nonessential public services. We see the long-term consequences of this inclusion explicitly in the xenophobic backlash of contemporary politics. Today, Germany is

90. Freeman 1995.

91. See Crepaz and Damron 2009; Hjorth 2016.

92. Goodman 2019.

93. Burgoon 2012.

more inclusive than ever when it comes to social rights and citizenship,<sup>94</sup> but migration is also a strongly divisive political issue. After Chancellor Angela Merkel opened Germany's border to more than one million asylum seekers in 2015, there was a quick sea change from the “We can do it!” (*Wir schaffen das*) spirit of accommodation to a backlash in coalition support, which was evident in the weak government victory and strong support for the Alternative für Deutschland (AfD) in the 2017 federal elections. Alongside rising instances of xenophobia and anti-immigrant violence,<sup>95</sup> the continued support for the AfD (particularly in areas marked by economic deprivation) suggests rising support for a more managed form of capitalism that could reconstruct the protections that “native” Germans had enjoyed.

Similarly, immigration restrictions and xenophobia continue to feature prominently in British national politics. By the 2010s, successive Conservative governments annually repeated a commitment to reduce immigration to the “tens of thousands,” a plainly impossible goal in an era of EU free movement and postcolonial migration networks. That migration was a central motivator for Leavers in voting for Britain to leave the European Union (“Brexit”) is not surprising given this context.<sup>96</sup> The prolonged process of “delivering Brexit” has included immigration restriction affecting intra-EU migration to the United Kingdom, EU-citizen settlement status in the United Kingdom, prospective migration from outside the European Union, and, potentially, immigration of students and high-skilled workers. Part of “taking back control” has also included stripping immigration status, and the deportation of immigrants who arrived as long ago as the Windrush Generation.

Developments since the 1980s show that embedded liberalism is unsustainable when combining open immigration with open membership, and a variety of domestic and international factors have pushed toward both. As immigration policies began to reflect the rise of rights-based politics—culminating with the end of the Cold War and the consolidation of the European Union as a political union—a new legal culture emerged with features that ranged from legislative acts to an increased role for ethnic-based interest groups, and which included more inclusive definitions of citizenship.<sup>97</sup> We can also look to specific cases to see this internal tension in balancing openness. In the United States, immigration slowly trended upward in the postwar period, reaching a peak by the 1980s. Both Thatcher and Ronald Reagan, while opening up the borders to new peaks in migration levels, also championed neoliberalism, with an emphasis on deregulation, lower taxes, and destruction of the welfare state and the social consensus on which it was built. Germany, meanwhile, incrementally liberalized citizenship access in 1999 under a Social Democratic Party of Germany (SPD)–Green coalition, only to be entrenched in counterbalancing closure moves by successive Christian Democratic Union (CDU)-led coalitions in the decade that followed.

94. Schönwälder and Triadafilopoulos 2012.

95. Ziller and Goodman 2020.

96. Hobolt 2016.

97. Hollifield, Martin, and Orrenius 2014; Howard 2009.

Our analysis of how international and domestic factors challenges exclusionary openness offers a new perspective on how embedded liberalism functions and on the politics of its decline since the 1970s. The advanced industrial democracies managed the domestic costs of international economic integration by devising compensatory policies that protected the interests of their citizens. But in the absence of an international regime that governed migration, immigrant-receiving states adopted exclusionary policies that built prosperity while distinguishing sharply between the rights and privileges of *workers* and those of *citizens*: two groups that in an age of migration are not the same. As international and domestic challenges to exclusionary openness unwound those policies, so too did it unwind a common agreement on the “legitimate social purpose” of embedded liberalism.

### *The Autarkic Alternative?*

Could the advanced industrial democracies have avoided the tensions between exclusionary and inclusionary visions of national citizenship in a world of migration? In our analysis, the only way to do so is to restrict migration altogether, thus aligning the national community with the labor force. This is the path that Japan chose.

Japan, however, is no longer as closed to migration as it was in the heyday of embedded liberalism. Reforms to Japan’s immigration law in 1990 allowed for high-skill foreign workers.<sup>98</sup> They also allowed second- and third-generation descendants of Japanese overseas to immigrate to Japan with no skills conditions or work restrictions.<sup>99</sup> These policy changes in combination with growing labor market demand<sup>100</sup> produced conditions favorable to labor migration, and by the 2000s, the stock of foreign residents exceeded 1.5 percent of Japan’s total population,<sup>101</sup> far below other large Organisation for Economic Cooperation and Development (OECD) economies, but higher than Japan’s historical average. In large cities especially, foreign workers are now a prominent part of the labor force.

But restrictions on welfare benefits and political participation mean that Japan’s citizenship policy regime has come to resemble the exclusionary openness seen in the 1960s in Europe. Erin Chung notes that “there is no legislation that explicitly protects the civil rights of foreign residents, which makes foreign residents’ rights contingent on the political climate, public debate, and administrative interpretation.”<sup>102</sup> Permanent foreign residents do have access to social welfare rights but can neither vote nor work in the public sector. Rights are even more limited for temporary workers, and naturalization rates remain low.<sup>103</sup>

98. Shimada and Northridge 1994, 5.

99. Yamanaka 2000, 123.

100. Weiner 2000, 57–59.

101. OECD 2018.

102. Chung 2010, 40–41.

103. Janoski 2010, 34.

Japan's experience shows that by restricting immigration altogether, it was possible to avoid the tensions between labor migration and inclusive citizenship that we have identified in Western Europe. But the rising stock of migrants and their descendants means that Japan today faces a choice between liberalizing its citizenship regime and protecting what has traditionally been understood to be the Japanese national community.

## Conclusion

We have argued that embedded liberalism rested on exclusionary foundations. The “social purpose” of embedded liberalism was to mitigate the effects of international economic integration *specifically for members of the national community*. Labor migration brought new workers, but societies erected barriers to membership through policy regimes that we have identified as “exclusionary openness.” The decline of embedded liberalism coincided with greater inclusion domestically. We are still dealing with the repercussions of this decline: the rise of exclusionary populism<sup>104</sup> in the advanced economies is, in our analysis, a consequence of a shift toward inclusionary openness. That is, we diagnose the origins of exclusionary populism as lying not simply in rising income inequality and runaway globalization but also in how they interacted with an ever-expanding conception of the nation, which has given populists a wedge through which to attack liberalism itself. We agree with Lake, Martin, and Risse's observation that many critics of “hyper globalization ... understand it to be a dangerous betrayal of the intentions of those who constructed the LIO in the mid-twentieth century,”<sup>105</sup> but that those intentions rested on a politics of exclusion that promoted the interests of an imagined national community rather than some abstract notion of the common good.

Our focus on exclusionary openness highlights the “liberal paradox” of immigration. States secured international liberalism through domestic illiberalism, revealing conflict between their economic and political goals. Exclusionary openness was a stable political arrangement just as long as voters could accept the contradiction between liberal markets and illiberal social policy. But we reiterate that the shift to inclusionary citizenship does not “escape” or “resolve” the liberal paradox, any more than abandoning the nation-state would “resolve” Rodrik's globalization trilemma.<sup>106</sup> Liberalizing domestic politics has created a framework through which illiberal voices could use liberal spaces to press for exclusionary policies once again. This is a long-standing issue confronting democratic theory<sup>107</sup> but one that reappears with new urgency today.

104. Mudde and Kaltwasser 2013.

105. Lake, Martin, and Risse 2021.

106. Rodrik 2011.

107. Rawls 2005.

We see this argument as a first step toward a broader research agenda on the international dimensions of exclusionary populism, complementing a focus on the changing structure of the global economy<sup>108</sup> as well as toward work that introduces insights from comparative politics and economic geography into international relations.<sup>109</sup> Today, exclusionary populists thrive by activating welfare chauvinism and xenophobia, blaming immigrants for causing economic hardship and fostering political discord, and competing with left parties by promising to protect “native” rights and privileges. In broad strokes, populists argue that elites have sacrificed the interests of the “real” people for the interests of “outsiders.” Our account raises a number of questions that will require analytical frameworks that cross subfield boundaries. What are the mechanisms through which native populations came to understand liberalizing citizenship regimes as a threat to *their* identities? How do establishment parties and populist outsiders differ in their framing of the relationship between globalization and active welfare regimes? How do exclusionary populist movements in advanced democracies balance welfare chauvinism with needs for pension and labor market reforms?

Other questions target the mechanics of how international forces shaped domestic politics. To what extent did migrants themselves drive policy change through social mobilization or moral suasion? How did this vary between guest-worker-based systems and Anglo-American systems? How did international norms transform domestic policy environments, and how did elite actors reckon with the (perhaps unanticipated) backlash to liberalizing citizenship regimes? There is a rich body of research in comparative politics—stretching back to the 1980s—on outsider populist challenges to mainstream party systems upon which international relations scholarship can draw. But as the field of international relations comes to grapple with questions of race and racial orders,<sup>110</sup> it can also contribute to this literature with greater attention to these international sources of domestic policy change, in turn politicizing globalization and international cooperation.<sup>111</sup>

In the spirit of Ruggie’s landmark contributions to international relations,<sup>112</sup> our argument also raises normative questions about how best to construct an international order that balances national sovereignty and the boundedness that it requires with the globalization of goods, finance, and labor. In point of fact, national political communities have expanded in every immigrant-receiving society in the postwar era. These communities cannot achieve shared social purpose by preserving exclusive national communities defined in postwar terms. This is especially the case in a dense policy regime such as that of the European Union, where strong courts and

108. Mansfield and Rudra 2020.

109. Weymouth, Frieden, and Broz 2021.

110. Búzás 2021.

111. See De Vries, Hobolt, and Walter 2021; Gourevitch 1978; Hooghe and Marks 2018; Obermeier 2019.

112. Ruggie 1982.



commitments to universal rights make rights won difficult to unwind, but it is also true in immigrant societies such as the United States and Australia.

How can these tensions be resolved to preserve a LIO? One interpretation of our argument is that migration and inclusive citizenship have “gone too far,” and that therefore boundaries must be resurrected and reinforced. This is, to a first approximation, a position held by some of the tamer members of far-right and exclusionary populist parties, and some admirers of Japan’s “monoethnic” society and the social solidarity that it allegedly nurtures. It is also the position implied by liberals such as David Frum, who wrote in a much-debated essay in *The Atlantic*, “Without immigration restrictions, there are no national borders. Without national borders, there are no nation-states. Without nation-states, there are no electorates. Without electorates, there is no democracy. If liberals insist that only fascists will enforce borders, then voters will hire fascists to do the job liberals refuse to do.”<sup>113</sup>

We acknowledge that this might be one response to the crisis of liberalism in an era of globalization and resurgent populism, but it is not one that we endorse. Exclusionary openness allowed embedded liberalism to work, but resurrecting old boundaries to exclude *existing* migrant communities would almost certainly foster greater social dislocation and political conflict, undermining the shared social purpose inherent in a renewed embedded liberal model.

The alternative is to work seriously at multiculturalism and inclusion. The advanced economies must come to understand that they are, in point of fact, plural societies. Modern economies were built in significant part by migrant labor. Building common social purpose in plural societies will strengthen liberalism *within* these countries. Our critical perspective on embedded liberalism shows that these are not topics that can be consigned to country specialists, citizenship scholars, or democratic theorists. The normative, policy-focused research agenda that follows for international relations is whether an international migration regime could re-establish legitimate social purpose among a community of multicultural states, to construct the embedded liberal order once again.

## References

- Abdelal, Rawi, and John G. Ruggie. 2009. The Principles of Embedded Liberalism: Social Legitimacy and Global Capitalism. In *New Perspectives on Regulation*, edited by David Moss and John Cisternino, 151–62. Tobin Project.
- Baldi, Gregory, and Sara Wallace Goodman. 2015. Migrants into Members: Social Rights, Civic Requirements, and Citizenship in Western Europe. *West European Politics* 38 (6):1–22.

113. David Frum, “If Liberals Won’t Enforce Borders, Fascists Will,” *The Atlantic*, April 2009. Available at <<https://www.theatlantic.com/magazine/archive/2019/04/david-frum-how-much-immigration-is-too-much/583252/>>. Accessed 11 September 2020.



- Banting, Keith, and Will Kymlicka. 2011. Is There Really a Backlash Against Multiculturalism Policy? New Evidence from the Multiculturalism Policy Index. Paper presented at the Council of European Studies Biennial Conference, Barcelona, Spain.
- Barnett, Michael N., and Martha Finnemore. 1999. The Politics, Power, and Pathologies of International Organizations. *International Organization* 53 (4):699–732.
- Bleich, Erik. 2003. *Race Politics in Britain and France: Ideas and Policymaking Since the 1960s*. Cambridge University Press.
- Broz, J. Lawrence, Jeffrey A. Frieden, and Stephen Weymouth. 2021. Populism in Place: The Economic Geography of the Globalization Backlash. *International Organization* 75 (2). <<https://doi.org/10.1017/S0020818320000314>>.
- Brubaker, Rogers. 1992. *Citizenship and Nationhood in France and Germany*. Harvard University Press.
- Burgoon, Brian. 2012. Partisan Embedding of Liberalism: How Trade, Investment, and Immigration Affect Party Support for the Welfare State. *Comparative Political Studies* 45 (5):606–35.
- Búzás, Zoltán I. 2021. Racism and Antiracism in the Liberal International Order. *International Organization* 75 (2). <<https://doi.org/10.1017/S0020818320000521>>.
- Castles, Stephen. 1986. The Guest-Worker in Western Europe—An Obituary. *International Migration Review* 20 (4):761–78.
- Castles, Stephen, and Godula Kosack. 1973. *Immigrant Workers and Class Structure in Western Europe*. Oxford University Press.
- Chung, Erin Aeran. 2010. *Immigration and Citizenship in Japan*. Cambridge University Press.
- Constant, Amélie, and Douglas S. Massey. 2005. Labor Market Segmentation and the Earnings of German Guestworkers. *Population Research and Policy Review* 24 (5):489–512.
- Crepaz, Markus M.L., and Regan Damron. 2009. Constructing Tolerance: How the Welfare State Shapes Attitudes About Immigrants. *Comparative Political Studies* 42 (3):437–63.
- Dahl, Robert Alan. 1990. *After the Revolution? Authority in a Good Society*. Yale University Press.
- Dancygier, Rafaela M. 2010. *Immigration and Conflict in Europe*. Cambridge University Press.
- De Vries, Catherine E., Sara B. Hobolt, and Stefanie Walter. 2021. Politicizing International Cooperation: The Mass Public, Political Entrepreneurs and Political Opportunity Structures. *International Organization* 75 (2). <<https://doi.org/10.1017/S0020818320000491>>.
- DEMIG. 2015. DEMIG POLICY, version 1.3, Online Edition. International Migration Institute, University of Oxford.
- Donnelly, Jack. 1986. International Human Rights: A Regime Analysis. *International Organization* 40 (3): 599–642.
- Esping-Andersen, Gosta. 1990. *The Three Worlds of Welfare Capitalism*. Princeton University Press.
- Finnemore, Martha, and Kathryn Sikkink. 1998. International Norm Dynamics and Political Change. *International Organization* 52 (4):887–917.
- Freeman, Gary P. 1979. *Immigrant Labor and Racial Conflict in Industrial Societies: The French and British Experience, 1945–1975*. Princeton University Press.
- Freeman, Gary P. 1986. Migration and the Political Economy of the Welfare State. *The Annals of the American Academy of Political and Social Science* 485:51–63.
- Freeman, Gary P. 1995. Modes of Immigration Politics in Liberal Democratic States. *International Migration Review* 29 (4):881–902.
- Fukuyama, Francis. 2006. *The End of History and the Last Man*. Simon and Schuster.
- Göktürk, Deniz, David Gramling, and Anton Kaes. 2007. *Germany in Transit: Nation and Migration, 1955–2005*. University of California Press.
- Goodman, Sara Wallace. 2014. *Immigration and Membership Politics in Western Europe*. Cambridge University Press.
- Goodman, Sara Wallace. 2019. Liberal Democracy, National Identity Boundaries, and Populist Entry Points. *Critical Review* 31 (3–4):377–88.
- Goodman, Sara Wallace, and Frank Schimmelfennig. 2020. Migration: A Step too Far for the Liberal Global Order? *Journal of European Public Policy* 27 (7):1103–13.

- Gourevitch, Peter. 1978. The Second Image Reversed: The International Sources of Domestic Politics. *International Organization* 32 (4):881–912.
- Gourevitch, Peter. 1986. *Politics in Hard Times: Comparative Responses to International Economic Crises*. Cornell University Press.
- Green, Simon. 2004. *The Politics of Exclusion: Institutions and Immigration Policy in Contemporary Germany*. Manchester University Press.
- Haggard, Stephan, and Beth A. Simmons. 1987. Theories of International Regimes. *International Organization* 41 (3):491–517.
- Hammar, Tomas. 1990. *Democracy and the Nation State: Aliens, Denizens, and Citizens in a World of International Migration*. Gower Publishing Company.
- Hampshire, James. 2013. *The Politics of Immigration: Contradictions of the Liberal State*. Polity.
- Hansen, Randall. 2000. *Citizenship and Immigration in Post-War Britain: The Institutional Origins of a Multicultural Nation*. Oxford University Press.
- Hart, Jeffrey A., and Aseem Prakash. 1997. The Decline of “Embedded Liberalism” and the Rearticulation of the Keynesian Welfare State. *New Political Economy* 2 (1):65–78.
- Hayes, Debra. 2014. From Aliens to Asylum Seekers: A History of Immigration Controls and Welfare in Britain. In *From Immigration Control to Welfare Controls*, edited by Steve Cohen, Beth Humphries, and Ed Mynott, 30–46. Routledge.
- Hays, Jude C., Sean D. Ehrlich, and Clint Peinhardt. 2005. Government Spending and Public Support for Trade in the OECD: An Empirical Test of the Embedded Liberalism Thesis. *International Organization* 59 (2):473–494.
- Helleiner, Eric. 2019. The Life and Times of Embedded Liberalism: Legacies and Innovations Since Bretton Woods. *Review of International Political Economy* 26 (6):1112–35.
- Hjorth, Frederik. 2016. Who Benefits? Welfare Chauvinism and National Stereotypes. *European Union Politics* 17 (1):3–24.
- Hobolt, Sara B. 2016. The Brexit Vote: A Divided Nation, a Divided Continent. *Journal of European Public Policy* 23 (9):1259–77.
- Hollifield, James F. 1992a. Migration and International Relations: Cooperation and Control in the European Community. *International Migration Review* 26 (2):568–595.
- Hollifield, James F. 1992b. *Immigrants, Markets, and States: The Political Economy of Postwar Europe*. Harvard University Press.
- Hollifield, James F. 1998. Migration, Trade, and the Nation-State: The Myth of Globalization. *UCLA Journal of International Law and Foreign Affairs* 3 (2):595–636.
- Hollifield, James F. 2000. Migration and the “New” International Order: The Missing Regime. In *Managing Migration: Time for a New International Regime*, edited by Bimal Ghosh, 75–109. Oxford University Press.
- Hollifield, James F., Philip L. Martin, and Pia Orrenius. 2014. *Controlling Immigration: A Global Perspective*. Stanford University Press.
- Hooghe, Liesbet, and Gary Marks. 2018. Cleavage Theory Meets Europe’s Crises: Lipset, Rokkan, and the Transnational Cleavage. *European Journal of Public Policy* 25 (1):109–35.
- Howard, Marc Morjé. 2009. *The Politics of Citizenship in Europe*. Cambridge University Press.
- Ikenberry, G. John. 2018. The End of Liberal International Order? *International Affairs* 94 (1):7–23.
- Janoski, Thomas. 2010. *The Ironies of Citizenship: Naturalization and Integration in Industrialized Countries*. Cambridge University Press.
- Johns, Michael. 2014. *The New Minorities of Europe: Social Cohesion in the European Union*. Lexington Books.
- Joppke, Christian. 1999. *Immigration and the Nation-State: The United States, Germany, and Great Britain*. Oxford University Press.
- Katzenstein, Peter J. 1987. *Policy and Politics in West Germany: The Growth of a Semi-Sovereign State*. Temple University Press.
- Kindleberger, Charles Poor. 1967. *Europe’s Postwar Growth: The Role of Labor Supply*. Harvard University Press.

- Kirshner, Jonathan. 1999. Keynes, Capital Mobility and the Crisis of Embedded Liberalism. *Review of International Political Economy* 6 (3):313–37.
- Kondo, Atsushi. 2002. The Development of Immigration Policy in Japan. *Asian and Pacific Migration Journal* 11 (4):415–36.
- Lake, David A., Lisa L. Martin, and Thomas Risse. 2021. Challenges to the Liberal International Order: Reflections on International Organization. *International Organization* 75 (2). <<https://doi.org/10.1017/S0020818320000636>>.
- Layton-Henry, Zig. 1985. Great Britain. In *European Immigration Policy: A Comparative Study*, edited by Tomas Hammar, 89–126. Cambridge University Press.
- Layton-Henry, Zig. 1992. *The Politics of Immigration: Immigration, “Race” and “Race” Relations in Post-War Britain*. Wiley-Blackwell.
- Mansfield, Edward D., and Nita Rudra. 2021. Embedded Liberalism in the Digital Era. *International Organization* 75 (2). <<https://doi.org/10.1017/S0020818320000569>>.
- Marshall, Thomas. 1950. *Citizenship and Social Class and Other Essays*. Cambridge University Press.
- Mehta, Uday Singh. 2018. *Liberalism and Empire: A Study in Nineteenth-Century British Liberal Thought*. University of Chicago Press.
- Mills, Charles W. 2014. *The Racial Contract*. Cornell University Press.
- Monnet, Eric. 2018. Credit Controls As an Escape from the Trilemma. The Bretton Woods Experience. *European Review of Economic History* 22 (3):349–60.
- Mudde, Cas, and Cristóbal Rovira Kaltwasser. 2013. Exclusionary vs. Inclusionary Populism: Comparing Contemporary Europe and Latin America. *Government and Opposition* 48 (2):147–74.
- Obermeier, Nina. 2019. The Anti-internationalists: Political Parties and the Backlash Against Globalization. Paper presented at the 2019 Annual Meeting of the American Political Science Association (Washington, DC).
- Organisation for Economic Cooperation and Development [OECD]. 2014. Is Migration Good for the Economy? *Migration Policy Debates*. No. 2. Available at <<https://www.oecd.org/migration/migration-policy-debates.htm>>. Accessed 8 September 2020.
- Organisation for Economic Cooperation and Development. 2018. *International Migration Outlook*. SOPEMI.
- Peters, Margaret E. 2017. *Trading Barriers: Immigration and the Remaking of Globalization*. Princeton University Press.
- Pierson, Paul. 1996. The New Politics of the Welfare State. *World Politics* 48 (2):143–79.
- Polanyi, Karl. 1944. *The Great Transformation*. Vol. 2. Beacon Press.
- Putnam, Robert D. 1988. Diplomacy and Domestic Politics: The Logic of Two-Level Games. *International Organization* 42 (3):427–60.
- Rawls, John. 2005. *Political Liberalism*. Columbia University Press.
- Risse, Thomas, Stephen C. Ropp, and Kathryn Sikkink. 1999. *The Power of Human Rights: International Norms and Domestic Change*. Cambridge University Press.
- Rodrik, Dani. 2011. *The Globalization Paradox: Democracy and the Future of the World Economy*. W.W. Norton.
- Rodrik, Dani. 2018. Populism and the Economics of Globalization. *Journal of International Business Policy* 1 (1–2):1–22.
- Rogowski, Ronald. 1989. *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*. Princeton University Press.
- Ruggie, John Gerard. 1982. International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order. *International Organization* 36 (2):379–415.
- Ruggie, John Gerard. 1993. Territoriality and Beyond: Problematizing Modernity in International Relations. *International Organization* 47 (1):139–74.
- Ruggie, John Gerard. 1998. What Makes the World Hang Together? Neo-utilitarianism and the Social Constructivist Challenge. *International Organization* 52 (4):855–85.
- Ruhs, Martin. 2013. *The Price of Rights: Regulating International Labor Migration*. Princeton University Press.

- Rustow, Dankwart A. 1970. Transitions to Democracy: Toward a Dynamic Model. *Comparative Politics* 2 (3):337–63.
- Sainsbury, Diane. 2012. *Welfare States and Immigrant Rights: The Politics of Inclusion and Exclusion*. Oxford University Press.
- Schönwälder, Karen, and Triadafilos Triadafilopoulos. 2012. A Bridge or Barrier to Incorporation? Germany's 1999 Citizenship Reform in Critical Perspective. *German Politics and Society* 30 (1):52–70.
- Shimada, Haruo, and Roger Northridge. 1994. *Japan's "Guest Workers": Issues and Public Policies*. University of Tokyo Press.
- Smith, Rogers. 2001. Citizenship: Political. In *International Encyclopedia of the Social and Behavioral Sciences*, edited by Neil J. Smelser and Paul Baltes, 1857–60. Pergamon.
- Spencer, Ian R.G. 2002. *British Immigration Policy Since 1939: The Making of Multi-Racial Britain*. Routledge.
- Straubhaar, Thomas. 1992. Allocational and Distributional Aspects of Future Immigration to Western Europe. *International Migration Review* 26 (2):462–83.
- Sykes, Alan O. 2013. International Cooperation on Migration: Theory and Practice. *University of Chicago Law Review* 80 (1):315–40.
- Thranhardt, Dietrich. 1992. Germany—An Undeclared Immigration Country. In *Europe—A New Immigration Continent: Policies and Politics in Comparative Perspective*, 198–22. Lit-Verlag.
- Tilly, Charles. 1975. *The Formation of National States in Western Europe*. Princeton University Press.
- Torpey, John. 2000. *The Invention of the Passport: Surveillance, Citizenship, and the State*. Cambridge University Press.
- Walzer, Michael. 1983. *Spheres of Justice: A Defense of Pluralism and Equality*. Basic Books.
- Weber, Max. 1965. *Politics As a Vocation*. Fortress Press.
- Weiner, Michael. 2000. Japan in the Age of Migration. In *Japan and Global Migration: Foreign Workers and the Advent of Multicultural Society*, edited by Mike Douglass and Glenda S. Roberts, 123–52. Routledge.
- Yamanaka, Keiko. 2000. "I Will Go Home, but When?" Labor Migration and Circular Diaspora Formation by Japanese Brazilians in Japan. In *Japan and Global Migration: Foreign Workers and the Advent of Multicultural Society*, edited by Mike Douglass and Glenda S. Roberts, 52–69. Routledge.
- Ziller, Conrad, and Sara Wallace Goodman. 2020. Local Government Efficiency and Anti-Immigrant Violence. *Journal of Politics* 82 (3):895–907.
- Zimmermann, Klaus F. 1995. Tackling the European Migration Problems. *Journal of Economic Perspectives* 9 (2):45–62.
- Zolberg, Aristide R. 1978. International Migration Policies in a Changing World System. In *Human Migration*, edited by William McNeill and Ruth Adams, 241–86. Indiana University Press.

## Authors

**Sara Wallace Goodman** is Associate Professor in the Department of Political Science, University of California, Irvine. She can be reached at [s.goodman@uci.edu](mailto:s.goodman@uci.edu)

**Thomas Pepinsky** is Tisch University Professor in the Department of Government, Cornell University. He can be reached at [pepinsky@cornell.edu](mailto:pepinsky@cornell.edu)

## Acknowledgments

We thank Aditi Sahasrabudde for outstanding research assistance, and Jeff Frieden, Henry Farrell, Jim Hollifield, Franca van Hooren, Dan McDowell, Thomas Risse, Ron Rogowski, Nita Rudra, Abbey Steele, Marcos Tourinho, Stef Walter, and workshop participants at the Free University of Berlin, Stanford, Syracuse, the University of Amsterdam, the University of Denver, and the University of Wisconsin for comments on various ideas and drafts.

## Key Words

embedded liberalism; immigration; citizenship; liberal international order (LIO); Germany; United Kingdom

Date received: October 10, 2019; Date accepted: July 6, 2020