

Attracting High-Skilled Immigrants: Policies in Comparative Perspective

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ABSTRACT

Labour market shortages, structural problems and unfavourable demographics have all prompted governments to act, often by focusing on high-skilled immigration. However, policy responses have been very different. Some countries were able to adopt quite open high-skilled immigration policies, while others did not. This article provides a political economy explanation for this. It argues that, despite similar pressures, high-skilled immigration policy outputs vary due to shifting coalitions between disaggregated sectors of native high-skilled, low-skilled labour and capital. To probe this argument, the article examines coalitions in four countries (France, Germany, Sweden and the United Kingdom) from the late 1990s to present, and draws on original interviews with policy-makers, unions and employers' associations; official documents and the literature on immigration, political economy and public policy. The varying labour market organization of actors informs differences in coalitions which in turn has resulted in different high-skilled immigration policy outputs, cross-nationally and over time.

INTRODUCTION

Countries are under increasing pressure to deal with labour shortages, structural problems and unfavourable demographics. For instance, the European Union (EU) Commission's Agenda for new skills and jobs estimates that by 2020 there will be shortages of about one million professionals in the health sector and between 384,000 and 700,000 information and communications technology practitioners by 2015 (Commission, 2010: 9). When demand for high-skilled labour exceeds supply, how and when do countries respond to this challenge? Some were able to adopt quite open high-skilled immigration (HSI hereafter)¹ policies,² while others did not. For example, Sweden and the United Kingdom experienced considerable policy shifts over the last decade. Sweden was able to liberalize its restrictive policy after many years, while the UK – considered HSI-open – recently became more restrictive. Changes were more incremental in other countries. The main puzzle is why countries respond differently in terms of HSI policies and under which conditions policy change occurs.

The degree of HSI openness (the dependent variable) depends on how liberalized HSI policy and how restrictive admission controls are. Based on earlier work (Cerna, 2013), policy openness is an aggregate measure, composed of different elements of admission mechanisms (namely numerical limits, labour market test, extensive labour market protections) and work permit rights (e.g. portability of work permits, access of spouse to work permits, possibility for permanent residence).

This article provides a political economy explanation for differences in HSI-openness. I argue that, despite similar pressures, there is continuing variation in countries' HSI policy outputs due to

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shifting coalitions between actors (i.e. native high- and low-skilled workers, and capital). The article examines several hypotheses for explaining selected coalitions in four European countries (France, Germany, Sweden and the United Kingdom) from the late 1990s until present. In doing so, it contributes to debates in the literature on the political economy of migration and the role of coalitions.

The case selection is based on a “most-similar” system design: the four countries are all EU members, count among the “reluctant countries of immigration” and have a comparable history of labour immigration (Freeman, 1995: 890).³ Despite a similar focus on (high-skilled) labour migrants, they have liberalized national HSI policies to different extent because varying coalitions are at play. The choice of case studies combines a detailed study of a small sample with a high degree of variation with respect to institutional variables (such as labour market organization and partisanship). This allows examining the influence of institutions on countries’ immigration responses, which has consequences for the coalitional set-up.

In a 2007 constructed index⁴ on states’ openness towards high-skilled immigrants, Sweden ranked as the most restrictive country, whereas the UK placed among the most open HSI policies. Many countries (including Germany and France) were found in the middle. However, countries can move up the ranking. (e.g. the UK) or down (e.g. Sweden). The index highlights that these two cases experienced considerable policy shifts, but most countries underwent more incremental changes. The findings are based on original interviews⁵ with policymakers, unions and employers’ associations; official documents; and the literature on labour immigration, political economy and public policy. Qualitative research is the most appropriate method for examining this theoretical framework because it helps to trace processes, depict turning points and provide detailed insights. The article proceeds as follows: the second part discusses the theoretical framework of coalition building, while the third one presents several hypotheses and analyses HSI policy changes in four countries. The last two parts provide a comparative analysis and some concluding remarks.

COALITIONS AND HSI POLICIES

The article draws on three different literatures that highlight the role of political economy actors in informing policy. First, existing studies indicate that labour market actors (e.g. unions, employers’ associations) can affect immigration policy (Facchini et al., 2011). Freeman (1995; 2006) has specified particular national policy dynamics that can emerge in labour migration – by focusing on the concentrated or diffuse costs and benefits of a policy for labour market actors. Temporary labour immigration policies fall under non-immigrant work visas, governed by interest group politics. The recruitment of high-skilled workers is beneficial for the host country, while costs, if any, are diffuse. Freeman (2006: 237) stresses that HSI policies are becoming similar as European countries have changed their laws to facilitate the entry of skilled foreign workers. However, this article argues that countries’ adopted policies differ in their depth and pace of openness due to varying coalitional arrangements.

The second strand of literature suggests that labour immigration policies vary because of institutional factors (e.g. Bucken-Knapp, 2009; Cavedes, 2010; Medina, 2010; Menz, 2009; Paul, 2012). Some of these authors propose hypotheses based on Hall and Soskice’s (2001) Varieties of Capitalism (VoC) framework which predicts continuing cross-national divergence. As a form of labour market deregulation, Liberal Market Economies (LMEs) should exhibit greater support for labour migration, while Coordinated Market Economies (CMEs) should be more hesitant about deregulation in order to protect the comparative advantage from institutions.⁶

In the first empirical testing of VoC and labour migration, Ruhs (2013) demonstrates that different modes of labour immigration control exist across certain types of market economies.

Fewer demand restrictions are visible in LMEs due to employer-led programmes, whereas governments in CMEs impose greater degrees of regulation on labour immigration. However, there is “no statistically significant difference between openness of programmes in liberal, coordinated and mixed economies” (Ruhs, 2013). The VoC approach provides a valuable contribution, but it needs to be refined to explain policy variation within the different groups of market economies.

Institutions (i.e. sets of rules that determine the processes of rule-making and enforcement) play an important role in the HSI story, and theoretically inform the building of hypotheses. A particular institutional arrangement can favour one actor over another (Gourevitch and Shinn, 2005). How labour market actors are organized and how they interact with the state impacts coalition-building and policy victory.

Thirdly, the article contributes to the political economy literature on coalitions for policy areas, such as low-skilled immigration (Haus, 2002; Watts, 2002), corporate governance (Gourevitch and Shinn, 2005) and trade (Gourevitch, 1986; Hiscox, 2002; Rogowski, 1989). The term coalition “implies some type of political activity which seeks to influence policy (e.g. voting or lobbying)” (Hiscox, 2002). The main idea is that policies have distributional consequences for actors, i.e. winners and losers (Freeman 1995; 2006). Relevant actors with similar preferences for certain policies (even if for other reasons) seek to build coalitions to achieve desired policy outputs. The main argument is that a political economy approach must acknowledge coalitional agency besides a static economic institutions explanation. I argue that while there is continuing variation in countries’ HSI policy outputs, it is due to shifting coalitions between actors.

Framework

The proposed framework integrates the politics of migration policy into the broader literature of political economy and public policy. This dynamic framework can account for cross-national variation over time, and can differentiate between skill levels of native workers.

The framework can be summarized in the following way (see Cerna, 2009). The three factors of production relevant for the analysis are: native high-skilled labour, native low-skilled labour and capital⁷ (Chiswick, 2005). The article is based on a number of assumptions about actors’ preferences. Economic theory suggests that high-skilled immigrants should be preferred by their complements in production (i.e. native low-skilled labour and capital), but opposed by their substitutes (i.e. native high-skilled labour). Native high-skilled workers will oppose open HSI policies because of labour market competition (or perceptions thereof) (Malhotra et al., 2013). With the immigration of high-skilled workers, the supply of qualified workers increases, which in turn decreases the wages in the sector (Borjas, 2003).⁸ Native low-skilled workers are moderately pro-HSI due to complementarity effects. They may benefit from HSI because of greater productivity and wages through increased demand for labour services (Chiswick, 2005). Capital is mainly the owners/employers in high-skilled sectors (e.g. hi-tech, engineering) who will strongly favour HSI since they may benefit from lower wages and the sustained ability for growth. They will be even more supportive in the case of sectoral labour market shortages where outsourcing is not possible due to the specific characteristics of (immobile) sectors (Farrell et al., 2005). Institutions rarely change (Gourevitch and Shinn, 2005) and we assume that preferences of actors also remain more or less constant, but they can intensify due to factors exogenous to the framework. The factors can be shifting economic and social conditions (such as higher unemployment, greater labour market shortages and worsening economic growth) or (partisan) change in government. These socio-economic and political factors can affect policy change, because they strengthen the preferences of actors who then push harder for their desired interests. Lobby groups are then constrained in different ways. For example, capital’s preferences will intensify with increasing labour market shortages – in turn this actor will increase its lobbying effort for a policy change and build coalitions with other

actors. Feedback through policy outcome (HSI flows) can also play a role – if desired policy effects do not bear fruit, capital will seek further policy liberalization. A change in government can mean that links between parties in government and labour market actors are discontinued, which gives other actors the opportunity to gain access.

In the HSI case, the three aforementioned actors can build coalitions in order to push for more open or restrictive HSI policies. Even though there are varying degrees of openness/restrictiveness, depending on the coalitional actors and their preferences, for simplicity I assume here that the policy output is either more open or restrictive. The coalitions require bargains in order to find an agreement.⁹ Six coalition scenarios are possible (high-skilled and low-skilled labour; capital and low-skilled labour; capital and high-skilled labour; coalitions within each of the individual actors).¹⁰ Coalitions will favour a more open policy when low-skilled labour and capital are involved since they can both benefit (the role of capital as initiator is key). High-skilled labour in a coalition will lobby for a more restrictive HSI policy due to labour market competition.¹¹

All six coalitional outcomes are possible for a given country at any time. Some coalitions are more likely than others (e.g. coalition of low-skilled workers is rare as these actors do not have strong HSI preferences in the first place). Countries can switch back and forth from one HSI policy to another, which reflects the changing strength of groups and political institutions (Gourevitch and Shinn, 2005).

Institutions are important determinants of policy-making. In the HSI case, the winner is determined through the institutional set-up. The main institutions through which coalitions of actors influence policy are labour market institutions, but parties in government can also play a role (more on this later). Among labour market institutions, variables of particular interest to this question include union density, the centralization of unions and employers' associations, and their policy process integration. These three depict the relative bargaining position/power of actors both in numbers and organizational capacity, as well as the extent of integration into policy-making and access to government. Table 1 provides a simple typology of the cases. It specifies under which conditions particular coalitions are likely and how they affect possible policy outputs.

Political parties

The role of political parties in immigration policy-making has been examined extensively (e.g. Breunig and Luedtke, 2008; Perlmutter, 1996), although parties' preferences regarding HSI policy are not necessarily clear. When political parties are closely affiliated with specific actors then we can expect clear signals about their HSI preferences. However, since workers can be low- or high-skilled, it is not always evident which party will support their preferences. If parties represent more than one core constituency, they can be divided over HSI and either they can display an ambiguous position or one core constituency can dominate the process.

Partisan differences are important when parties in government are tied to specific labour market actors, especially in countries with strong class structures (e.g. Social Democratic parties/unions, or centre-right parties/employers' associations) (Kitschelt, 1994; Kunkel and Pontusson, 1998; Lindvall and Sebring, 2005). Then party behaviour can be linked better to coalition patterns.

HYPOTHESES AND CASE STUDIES

Based on the previous theoretical propositions in the literature and an exploratory approach in some instances, I derive the following hypotheses regarding coalitions and the likely policy output.

The first three build on earlier work about coalitions (Cerna, 2009), namely that the most HSI-restrictive policies will be in countries with high union density, high employer and union

TABLE 1
 TYPOLOGY OF CASES

	Union density	Union centralization	Employer centralization	Union policy process integration	Employer policy process integration	Pattern	Prediction	Likely impact on policy output
Type 1	high	high	high	high	high	Powerful labour market actors (both labour and employers) E.g. Sweden	LS labour+ HS labour Or: Capital	Restrictive (or open)
Type 2	medium-low	high	high	high	medium-high	Quite powerful labour market actors; HS labour not that well represented E.g. Germany	LS labour+ capital	Open
Type 3	medium-low	low	low	medium	high	Powerful employers, HS labour not well represented by unions E.g. UK	Capital Or: LS labour+ capital	Open
Type 4	low	low	low	medium	medium	HS labour poorly represented by unions and employers decentralized and not well integrated E.g. France	Capital (+state)	Open
Type 5	low	low	low	low-medium	low-medium	HS labour poorly represented by unions; labour market actors not well centralized/integrated; up to (decentralized) associations to lobby E.g. USA	HS labour (or LS labour or capital)	Restrictive (or open)

Sources: See Appendix.

centralization, and their integration into policy-making. They are also broadly deduced from the VoC literature. Coalitions between high- and low-skilled unions, high union density and high centralization of unions are characteristic of a CME economy, and lead to greater restrictions since unions have an institutional advantage to regulate the labour market entry of migrants (Krings, 2009; Menz, 2009, 2011). In LMEs, unions have less say than employers as labour market actors are decentralized (Menz, 2011).

H1: A coalition between high- and low-skilled labour is expected in countries with high union density, high union centralization and high union policy integration. This will lead to a more restrictive HSI-policy output.

H2: A coalition between high-skilled labour and capital is expected when both employees and employers are represented in policymaking. Such cooperation is likely to happen in countries with high union density, high union and employer centralization and high integration into policy-making, and will lead to a more restrictive HSI-policy output.

H3: A coalition between low-skilled labour and capital is expected when union density is medium-low, there is high union and employer centralization, and (low-skilled) labour and capital are integrated into policymaking. This will lead to a more open HSI-policy output.

H4 draws on existing literature on the lobbying of interest groups (Freeman, 1995; Freeman and Hill, 2006). Groups with resources and access to government stand a higher chance of influencing policy-making.

H4: A coalition within each of the actors (i.e. capital, low-skilled labour, high-skilled labour, respectively) is likely when most variables are low but actors with strong preferences can gain access to government through intense lobbying. This will lead to more open or restrictive (in case of high-skilled labour) policy outputs.

The last two hypotheses are drawn from the literature on political parties and their role in immigration policy-making, as well as interactions between parties and labour market actors.

H5: The state can play an important role in policy-making when none of the other actors have strong HSI preferences or the labour market actors are weak (e.g. in countries with low union density, centralization as well as policy integration of unions and employers, or closed institutional access).

H6: Interaction: Political parties can be important when they represent the interests of one of the three actors and build links with labour market actors. A left-union linkage will push for more restrictive HSI-policy, whereas we would expect a more open policy in the case of a right-employers linkage. The next sections analyse the preferences of the government and labour market actors, their political activity, exogenous factors which intensify preferences, coalition-building and policy output (see Table 2).

France

The proposed theoretical framework suggests a specific set-up of labour market actors vis-à-vis the government, which contrasts with the more corporatist¹² arrangements prevalent in countries such as Germany and Sweden. In France, the state is often seen as a promoter of high-skilled recruitment (Paul, 2012). Even though labour market actors, such as unions and employers' associations, are consulted, the state makes the final decision. Union density is quite low, as is employer and (especially) union centralization. Labour market actors have difficulties influencing policy-making due to their mainly informal and delicate access channels (Menz, 2009:139). Particularly unions complain that they are not heard (Interview with CFTD, March 2010). Employers' associations (such as MEDEF) have better access to the government, but they have been less vocal about policy liberalization than their counterparts in other countries (Menz, 2009).

Due to the 1974 recruitment ban, labour immigration was limited until 1998. Labour shortages in the IT sector intensified preferences of IT professional organizations (e.g. Syntec Informatique) to

TABLE 2
PREFERENCES, COALITIONS AND POLICY OUTPUTS

Preferences: labour market actors	Preferences: political actors	Interaction	Coalitions	Policy output
<p>France (IT) employers for more open policy Employers support more open policy Employers support more open policy</p>	<p>(Socialist) government favoured greater liberalization (Centre-right) government favoured greater liberalization (Centre-right) government favoured greater liberalization</p>	<p>Capital (+state) Capital (+state) Capital (+state)</p>	<p>1998 decree (more open) 2004 decree (more open) 2006/2007 Sarkozy laws (open)</p>	
<p>Germany (IT) employers' associations for more open policy, low-skilled unions supportive Employers' associations for greater liberalization, low-skilled unions supportive, high-skilled opposed Employers' associations for greater liberalization, low-skilled supportive, high-skilled unions opposed</p>	<p>Social Democratic government for more open policy Social Democrats/Greens for more open policy; some Christian Democrats supported restrictions (represented in Bundesrat) General political agreement on need for more open policy (with some exceptions)</p>	<p>Capital+low-skilled labour Capital+low-skilled labour Capital+low-skilled labour</p>	<p>2000 IT Green Card (more open) 2004 Immigration Law (open) 2009 Labour Migration Control Act (open)</p>	
<p>Sweden Unions supported restrictions, employers less vocal until early 2000s Unions supported keeping the system, employers wanted more open policies</p>	<p>Social Democrats and left favoured restrictions Centre-right parties supported liberalization</p>	<p>High-skilled+low-skilled labour Capital</p>	<p>1967 Immigration regulation (restrictive) 2008 Immigration Law (open)</p>	
<p>UK Employers' associations supported more open policy Employers' associations supported more open policy, professional associations more opposed, low-skilled unions supportive Employers' associations supported more open policy, high-skilled opposed, low-skilled unions supportive Employers' associations supported more open policy, professionals associations/high-skilled unions favoured restrictions</p>	<p>Labour supported liberalization Labour supported liberalization, Conservatives opposed Labour supported more open policy, Conservatives opposed Conservatives (in government) supported restrictions, Labour and Liberal Democrats opposed</p>	<p>Social Democrats+unions Centre-right+employers Capital Capital Capital+low-skilled labour High-skilled labour</p>	<p>2000 Reform of work permit system (open) 2002 Highly Skilled Migration Programme (open) 2008 Points Based System (open) 2011 Exceptional Talent scheme (more restrictive)</p>	

lobby the Ministries of Labour and Interior that about 35,000 IT specialists were needed to prepare computer systems to the New Millennium and the Euro (Bertossi, 2008). Capital was successful in its demands for a more open HSI policy as it had good access to the government. The Socialist government introduced a decree in 1998 which facilitated the recruitment of foreign IT workers and marked the start of France's HSI liberalization. Between 1998 and 2004, the labour market test was suspended for the IT sector and the immigration procedure was simplified.

Prompted by labour shortages, employers successfully lobbied the government for further liberalization some years later. In March 2004, another decree was passed which shortened the procedure for high-skilled migrants and proposed a single official interlocutor to employers and migrant employees. Migrants could work upon their arrival in France and their spouse could obtain a work permit (Bertossi, 2008).

But it was not until the 2006/2007 Sarkozy laws that a major policy change took place. The state sought to rebalance labour and family immigration flows from 10-90 to 50-50 per cent, and built a coalition with employers who wanted to bring in more high-skilled immigrants. As a result, a skills and talent visa (*la carte compétences et talents*) was created, with the aim of increasing the number of labour immigrants and omitting the labour market test for new work permits (Menz, 2009). This three-year renewable visa allows the migrant to perform a salaried/business activity within a project, and bring his/her family (Commission nationale, 2008).

The state has supported employers in their push for a more open HSI policy. The new policy responds to employers' needs, has a weak labour market test and no numerical limits, and allows for family reunification. Policy changes have not aligned with changes in partisan control, thus partisanship is less important than the need for labour migrants recognized by the state and employers.

Germany

In Germany, the effects anticipated by the theory fit rather well with HSI politics. Union density is low to medium, but there is high centralization of labour market actors as well as policy process integration, which highlights their powerful role (Martin and Swank, 2004). Several labour market actors have been part of the policy-making process and pushed for their preferences. The union confederation, Deutscher Gewerkschaftsbund (DGB), was the main policy-making partner of Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA) on the side of employers (Interview with former BDA official, June 2008).

While capital has supported a more open HSI policy, unions have been more divided. As we would expect from the theory, individual unions representing high-skilled workers opposed recruiting immigrant workers (e.g. IG Metall). In contrast, union confederations (e.g. DGB) representing a range of skill levels (mainly low-medium) from different sectors displayed a more welcoming position, but pushed for attaching some protective terms to the legislation (Interview with DGB, June 2008).

IT employers' associations (such as BITKOM), who experienced considerable labour shortages, started to lobby the government to open up the labour market to high-skilled immigrants. Due to the corporatist policy-making style in Germany, they needed to build a coalition with (low-skilled) unions, who were also part of negotiations with the government. They succeeded so that the IT Green Card was implemented in 2000. However, this HSI policy was not particularly open, as the IT Green Card only allowed for the immigration of 10,000 workers, which could be extended to 20,000 upon re-evaluation, and was strictly limited to five years with difficult family reunification and work permit procedures (Greifenstein, 2001). Employers complained about too extensive restrictions and continued to lobby the government for further liberalization.

In 2001, based on several key recommendations by the appointed Süßmuth Commission, former Interior Minister Otto Schily announced a proposal that would allow a set number of high-skilled immigrants to come to Germany each year on a permanent basis, according to a quota and

Canadian-style points system (Favell and Hansen, 2002). Capital from other sectors besides IT (such as engineering) was pressing for further liberalizations in HSI policy. Employers and (low-skilled) unions built a coalition and were able to achieve a policy change. The support of unions was secured by employers' promises to invest money in the training of native workers and the education of students in hi-tech fields (Interviews with DGB and BDA, June 2008).

After three years of negotiations and two failed attempts, the 2004 Immigration Law, liberalizing (high-skilled) immigration, was finally passed in both the Bundestag und the Bundesrat (lower and upper house). The proposed points system was eliminated, mainly due to the opposition of a Christian Democratic Party fraction who supported the interests of native (high-skilled) workers in the Bundesrat (Interviews SPD and FDP, June 2008). In the end, a bargain between the main actors was reached: (high-skilled) labour supported a more liberal HSI policy, in return for participation in establishing working conditions and salary levels. While low-skilled workers benefit from HSI, (high-skilled) unions tend to ask for labour protections.

The 2004 Immigration Law was evaluated in 2005/2006 and political parties and labour market actors presented some suggestions. Pressed by continuing labour shortages, capital (in a coalition with labour) continued to lobby the government for further liberalization. As a result, another shift towards a more open HSI policy took place with the 2009 Labour Migration Control Act which included several changes, such as a decreased salary threshold for high-skilled applicants.

Sweden

The theoretical framework predicts a different pattern of development for Sweden, as union density, centralization of unions and employers, as well as integration of labour market actors into policy-making is high (Martin and Swank, 2004). This allows labour market actors to exercise a powerful role in negotiations. Since 2001, increasing labour shortages intensified the preferences of capital (mainly employers' associations, such as the Confederation of Swedish Enterprise) to lobby for greater liberalization of labour immigration policy. But no policy change took place until many years later (Bucken-Knapp, 2009) because unions presented a united block against capital's attempt to liberalize labour immigration policy. The main (low-skilled) union confederation, Landsorganisationen (LO), was supported by two other union confederations, TCO (Tjänstemännens Centralorganisation) for skilled and SACO (Sveriges Akademikers Centralorganisation) for high-skilled labour. The strong coalition between high- and low-skilled labour blocked any change to the status quo.

Access of labour market actors to the government depends on which party is in power. For example, the link with LO gave the Social Democrats the necessary backing to resist the proposals of capital. As we would expect, the Social Democrats and the left opposed more HSI and allowed no policy change while they had a majority in parliament. They represented native workers since the proposed policy concerned both low- and high-skilled immigration.

Once a government change took place, this link between the left and unions was weakened, and employers' associations received support for their interests from (centre) right parties. Prime Minister Fredrik Reinfeldt and Minister of Migration Tobias Billström favoured a change in immigration legislation and presented a proposal to facilitate labour immigration (Interview with Migration Minister, May 2008). Their proposal was largely based on the recommendations of the 2006 Commission report (Ministry of Justice 2006), but reflected the pro-capital side of the new government, in which employers could decide on labour market needs and apply for work permits without unions' approval. But the same wages and working conditions for immigrant and native workers had to be guaranteed. The law came into force in December 2008. Permit holders can receive a work permit for two years (renewable) and become permanent residents after four years. In addition, they can bring their families, who obtain labour market access. There are no quotas on work permits. As the theory would suggest, the Swedish case demonstrates the importance of shifting coalitions for policy changes.

UK

According to the theory, we would expect a coalition between capital, or with low-skilled labour, which would push for greater HSI liberalization. The UK has low to medium union density, and low centralization of unions and employers, so neither are well coordinated and powerful actors (Martin and Swank, 2004; Traxler et al., 2001). Unions and employers have varying access to government but it is generally better for employers (see Appendix). (Low-skilled) unions have acknowledged that immigrants made a positive economic contribution to the UK (Interview with TUC, March 2008). The main union confederation, Trade Union Congress (TUC), represents members with different (especially low) skills. It adopted a supportive position because its members could benefit from HSI due to increased employment opportunities (Interview with TUC, March 2008).

The main representative of capital, the Confederation of British Industries (CBI), was keen to have a more open HSI policy. Employers could bring in low-skilled labour in return for promises of greater job opportunities as well as overall benefits for the UK economy and society. Engineering, IT and finance employers' associations had considerable money at their disposal to lobby the government since they were interested in a flexible and efficient system (Interview with CBI, March 2008). So the evidence suggests a reasonable fit with the theory.

Since the early 1990s, labour market shortages, especially in the IT sector, prompted employers' associations to lobby the government for a more open HSI policy (Meyers, 2004). Procedures for the admission of migrant professionals in both IT and the health care sector were then simplified in 2000, as the Home Office Minister for Immigration at that time, Barbara Roche, called for more flexibility in order to attract "the best and brightest". Since labour shortages intensified, employers increased their lobbying efforts. They were successful in their demands when Home Secretary David Blunkett declared that entry for professionals would be eased by way of the 2002 Highly Skilled Migrant Programme. For the first time, high-skilled immigrants could enter without a job in advance. Permit holders had the right to apply for permanent residence after four (later five) years (Cerna and Wietholtz, 2011).

The government also engaged in close consultation with CBI and TUC in order to optimize migration policy on the needs of the economy. In 2005, the three actors published a joint statement on managed migration, where they supported labour immigration and highlighted how each would help the immigration system to assist UK's interest (Employability Forum, 2005). Overall, unions and employers displayed a comparatively open policy position towards labour migration (Interviews with TUC and CBI, March 2008). They supported a policy without numerical limits and a labour market test, but with a possibility for permanent residency and access of spouse to work permits.

The new Points-Based System was gradually implemented from 2008 – although later revised to better reflect changing labour market needs and attempts to decrease the number of labour migrants (Cerna and Wietholtz, 2011). Tier 1, targeting high-skilled immigrants, was a more open option because there were no numerical limits, no labour market test and individuals could apply without a job offer.

In recent years, high-skilled unions/professional associations (e.g. Amicus-Unite or Professional Contractors Group) have become involved in policy-making to protect their members. They lobbied the government for a long time and showed evidence of abuses or changing labour market conditions. They also worked collectively with larger unions and submitted their input on proposed policy changes through a more formal consultation structure (Interviews with TUC, Amicus-Unite, and PCG, March/April 2008).

The general route of Tier 1 was discontinued by autumn of 2011, which represented a loss for capital. Instead a new "exceptional talent" visa was put in place – with a maximum of 1,000 visas/year. Four competent bodies (such as British Academy) nominate high-skilled immigrants (Cerna, 2011). Such a change exemplifies a more restrictive policy: there is a numerical limit and

high-skilled individuals themselves can no longer apply for a visa. Therefore, labour market actors have exerted pressure on the government and have been successful in most instances.

COMPARATIVE ANALYSIS

Countries have responded differently to high-skilled labour demand and have liberalized HSI policies to different extents. This policy variation highlights countries' changing labour market needs and the intensification of actors' preferences due to exogenous factors, which then affects coalition formation. Even if exogenous factors intensified actors' preferences, they made a new coalition only possible, not automatic (Gourevitch and Shinn, 2005). Institutions have been important for aggregating preferences at the labour market and political level. In turn, labour market actors have lobbied the state for more open or restrictive HSI policies. Political parties have been influential when they represented specific actors' interests, or built links with labour market institutions.

The case studies have confirmed fairly well the hypotheses presented (despite some deviations). The influence of labour market actors has been rather limited in France. Nevertheless, employers' associations have had closer links with the state than unions. Changes in HSI policy appeared with the 1998 decree, followed by the 2004 decree and further liberalization in the 2006/2007 Sarkozy laws, mostly due to the involvement of employers and the state. The case has largely confirmed Hypothesis 5.

German labour market actors have been involved formally in policymaking with the government. Labour shortages in IT and later hi-tech sectors prompted employers' associations to lobby for HSI-policy liberalization. This took place with the 2000 Green Card, followed by more extensive change in 2004. (Low-skilled) unions, employers' associations and high-skilled labour representatives have pushed the government in negotiations and have built coalitions for HSI policy, broadly supporting Hypotheses 2 and 3.

In Sweden, labour market actors have been powerful in influencing the government's labour immigration policy through a corporatist set-up. Coalitions between native (high- and low-skilled) workers were able to block any policy change, in particular through their link with the Social Democratic government. This was weakened in 2006 when a new centre-right government came into force, which had stronger links with employers and introduced a more liberal labour immigration policy in 2008. The case has confirmed Hypotheses 1 and 6.

The theory of HSI policy change also applies well to the UK's case. The country has implemented several policy changes since the 1990s – often through employers' pressures due to occurring labour shortages. (Low-skilled) unions have mostly supported HSI liberalization and have at times built coalitions with capital. The recent trend has been towards restricting HSI policy and avoiding abuse of the system. Professional associations have worked with the government to implement HSI provisions for greater protection of native workers, especially since the global financial crisis. The case has largely supported Hypotheses 3 and 4. Nonetheless, non-economic factors (e.g. nativism in the Conservative party or backlash against EU-internal migration) may have played a larger role in this case than the framework would predict.

CONCLUSION

This article has analysed the role of coalitions for HSI policy outputs in four countries. While more restrictive ones have liberalized their policies to attract more high-skilled immigrants (such as Sweden and Germany), one of the open countries (the UK) has become more restrictive. Political, institutional and coalitional factors have interacted in different ways which then impacted HSI

policy outputs. Some caution about findings is necessary. The analysis has not fully controlled for other variables which could affect differences in coalition patterns and actors' preferences (e.g. variation in electoral institutions or non-economic factors).

The findings are transferable to other contexts. Countries with established HSI programmes (e.g. the US, Canada, Australia) have fairly decentralized labour market organization and low union density, which allows employers to lobby the government for more open policies (see Freeman and Hill, 2006). Similarly, new immigration countries without an explicit HSI policy could be explained by the relative inactivity of (unorganized) employers whose needs focus on low-skilled workers (Haus, 2002; Watts, 2002), and the lack of involvement by the state. But the EU can influence policy change, as the recent implementation of the Blue Card demonstrates.

Further research should extend the study to a broader set of countries with other institutional conditions and coalitional-set up. While the article has proposed a number of hypotheses, it has only probed them to some extent across four case studies. Therefore, it would be helpful to test them more systematically through, for instance, Qualitative Comparative Analysis (QCA).¹³ This would allow determining which variables play an important role for HSI policy openness.

The topic of HSI will remain important on policymakers' agenda. Despite lingering effects of the economic crisis such as weak job creation, sectoral labour shortages still persist. Understanding how support and opposition to more open HSI policies are transmitted through the institutional process is key. Policymakers have to balance the contrasting interests of employers for further liberalization and those of native workers for more protection.

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NOTES

1. The article deals with HSI policies towards sectors with higher educational levels (bachelor's degree and above) or professional experience (e.g. IT, engineering).
2. The focus lies on policy output (i.e. actual legislation/regulation), in contrast to policy outcome (immigration flows).
3. The US case is covered elsewhere in this special issue.
4. Scores are assigned to each of six indicators from 3 (=highly restrictive), 2 (=moderately restrictive), 1 (=minimally restrictive) to 0 (=highly open). All policies are ranked on the same criteria. The individual points for the six categories are then added and converted into an index, where the most restrictive country receives a value of 100 (Cerna, 2013).
5. Interviews were conducted 2008-2010 under Chatham Rules, thus interviewees, selected to represent a wide range of actors among unions, employers' associations and policy-makers, were kept anonymous (unless noted otherwise).
6. In a mixed group, the state plays an important role (Hall and Soskice, 2001).
7. For reason of simplicity, capital is not disaggregated here. High-skilled sectors are more interested in HSI policy though low-skilled sectors can also benefit due to increased opportunities.
8. On debates about this assumption, see Hainmüller and Hiscox, 2010 versus Malhotra et al. 2013.
9. When labour and capital build a coalition, labour promises to support more open HSI policy in return for same working and salary conditions for immigrants. Capital may agree to invest money in the training/education of native workers or create new positions (Cerna, 2009).
10. Different employer representatives can build a winning coalition, the same goes for low-skilled (i.e. unions) and high-skilled representatives (i.e. high-skilled unions/professional associations).

11. Specific high-skilled unions are rare, whereas professional associations are not necessarily powerful and/or involved in policy-making.
12. Corporatism is the coordinated management of the national economy by the state, centralized unions and employers.
13. Incorporating qualitative and quantitative approaches, QCA combines different independent variables, which may explain the outcome (Ragin, 1987).

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APPENDIX
VARIABLES AND DATA SOURCES

	<i>Independent variables</i>				<i>Dependent variable: HSI policy output</i>			
	Union density	Union centralization	Employer centralization	Union integration into policy-making	Employer integration into policy-making	2007	2012	
France	10.3 (low)	0.21 (low-medium)	-0.09 (medium-low)	0.83 (high)	0.89 (high)	7 (open)	6 (open)	
Germany	28.3 (medium)	0.44 (medium-high)	1.11 (high)	1.0 (high)	0.75 (high)	6 (open)	5 (open)	
Sweden	79.5 (high)	0.52 (high)	1.11 (high)	0.75 (high)	0.68 (medium-high)	11 (restrictive)	8 (open)	
UK	36.8 (medium)	0.10 (low)	-0.09 (medium-low)	0.2 (low)	0.66 (medium-high)	6 (open)	9 (restrictive)	

NOTE: DESPITE THE LOW UNION DENSITY IN FRANCE, AROUND 90% OF WORKERS ARE COVERED BY COLLECTIVE AGREEMENTS.

Sources:

Union density 1980-2010 (Visser, 2013); net union membership as a proportion wage and salary earners in employment. Minimum:7.6%, maximum:80%. Low: UD<20%, medium 20%<UD<40%, high>70%
 Union centralization 1980-2010 (Visser, 2013): summary measure of centralization of wage bargaining, taking into account union authority and union concentration at multiple levels. Range:0-1.
 Employer centralization 1980-1998 (Martin & Swank, 2004: 599): standard score index of national unions or employers' federation and the peak federation's power over members (i.e. appointment power, veto power over collective bargains). Minimum:-1.68, maximum:1.11.
 Union or employer policy integration 1980-1996 (Traxler et al., 2001: 68): peak's overall scope of influence in state regulation, i.e. how integrated unions or employers' associations are in national policy process (e.g. commissions, boards).
 Union (minimum:0.2, maximum:1) and employer policy integration (minimum:0, maximum:1).
 HSI policy output (Cerna, 2013): Based on two constructed indices of states' openness to high-skilled immigrants. 2007: minimum: 5, maximum: 11. 2012: minimum: 5, maximum: 14 points.