Report for MS 3210: "Direct and Indirect Impacts of Liberal Immigration Policies on the Inflow of Multinationals in the U.S."

Summary
This paper uses time series data from 1970 to 2016 to examine the relationship between immigration policies and FDI inflows for the USA. The paper concludes that less restrictive immigration policies increase FDI both directly (through positive immigrant networks) and indirectly (through lowering labor cost).

Overall Comment
The paper addresses an interesting and important topic and is well motivated. However, the paper has some empirical shortcomings which must be addressed before it can be published (see the specific comments below).

Specific Comments

1. For these results to be taken more seriously, it is important to perform robustness tests. For example, estimating different specifications of the model.

2. The model results show that restrictive immigration policy does increase labor cost, but do not empirically establish how this induced increase in labor cost affects FDI.

3. The result that an increase in government consumption spending lowers labor cost needs to be clarified and backed up with evidence from the literature.

4. The interpretation of how the estimated effect of market size on labor cost affects labor supply should be elaborated with examples from the literature. Also the explanation for the estimated effect of trade openness on labor cost needs more justification.

5. An increase in Government consumption expenditure is usually viewed as bad macro policy that crowds out investment. However, Government expenditure on things like infrastructure investment is viewed as good for attracting FDI. Therefore it is not clear to me why an increase in government consumption expenditure is good for FDI.