Changes in Swedish Labour Immigration Policy: A Slight Revolution?

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Abstract: This paper examines changes in Swedish labour immigration policy from early 2000s, but particular attention is paid to recent changes. The new Immigration Law of 2008 liberalised immigration policy and made it more employer-driven. These changes are called by some as ‘slight revolution’. The paper analyses the preferences of three main actors (native high-skilled labour, native low-skilled labour and capital), the coalitions built between them and the institutional constraints in order to explain labour immigration changes. It draws on the examination of media coverage, elite interviews, and labour relations and political representation literature. The paper also provides a first evaluation of the new immigration policy.

Keywords: Labour immigration, labour market relations, political economy, public policy, Sweden

JEL: F5, J5, J6

1 The author is very grateful for the help, support and comments of Eskil Wadensjö, as well as financial assistance from SULCIS and SOFI; the Department of Politics and Jesus College at the University of Oxford. The participation of interviewees is also greatly acknowledged.
1. Introduction

After many years of attempts at liberalising Sweden’s labour immigration policy, this step came closer with the change in government in 2006. The new centre-right coalition government submitted a new policy proposal to the Riksdag in May 2008 that would be very different from the previous one. The Riksdag approved the proposal, and the new law came into force in December 2008. The new Immigration Law of 2008 liberalised immigration policy and made it more employer-driven. These changes were considered by some as ‘slight revolution’. The paper argues that coalition-building between actors (i.e. high-skilled labour, low-skilled labour and capital) with varying HSI preferences, mediated by labour market organisation and political representation, determines cross-national variations in HSI policy outputs. It examines changes in Swedish labour immigration policy from early 2000s. The findings are based on elite interviews with union leaders, employer representatives and government officials, position statements of discussed organisations/associations, as well as on labour market organisation and political representation literatures, and the analysis of media coverage. The focus lies on high-skilled immigration (HSI) policies, although the latest policy developments concerned both low- and high-skilled immigrants. In Part 2, the main actors and their preferences will be explained at the labour market organisation and political level, and then focus will be paid on possible coalitions between them. Significant attempts and changes in labour immigration will be analysed in Part 3 of the paper. A first evaluation of the new immigration law will also be presented. Part 4 will offer some concluding remarks.

2. Actors, Preferences and Coalitions

Native high-skilled labour has restrictive HSI preferences as high-skilled immigrants constitute labour market competition for them. Native low-skilled labour is likely to support more open HSI as these workers can benefit from increased job opportunities. Capital is highly in favour of more open HSI in order to fill labour shortages. These three actors can build coalitions (six scenarios are possible – see Appendix A) for more open or restrictive

2 The majority of interviews were conducted in person (some were phone interviews) and took place in Stockholm/Norrköping, in the period between May and July 2008.

3 High-skilled immigrants work in sectors ranging from IT, engineering and biotechnology to health care. They are defined as “having a university degree or extensive/equivalent experience in a given field” (Iredale 2001: 8). Definitions focus on education, occupation or even salary.
HSI policies. Labour market organisation variables that are of particular interest to this question include union density, the centralisation/coordination of unions and employers’ associations, and policy process integration. Sweden has high union density, high centralisation/coordination of unions and employers’ associations and high policy integration of actors.Political representation refers to the representation of high-skilled labour in the political process. It can take place through four mechanisms: 1) if there is a link between unions and left parties, 2) if high-skilled labour can build coalitions with anti-immigration groups at party level, 3) if high-skilled labour can build coalitions with anti-immigration groups at district/state level and 4) if there is no link and no coalition, then representation is nonexistent. As will be explained later, Sweden demonstrates the first mechanism of political representation. If there is a link between unions and left parties, then the HSI policy output will be more restrictive. The theoretical framework in Figure 1 draws on a wide variety of literature and integrates the politics of migration policy into the broader literature of comparative politics and public policy. Theoretical considerations for the causal schema are explained in earlier work (Cerna 2009), so this paper mainly concentrates on the Swedish case study.

Figure 1: HSI Causal Schema

First, it is important to assess the share of high-skilled labour represented by unions, i.e. union density among high-skilled workers. In Scandinavian countries (with union density up to 80 percent), multiple confederations are divided along occupational lines, with separate

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4 More open policies are expected if high-skilled workers are not organised and represented in any way.
peak associations for blue-collar, white-collar and university-degree workers. The union movement is strong and carries considerable power to influence policy-making. High-skilled workers in affected sectors gain representation in unions. Second, the extent of associations’ power in HSI policy-making depends on the labour market organisation across countries, and especially the centralisation of unions and employers. Both organised workers and employers have specific HSI preferences and demonstrate different centralisation levels across countries. Some countries have high union and employers’ centralisation (e.g. Scandinavian countries), whereas others are low on both dimensions (e.g. France and the United States). If we have high union centralisation, then unions will be more powerful and push for their desired preferences. In countries with separate high-skilled unions that are integrated into the policy-making process, the preferences of native high-skilled workers are more likely to be heard than in countries with mainly low-skilled unions. This has been the case in Scandinavia, where specific high-skilled union confederations were involved in policy-making with employers and the government. Therefore, the preferences of high-skilled workers could be presented and the means existed to represent their HSI-restrictive preferences.

The implication of the arguments above is that most restrictive HSI policies are likely to take place in countries with high union and employer centralisation. In Scandinavian countries, skilled/professional unions representing high-skilled workers could be against more liberalised HSI policies. Due to the power of unions and the resulting inability of employers to pass any policy change (both are included in negotiations with the government), the output was expected to be HSI-restrictive. In Sweden, the three union confederations (LO, TCO, SACO) and the employers’ association (SN) are involved in negotiations with the government. When unions have relaxed their position and entered into bargaining with employers over specific terms and conditions of HSI policies, countries could to a certain extent liberalise their HSI policy. This change was possible because of a shift from the previous coalition between high- and low-skilled labour to a coalition between high-skilled labour and capital. The coalition partners negotiated some trade-offs.

Third, the access of unions and employers’ organisations to government and their integration in policy-making is important. As Georg Menz claims, organisational power is the result of representation of actors, organisational centralisation, plus access/linkage to government. If labour market organisations have access to the government (for example,
through a tripartite policy system), then their organisational power increases (Menz 2003: 536). Access to government is gained through meetings or consultations between labour organisation actors and government representatives (both executive and legislative branches) and their involvement in consultations in the legislative process and policy-making (Menz 2005: 65). For example, Swedish unions and employers have strong access to government through the tradition of social partnership and tripartite policy-making.

However, unions and employers’ associations do not cover the interests of workers and employers to the same extent across countries. These labour market groups can be significant for political parties, but politicians do not always vote according to the highest lobbying expenditures or the most intense lobbying since they have to keep in mind the voters in their districts/constituencies. Political representation of actors becomes significant.

Since preferences are constant and institutions hardly change, policy change can happen when exogenous factors affect the preferences of the actors. For example, they can intensify the preferences of high-skilled labour for more restrictive policies. As a result, high-skilled labour has a greater political incentive to lobby for its desired output. Exogenous factors relevant to this analysis are the economic/demographic/industrial developments in countries/electoral districts/states (e.g. labour shortages, ageing population, higher educational level of population, unemployment rates) and change in government (political parties). If demand for high-skilled labour changes in a country (or district/state), then this can affect preferences of particular actors. Labour shortages intensify preferences of capital for a more open HSI. 5 Regarding unemployment rates, if the rate increases, then this can intensify the restrictive preferences of high-skilled labour, who in turn will try harder to build coalitions and achieve their desired policy output. The power and influence of actors can change due to exogenous factors.

Government change, not an obvious choice, is also counted among the exogenous factors. Since HSI is not the main issue on the government/party agenda, a change in government does not have important consequences for this policy area. For instance, a newly elected centre-right government will not deal first and foremost with changing HSI policy. It was elected on a different platform but, due to its link with employers’ associations, this will

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5 But the extent of labour shortages is disputed. In general, “shortages occur in a market economy when the demand for workers for a particular occupation is greater than the supply of workers who are qualified, available, and willing to do that job” (Veneri 1999: 15). However, “there is no universal definition or measure of what defines a ‘shortage’” (MAC 2008: 13).
also have an impact on HSI policy. As a result, a HSI policy change, which was previously blocked by the union-left party link, can take place due to the change in government.

Based on a constructed HSI index, it is possible rank countries in relation to their openness (Appendix B). In July 2007, Sweden ranked as the most restrictive country, followed by Austria and then a group including Denmark, Italy, Japan, Spain and Switzerland. Ireland’s Green Card, the Dutch work permit and the UK’s High Skilled Migrant Programme were ranked as the most open programmes for attracting high-skilled immigrants. Most countries occupied the middle field of the ranking. Among them were Canada and the US that, despite not having the most open policies, still exhibited very successful cases for the recruitment of high-skilled immigrants. This shows that the openness of policies is not always correlated with the success of policies in attracting immigrants. Other factors can play a considerable role, including the difference between ‘policies on paper’ and ‘policies in practice’. This difference can be the result of regulation of policies, enforcement mechanisms and administrative capacity. And countries can move up or down the ranking, depending on policy changes. With the 2008 Immigration Law, Sweden would have shifted towards the more open end of the index.

In countries with strong union and left party linkages, high-skilled labour can gain representation for more restrictive policies because unions and Social Democrats can block a policy change. The Scandinavian countries are an example for such a mechanism. As mentioned earlier, Hypothesis 1 (If there is a link between (high-skilled) unions and the left party, then the policy output will be more restrictive towards HSI) results from theoretical considerations in the literature on the link between left parties and unions. According to Herbert Kitschelt, there are at least three structural configurations in union-social party linkage. First, unions dominate the left party elite as they control key appointments and place their own leaders in important executive and legislative party offices (e.g. Austria, the UK in the 1970s and 1980s). Second, close communication between the major union federation and the left party exists, but both aim at some distance in terms of overlapping leaderships as well as strategic manoeuvrability (e.g. Belgium, Sweden, Germany). Third, left parties have all but cut their formal organisational linkages to the labour movement and allow little personnel overlap at the level of the party elite (e.g. France, Italy, Spain, the Netherlands) (Kitschelt 1994: 225). In Sweden, strong ties exist between union and Social Democratic Party. Overall, unions are consulted before acts are presented to government (Menz 2005).
Christoph Kunkel and Jonas Pontusson argue that strong unions remain an important electoral asset for social democratic parties. They both shared similar policy objectives, such as full employment or welfare spending (Piazza 2001). For the Swedish case, union members have traditionally been and remain more likely to vote for the left than non-union members (Kunkel & Pontusson 1998: 6). The blue-collar unions affiliated to the LO have always had official ties to the Social Democratic Party (SAP). Two movements exist: a social democratic blue-collar union movement and a politically neutral (unitary) white-collar union movement, made up of the white-collar union confederation TCO and the professional/academic union confederation SACO (Kunkel & Pontusson 1998). While the SAP does not have formal ties to white-collar unions, it has gradually built links with the TCO (Kunkel & Pontusson 1998).

Unions seek the support of left parties since they are mass membership organisations that can claim electoral power through their influence on their members (Kjaergaard & Westphalen 2001: 109). This strong link between unions and the Social Democrats increases their political power and affects a number of policies, including immigration. The case study of Sweden demonstrates that the link between unions and Social Democratic Party could block a policy change towards HSI liberalisation by pushing for the protection of high-skilled workers. The following section examines the main actors and coalitions for policy changes in Sweden.

3. Labour Immigration Policy in Sweden

History of Labour Immigration

Before turning to Sweden’s guest-worker recruitment from the 1950s, a look should be taken at the actions by high-skilled workers in the 1930s and 1940s. Professionals were preoccupied with the fear of an oversupply of university graduates, which would decrease wages. This fear was strong among the student groups of high-status professions, in particular young physicians who had founded the SACO. Active protests against government proposals for issuing immigration and work permits to German and Austrian Jewish and later to East Europeans...

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6 According to Andrew Geddes, “Sweden explicitly pursued an immigration policy rather than a guest-worker paradigm predicated on the flawed assumption of temporariness. After one or two years in Sweden, migrants could establish permanent resident status with the rights of denizenship and after five could become Swedish citizens” (2003: 108).

7 SACO was founded in 1947 (and the forerunner for younger members in 1943).
European physicians were on the agenda in the 1930s and 1940s. In the late 1950s, welfare expansion led to great professional labour shortages, so doctors and those of other professions from ‘closed faculties’ (requiring numerus clauses) fought the expansion of student enrolment (Heidenheimer 1976: 55).

These activities are less well known in Swedish migration history than the temporary recruitment era, to which we now turn. The end of World War II left Sweden in great need of labour since economic growth was high and unemployment low (Wadensjö 2009). Increased production for its export industry was made possible through the employment of immigrant labour. The Labour Force Commission started to recruit workers in Italy, Hungary and Austria in 1947. In the 1950s, it continued in West Germany, the Netherlands, and later in Italy, Belgium and Greece. In that period, the total immigration was of 256,000 people. Half of them (50 percent) were born in Denmark, Finland and Norway. The Finnish-born were the largest group, followed by those from Norway (Wadensjö 2009). Other large groups of immigrants were refugees from Estonia who remained in Sweden after the war and labour migrants from Germany. The Nordic passport control agreement came into force on 1 July 1954 - it granted citizens of Nordic countries the right to live and work freely in other Nordic countries.\(^8\) Public employment offices were responsible for labour exchange and information exchange between the countries (Wadensjö 2009). In addition, other steps concerning Nordic migration were taken in the following years.\(^9\) In the 1960s, agreements were concluded with Yugoslavia and Turkey. In that period, about three-quarters of the total immigration to Sweden were from Nordic countries. A large immigration of Yugoslav and Greek labour force took place in the 1960s (Ministry of Justice 2001: 15-16).

The business community was the driving force behind labour immigration. Large Swedish companies like Volvo and SKF (Swedish ball-bearing company) in the 1950s recruited labour in southern Europe, especially Italy (Allwood, Edebaeck & Myhre 2006: 16). In 1965, a government Commission for the labour market argued in favour of extensive labour immigration since the demand for labour force in the Swedish industry was still

\(^8\) “The visa requirement for Sweden had already been abolished for Norwegian citizens from 11 August 1945, for Danish and Icelandic citizens from 19 August 1945, and for Finnish citizens from 15 December 1949” (Wadensjö 2009: 6).

\(^9\) An agreement on social security was reached in 1955 (came into force in 1957) to grant Nordic immigrants same rights as natives. Other examples include agreements in the health sector (previously public sector jobs were reserved for citizens), such as a 1960 convention regarding medical doctors, a 1964 convention for dentists and a 1968 convention regarding nurses (Wadensjö 2009: 8).
considerable. A debate was in progress as to whether labour force reserves in Sweden (such as women and older people) should be better utilised. Even though women had entered the labour market to a greater extent, immigrant workers were still necessary. The total immigration in the 1960s was the largest to date, about 424,000 (Ministry of Justice 2001: 16).

The economy had weakened by the end of the 1960s. Many labour immigrants came to Sweden without being sure of getting work. In 1967, measures were introduced for a regulated immigration – a supplement to the Aliens Ordinance prescribed that a work permit should be granted before entry into Sweden (Ministry of Justice 2001: 34). “These measures were partly a result of energetic demands by the trade union movement” (Ministry of Justice 2001: 16). The unions were more interested in bringing outsiders (e.g. married women, occupationally disabled, the elderly) into the labour market than in recruiting labour immigrants (Lundqvist 2004: 3).

The Swedish Parliament passed the 1968 Immigration Act, abolishing the liberal immigration system and requiring work permits for all labour immigrants (Lundqvist 2004: 3). The employment situation and the availability of housing, education, healthcare and other services would determine the extent of labour immigration (Lundqvist 2004). Labour immigration was also only to be allowed in exceptional cases (Ministry of Justice 2001: 37-39). After the peak in 1970 (77,000 in this year), labour immigration more or less halted. Nevertheless, labour immigration from the other Nordic countries continued, but at a lower level. Tougher economic conditions (mainly due to the oil crisis) were the most important reason. Demand for labour in industry fell (Ministry of Justice 2001: 16).

As a consequence, Sweden’s labour market has been more or less closed to non-Nordic labour migrants from 1972. Only 300 to 400 permanent labour immigrants from outside EU/EEA have been admitted yearly into the country. Temporary labour immigration has constituted the smallest percentage of all migration types since the 1970s, but family reunions and asylum seekers have made up for an extensive immigration (Ministry of Justice 2001: 17). It should be noted that temporary work permits were given for all skill levels, but were granted mostly to experts and key people in industry, research, culture and sports (Ministry of Justice 2001: 30). The ‘international exchange permit’ granted entry to more than 15,000 high-skilled immigrants per year (Gaillard 2002: 243).
On the one hand, the employers’ association for the private sector, SAF (later SN – Confederation of Swedish Enterprise), advocated liberalisation. The association was against granting access to the labour market when unemployment prevailed but, otherwise, the rules were to be liberal. The labour market was to be free and governed by supply and demand (Lundqvist 2004: 9). On the other hand, the unions took the view that immigrants should enjoy the same standards as Swedes in terms of housing, education and social benefits. If that was not available, immigrant labour would have to wait. Companies would not be allowed to pass the costs on to the public sphere (Lundqvist 2004: 8). As a result, the LO advocated controls that would enable the unions to deny work permits. Permit refusals targeted employers who failed to meet union standards of behaviour, whether on pay or on working conditions. The unions were particularly tough on low-wage companies. Another reason for denying work permits was the fear that Swedish workers might lose their jobs to outsiders, especially to German workers (Lundqvist 2004: 7).

Besides their links to the Social Democrats, the unions received their strength from a high membership rate and full employment. From the unions’ viewpoint, labour immigration represented a threat to LO’s influence for several reasons: 1) a greater risk of unemployment in the event of a future recession, 2) the risk of lower union membership and 3) the associated risk of collective union strategies at individual workplaces becoming less effective. Migrant workers did not have the same union traditions and might choose not to join (Lundqvist 2004: 10-11). The LO was opposed to a system of guest workers. Such systems tended to upset conditions for those in regular employment and risked endangering union influence at the workplace (Lundqvist 2004: 10-11). The LO sided with unemployed immigrants against labour immigration, while both employers and liberals have often called for the immediate liberalisation of immigrant workers (Lundqvist 2004: 18).

Many temporary labour immigrants became permanent residents. About half of the immigrants who came in 1970 were still residing in Sweden ten years following immigration. After twenty years of immigration, about 45 percent of immigrants from 1970 were still living in Sweden (Ministry of Justice 2001: 19). Family reunification, the number of migrants increased significantly over the years. Even though the analysis focuses on HSI, general labour immigration history and experience are important to keep in mind.
Sweden was one of the three EU countries that allowed labour immigration from new EU member states in 2004. Nevertheless, Sweden did not receive very many high-skilled immigrants from new EU countries as, among other reasons, few people had knowledge of the Swedish language. The small number of migrant workers allowed Sweden to open its borders to more high-skilled immigrants. By 2007, over 10,000 migrant workers from the new EU member states had come to Sweden (Gerdes & Wadensjö 2008: 15). Immigration from the new member states is still only a small part of the total immigration to Sweden and the Swedish labour market (Gerdes & Wadensjö 2008: 10).

Summary of the Case

The recent Swedish case can be simplified in the following way. For many years, the ruling Social Democrats were opposed to any changes in labour migration. They were reluctant to reform the immigration law due to concern over the loss of control. Their link with the main union confederation, Landsorganisationen (LO), gave the Social Democrats the necessary backing to resist the proposals of capital (mainly multinational corporations and employers’ associations, such as the Confederation of Swedish Enterprise, SN) towards greater liberalisation of labour immigration policy. LO was supported in its efforts by the other two union confederations, TCO and SACO. The strong coalition between high-skilled labour and low-skilled labour blocked any change to the status quo.

There is also a strong link between unions and left parties (particularly the Social Democrats). The Social Democrats and the left displayed their opposition to more HSI and allowed no change while they had a majority in parliament. They acted as representatives of native low-skilled and high-skilled labour since the proposed policy concerned both low-skilled and high-skilled immigration. The link between unions and Social Democrats was evident and prevented a policy change towards greater HSI liberalisation. But when a centre-right coalition government, with capital links, came into power in 2006, the connection between unions and left parties was weakened.

Overall, no attempts toward liberalisation took place in the 1990s. In fact, Sweden experienced more emigration during that decade due to high unemployment rates, but also greater possibilities to study and work abroad (Ministry of Justice 2001: 22). Therefore, there was no increased demand for immigrant workers. Immigration to Sweden during the 1990s and 2000s mainly involved political refugees and family reunification (Allwood, Edebaeck &
Myhre 2006: 7). Sweden also received a number of intra-EU labour immigrants from 1995, when the country became part of the EU’s market with free movement of people due to its EU membership. The EEA Agreement was in force from 1994 (Ministry of Justice 2001: 21). Nevertheless, the percentage of intra-EU migration was still relatively small and made up less than two percent (Ministry of Justice 2001: 29).

In late 2001, employers tried to ease labour migration restrictions, but were criticised by labour market boards, the Social Democratic government and unions. The Swedish trade union movement has been concerned about the risk of ‘social dumping’, i.e. that immigration may lead to deterioration of wages and working conditions for Swedish residents (Storrie 2005). Even though the main union confederation, LO, has been mostly concerned about low-skilled immigration, it has tried to resist any change in labour immigration policy. Native high-skilled workers are represented in (high-skilled) unions. Sweden still has a strong tripartite set-up where the government, employers and unions are involved in policy-making and the issuing of work permits (the government is represented through the Swedish Labour Market Board).

For many years, the ruling Social Democrats\(^\text{10}\) (or coalition with the left) were opposed to changes in labour migration. They were reluctant to reform the immigration law due to concerns over the loss of control. Pressure from more capital-leaning political parties (e.g. Centre, Liberals, Moderates, Christian Democrats) started in 2002. However, in the 2002 parliamentary election campaign, the Social Democratic Party (SAP) emphasised that Sweden had to draw on unemployed native workers and immigrants in the country before opening its borders to more high-skilled immigrants. They had the same preferences as unions, protecting the interests of the workers. In 2003, SAP could not block an alliance between four bourgeois opposition parties and the Greens due to their received majority in parliament. These opposition parties formed a powerful alliance and established a parliamentary committee on labour migration to review the immigration legislation.

The Social Democrats were concerned in particular about wage dumping and the threat to welfare as a result of more open HSI. Immigrants would lead to competition with native workers over jobs, housing and social services. Instead, the Social Democratic

\(^{10}\) But the Social Democratic Party was not in power 1976-1982 and 1991-1994. They were in power when the main attempts at policy liberalisation took place in the early 2000s.
government proclaimed, the focus should be on the training of unemployed workers, relocation within the country, among other things. Therefore, HSI was only allowed for specific labour shortages and the regulations carried many conditions with them, such as the need for a job offer before entry, arranged housing, and the same wage and working conditions as Swedish workers. In general, nationals from countries outside EU/EEA had to undergo a thorough process to work legally in Sweden. The Swedish government used more targeted permits aimed at high-skilled workers or immigrants of exceptional talent and a Temporary Labour Shortage Permit based on the need to ease skill shortages (OECD 2004).

While the Committee report and legislative proposal were often labelled as targeting HSI, the fact that they concerned all types of labour immigration was not visibly shown. HSI was easier to sell to voters and societal groups than low-skilled immigration. High-skilled immigrants came in smaller numbers, contributed in taxes and social benefits, and filled labour shortages in important sectors for the Swedish economy. Therefore, LO retained a strong interest in the current proposal and displayed concerns about wage dumping. Even though Sweden has a union confederation for every skill level (three in total), LO is the one with the most bargaining leverage against employers (interview SWE-GOV-5).

The 2006 Committee Report called for greater liberalisation of HSI, which was supported by the new centre-right coalition government. The SAP wanted to keep the existing system, in which the Swedish National Labour Market Board (AMS) determined labour market shortages and consulted unions and employers. In contrast, Prime Minister, Fredrik Reinfeldt, and Minister of Migration, Tobias Billström, favoured a change in immigration legislation and presented a proposal to facilitate labour immigration from outside the EU. Thus the link between the unions and the Social Democrats remained strong, but the link between unions and the government was broken as SAP was no longer in power. The proposal was largely based on the recommendations of the Committee, but reflected the pro-capital side of the (centre-right) government in which employers could decide on labour market needs and apply for work permits without the approval of unions. It supported the protection of native workers through the necessity to guarantee the same wages and working conditions for immigrant and native workers. Consultation on the proposal ran until November 2007 and the Parliament voted on it in November 2008. The law came into force on 15 December 2008. Sweden was the last Scandinavian country to adopt a more open
policy. The next sections present the main actors, coalitions between them, policy outputs and exogenous factors for a number of policies.

3.1 2001 Attempts at Liberalisation and 2002 Amended Aliens Ordinance

Actors

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<tr>
<th>HS Labour</th>
<th>LS Labour</th>
<th>Capital</th>
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<tr>
<td>Swedish Labour Board</td>
<td>LO</td>
<td>Moderates</td>
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<td>SAP</td>
<td>TCO</td>
<td>Centre party</td>
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<td>Left party</td>
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<td>Liberal party</td>
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<td>SACO</td>
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Policy output

Tripartite consultation existed between the Swedish Labour Market Board, employers and unions. From late 2001, employers have tried to ease labour migration restrictions. Bijan Fahimi, a Confederation of Swedish Enterprise (SN) board member, called for openness, but received criticism from labour market boards. The employers’ need for high-skilled immigrants was to be enough to obtain a work permit for high-skilled immigrants. Fahimi asked for three months of job search, permanent residence after three years and criticised the very selective system of the system. Further calls for a decentralised approach meant that labour would be excluded from policy-making. Sweden’s chief employer’s association, the SN, argued that an ageing population and a shrinking workforce should be counterbalanced by relaxing Sweden’s strict labour migration policy. LO, widely regarded as one of the most powerful trade unions, rejected these proposals (Bucken-Knapp 2006).

The first official step by SN was taken in 2001. The employers’ association sent a letter calling for liberalisation to the Migration Minister of the time, Maj Inger Klingwall. They had meetings with the Minister and she was positive about the idea. However, Klingwall left government and negotiations were put on hold (interview SWE-EMP-1). SN had problems with LO who were the most concerned about and the most restrictive on labour immigration (interview SWE-EMP-1). LO was especially worried about liberalisation of low-
skilled immigration. The union confederation strongly influenced the labour market boards who decided on whether job vacancies needed to be filled by labour immigrants. Any change in labour immigration could diminish LO’s power, so the union tried to hold on to its leverage as long as it could. Without the support of LO, no coalition with capital was possible for any changes. Instead, the unions worked together and built a coalition.

Since pressure from employers for liberalisation had begun in 2001, the Social Democrats (SAP) emphasised in the 2002 parliamentary election campaign that Sweden should draw workers from extensive native reserves and there was no need for high-skilled immigrants. “Although immigration had been prominent in previous Swedish elections, the 2002 election was significant for how the centre-right chose to use immigration as a profiling tool” (Green-Pedersen & Odmalm 2008: 375). Prime Minister Göran Persson wanted to secure job opportunities for Sweden’s long-term unemployed, many of them refugees (about 100,000). The response from the then-governing SAP to employer calls for a liberal labour migration policy was clear: as Sweden was facing a labour shortage, the demand could be met by drawing upon native labour markets (Bucken-Knapp 2007: 12). In contrast, the Conservatives proposed liberalising labour immigration in order to fill labour shortages in particular sectors (Green-Pedersen & Odmalm 2008). Even the Liberal Party was in favour of a more flexible immigration system which allowed for future labour migration (Green-Pedersen & Odmalm 2008).

The proposal for a more liberalised immigration policy concerned high-skilled and low-skilled immigrants. Unions were involved in negotiations and policy-making. Strong links existed especially between the LO and the Social Democrats, but the two other union confederations (TCO and SACO) also worked together with the LO for blocking any policy change. While the proposal concerned HSI, the idea was that the next proposal could focus on low-skilled immigration, which the unions tried to avoid. “In the 2002 election, the opposition did not have a clear agenda, and the Social Democrats decided to stick to their initial track and focus on getting the unemployed and the refugees back into the labour market. Employers only wanted to increase labour immigration, but this argument worried SAP and the unions because it showed that employers wanted to replace current workers and did not care about them” (interview SWE-GOV-1).
Nevertheless, capital’s needs were met in part by easing the labour migration for specialists working for international corporations (intra-company transfers), as these were on a temporary basis and necessary for companies’ activities and economic growth. No complete reform of the labour immigration law took place, but the government started to investigate the possibilities for labour immigration from outside the EU/EEA. For all categories of employment, the permit could only be granted on condition that there was an employment offer and housing arranged beforehand. Permits were given for any period from 1 day up to 18 months regarding labour shortages. They could be extended for a further six months if shortages persisted. The government appeared to be seeking a significant increase in short-term work permits to attract high-skilled migrants. The high-skilled immigrants were expected to leave Sweden when their work permit ran out. Despite some limited changes, the labour immigration policy remained fairly restrictive due to the strong coalition between high- and low-skilled labour, supported by unions and the Social Democrats. They blocked any further-going liberalisation, required by capital.

Coalition: HS labour + LS labour

Exogenous factors

Labour shortages started to hurt companies and thus intensified capital’s preferences for more open policies. However, they could not achieve any change because the efforts of employers’ associations were blocked by the union coalition. Labour was still supported by the Social Democrats in power.

3.2 2003 Immigration Committee and 2006 Commission Report

2003 Immigration Committee

Actors

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<th>HS Labour</th>
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<td>SACO</td>
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<td>Minister of Working Life Hans Karlsson (SAP)</td>
<td>TCO</td>
<td>MNCs</td>
</tr>
</tbody>
</table>
Policy output

In May 2003, SACO presented a new policy, calling for making it easier for students from foreign countries to be able to stay in Sweden if they were offered a job. This might be surprising, but we should keep in mind that about 17 percent of SACO’s members were students (SACO 2008). The union confederation was thus considering students as potential members. Students were likely to stay longer than temporary labour immigrants, who were much harder to unionise. For many occupations, SACO and its member unions served as professional associations – they closely regulated the admission of new members into the professions and oversaw salaries and the working conditions of their members. Due to higher educational standards in the population, SACO experienced rapid growth in the 1990s, increasing its membership by 40 per cent since 1990. This contrasts with the two other federations, with little (TCO) or negative (LO) membership growth during the same period (Fahlbeck 1999: 6).

In July 2003, the leaders of the Swedish Association of Local Authorities (Kommunförbundet) and the Swedish Federation of County Councils (Landstingsförbundet), Ilmar Reepalu and Lars Isaksson respectively, announced that they looked upon labour immigration as an important way of increasing tax income and meeting a growing demand for more workers in Sweden. In October 2003, two reports were issued by private sector social partner organisations, adding further fuel to a heated discussion, with so many actors finding the matter controversial that the government took a very cautious attitude to the issue (Berg 2003). The second report (Arbetskraftsinvandring) by the SN presented the private sector employers’ view that there was a need to allow more immigrant workers into Sweden, under the condition that they had been assigned to a job. SN had tried to ease the recruitment of migrant workers. According to the author of the report, Theodor Paues, this was important for Swedish companies in order to secure their skills base and create better growth conditions.

The report stated that there were two models for possible labour immigration in Sweden. The first involved centralised and collective labour immigration. Under this model,

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12 The theoretical framework uses a closed-economy general equilibrium factor proportion model to depict actors’ preferences, where native high-skilled workers consider high-skilled immigrants to be competitors. Under an open-economy model (see Hainmüller & Hiscox 2008), other assumptions would prevail. High-skilled workers might be interested in reciprocity with other countries (increasing mobility), or might benefit from higher labour market protection in public sectors than private sectors. In health care, for example, high-skilled immigrants might not have their credentials recognised or might not benefit from the established relationship between patients and doctors.
the AMS had the central role of assessing which sectors were short of labour, and job-seeking workers from outside the EU/EEA were then welcomed to the Swedish labour market, provided they were part of the identified shortage groups. Workers already in the labour market had first priority for jobs in Sweden. Employers had to show that it was impossible to find the kind of workers that they needed in Sweden or elsewhere in the EU/EEA in order to be allowed to take on a worker from somewhere else in the world. The report questioned whether the Swedish state, through recruiting offices in countries concerned, could conduct almost all the recruitment of immigrant workers. It stated that this was how the current very limited immigration of workers already worked and showed no support for this proposed model.

The second model involved decentralised and individual labour immigration. There would be no need for a central assessment procedure or a coordination of recruitment with other countries. Every company could assess its needs at local level and, if required, recruit new staff directly from other countries. It included the possibility of letting immigrant workers come to Sweden for a limited period, search for a job and then be allowed to stay if they concluded a contract with an employer. SN preferred the second model. It would be beneficial for companies if they could decide themselves which workers they wanted to employ. Migrant job-seekers could visit the prospective employer without going through AMS or any other authority. SN admitted that in the public sector there could be more need for centralised labour immigration. Public employers could also find a system where the recruitment of immigrant workers at the workplace level would be more efficient (Berg 2003).

Throughout the 2002 parliamentary election campaign, parliament and employers called on the government to propose a new legislation on the labour migration issue, but the Social Democratic government at that time did not feel pressured to make any changes. The Prime Minister, Göran Persson, said in a speech to the congress of the Swedish Union for Civil Servants (Statstjänstemannaförbundet, ST) on 11 November 2003 that there was no hurry to decide anything on labour immigration and that the need for Sweden to receive more migrant workers was not immediate, but five or 10 years in the future (Berg 2003). Labour shortages did not pose an immediate concern and demand could be met by drawing upon native workers (Bucken-Knapp 2007). Several reports pointed out that Sweden would suffer from labour shortages in some sectors by 2010 (especially health care due to an ageing population). While union federations, such as the LO, finally acknowledged in 2003 the
necessity of labour immigration to fill labour shortages; they pushed for the continued shared control of labour migration by unions, employers and the government. LO was supported by the two other union confederations, TCO and SACO, who favoured a centralised system and very limited labour immigration for shortage occupations.

Nevertheless, the parliament ordered in spring 2003 the creation of a committee to survey the issue and present a new legislation (Berg 2003). The government appointed a parliamentary committee named *An Overview of the Regulation of Immigration for Labour Market Reasons* to review the legislation on labour immigration. It was made up of representatives from all seven parliamentary parties, as well as some experts from relevant ministries, the Migration Board and the Swedish Labour Market Board.

While the SAP was not opposed to an overview of labour migration policy, it wanted to limit the parliamentary committee’s mandate for an analysis of “the need from labour migration for countries outside the EU and the consequences for the labour market” (Bucken-Knapp 2007: 13). The day after the bourgeois-Green alliance was publicly announced, the Minister of Working Life, Hans Karlsson, identified liberal labour migration as a threat to the long-term stability of the Swedish welfare state (Bucken-Knapp 2007: 13-14). The committee took the position that, while there was still no need for immigration for labour reasons, there could be a need in the near future (Storrie 2005). As the theory suggests, high-skilled and low-skilled union confederations found it beneficial to work together to achieve their desired policy output.

Coalition: HS labour + LS labour

*Exogenous factors*

Opinions and statements about labour market shortages differed among the actors. Capital’s preferences intensified for more open policies, while high-skilled labour considered the claim about shortages overstated and pushed instead for more restrictive policies.

*2006 New Commission Report*

*Actors*

<table>
<thead>
<tr>
<th>HS Labour</th>
<th>LS Labour</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Democrats</td>
<td>LO</td>
<td>Alliance between four bourgeois parties (Liberals,</td>
</tr>
</tbody>
</table>
Policy output

The 2006 Commission Report concluded that there was no widespread labour shortage in Sweden, but there could be shortages in specific occupations (such as healthcare and education sectors), labour market sectors and local labour markets and regions in Sweden. Mobility among occupations and regions was not enough to balance out these differences (Ministry of Justice 2006). The report proposed: 1) extending the permit to 24 months with the possibility of renewal after 48 months, then permanent residence (after 4 years); 2) basing the employment offer on labour market shortages; 3) letting the Labour Market Administration establish a shortage list and take decisions in consultation with social parties; and 4) connecting work permits to a specific occupation and specific employer during the initial permit period. If the person was still in the same employment when the work permit was reconsidered, the extended permit would be connected only to the occupation (EMN 2006: 8-9).
The connection to a specific occupation and employer achieved the purpose of ensuring that the labour requirement was actually met by the employer who had made the special effort of recruitment. In cases where the primary issue was a regional shortage within an occupation, the connection to the employer ensured that regional requirements were met. The Committee found that family members of persons granted permits on labour market grounds should be given residence and work permits to the same extent as presently. More effectively utilising people who were seeking jobs (e.g. foreign-born, people with disabilities and people over 55 years) and improving the employment rate were the most important aspects of preventing labour shortages (Ministry of Justice 2006: 36).

To be granted a job-seeker’s visa, the applicant needed to have an occupation for which there was an explicit need in Sweden. Labour migration from third countries could be a beneficial supplement that prevented the negative consequences of a labour shortage. Wages, insurance coverage and other terms of employment had to be equal to those required by Swedish collective agreements or the terms and conditions prevailing in the occupation or industry. Recruiting people from a third country in order to dump wages was not acceptable. Work hours had to be adequate for employees to earn enough to support themselves while in Sweden, and housing had to be arranged before they entered the country. The relevant union had to be given the opportunity to express an opinion. Labour immigration was an issue that affected the whole society, not only the individual and the employer. Accordingly, agency-based labour market consideration should be retained (Ministry of Justice 2006: 9-10). The LO was supposed to secure the position of organised labour (Bucken-Knapp 2007: 16).

Writing the majority of the report with the Left Party, the SAP proposed no change in the requirement that non-EU immigrants would only be granted access to sectors with labour shortages, as determined by AMS. The AMS would seek statements from relevant unions and employers. Lena Hjelm-Wallen, the committee chair and former SAP vice-Prime Minister, stressed the continuity between the overall proposal and current policy, emphasising how Swedish and EU workers would still take precedence over non-EU/EEA workers and evaluations of labour market needs could best be judged by AMS and trade unions, rather than by individual employers (Bucken-Knapp 2007: 15). The strong link between the unions, the Social Democrats/Left party and the AMS continued and was to be preserved under any circumstances.
The report gave the following reasons why Sweden needed to continue regulating labour immigration:

1) Regulated labour immigration put focus on the need for workers expressed as a labour shortage. Labour immigration should not be able to shut out workers already available in the country.

2) One purpose of the regulation was to ensure that wages, insurance coverage and other terms of employment for labour migrants would be equal to the conditions that applied to employees already in the country. In order to guarantee this principle of equal treatment, the relevant union had to be consulted and the decision on whether a person should be allowed to immigrate to work in Sweden should rest in the end with a government agency.

3) Generally speaking, government agencies should facilitate the positive impact on the Swedish labour market and economy through regulated labour immigration.

4) The Swedish welfare system was essentially open to anyone who lived in Sweden. Swedish society carried the responsibility for providing public service. This service also applied to people (and their families) who immigrated to work. Once they were on the population register and accepted as immigrants, they had the same rights and obligations in society as everyone else (EMN 2006).

The report proposal was supported by employers’ associations and some unions because it called for a more liberal labour immigration policy, but with continued regulation by labour market boards and unions. No change, however, could take place without the support of the government. With the 2006 election, the Social Democratic government was replaced by a centre-right coalition. Therefore, the SAP had become part of parliamentary opposition and was more or less silent on labour migration. It needed to find a new head of party after Persson’s resignation. However, it was worried that a new coalition government would cause labour immigration to be more open to counteracting labour market shortages, instead of focusing on retraining (unemployed) native workers. The Social Democrats’ main goal was full employment (Bucken-Knapp 2007). The connection between the unions and the Social Democratic remained strong (for example, the chairman of LO is member of the board of SAP), but the link between unions and the government was broken as the Social Democrats were no longer in government.
Coalition: HS labour + LS labour

Exogenous factors

Labour shortages were increasing in some sectors and regions. Capital’s preferences for more open policies became stronger. Yet, employers could not achieve their desired output until the government changed in 2006. Labour immigrants from new EU member states came in much smaller numbers than expected, so labour shortages in particular sectors still persisted.

3.3 2007 Work Permit Proposal

Actors

<table>
<thead>
<tr>
<th>HS Labour</th>
<th>LS Labour</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Democrats</td>
<td>LO</td>
<td>Government coalition (Conservatives, Christian Democrats, Liberals, Centre Party) and Greens</td>
</tr>
<tr>
<td>Left Party</td>
<td>TCO</td>
<td>Tobias Billström, Migration Minister</td>
</tr>
<tr>
<td>AMS (now PES)</td>
<td></td>
<td>SN</td>
</tr>
<tr>
<td>SACO</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Policy output

The new Swedish (centre-right) government proposed opening its borders to labour immigrants in order to decrease labour shortages and pressure on increasing wage levels. The legislative proposal allowed companies to hire workers from anywhere without having to look for a Swedish or EU citizen first, and introduced a three-month job-seeker permit which would allow non-EU nationals with the right qualifications to come to Sweden to find work. It would also remove time limits on work permits. Sweden’s Migration Minister Tobias Billström said there was need to increase immigration to compensate retirement levels. “There will be more to take care of and fewer to support these people,” he said at a press conference on 17 July 2007. “Increasing worker migration can be one way to solve this problem” (Workpermit 2007).
The proposal appeared to be very pro-capital. It would permit qualified foreign nationals to obtain a temporary visa in order to seek employment in areas where Sweden had a shortage of workers, such as care for the elderly. The county labour boards whose recommendations were needed for the issuing of work permits, would disappear and individual companies could determine labour market needs on their own. Billström followed the recommendations of the committee to a large extent. However, he wanted to remove the right of unions to block applications for work permits and make the HSI system more employer-driven (Business Region 2007). Nonetheless, unions would retain the right to state their opinion within five days. It would be sufficient for employers to prove that they had advertised without success through the Swedish Labour Market Board and the European Union’s EURES system, and that they were offering pay and terms and conditions in line with sectoral collective agreements. Immigrants would initially receive a work permit for two years and could apply for an extension of another two years if they were still employed at the renewal date (Federation 2007).

High-skilled immigrants could obtain permanent residency after four years. The permit extensions and permanent residency were considered as a “slight revolution” (interview SWE-GOV-2). The Labour Market Board would be left out of the decision-making process and all the control would transfer to the Migration Board, which would take care of issuing work permits, taxes, insurance, and decrease the red tape. Billström stressed that the unions’ role would not be diminished, even if they saw this point differently. According to LO, unions could be asked for their advice and approval in some cases of influence, but not in every work permit case (interview SWE-UNI-1).

The migration minister appeared very open and pro-employer oriented. He wanted to implement a demand-driven system since “employers knew the best what they needed”. They should also regulate the labour market, offer the same pay and employment protection to labour immigration in order to avoid exploitation and salary dumping (interview SWE-GOV-2). Therefore, the upholding of the Swedish model and the protection of native workers was still evident, although to a lesser degree than under the previous Social Democratic government. Even though Sweden did not take a sectoral approach to labour immigration, shortages were expected to be particularly severe in engineering, health care, teaching and mining (interview SWE-GOV-2). In addition, some regions were also affected more than others.
As expected, SN\textsuperscript{13} was widely behind the government’s proposal for a liberalised labour immigration policy. They had lobbied for a change since 2001. With the new proposal, employers would receive a lot of responsibility since they would determine the demand for jobs. In turn, the responsibility would be passed on to the Migration Board to check all documents and conditions and issue a work permit.

After finding that the current proposal was rather general in nature, covering labour immigrants with all skills, the positions of labour actors appeared consistent with the assumptions. LO displayed the most opposition to the proposal. The union confederation agreed that Sweden needed to reform its labour immigration policy, but it wanted to make sure that this was done in a way that upheld the Swedish model and left unions and the Public Employment Service (PES) in control (interview SWE-UNI-1). So many of the current labour migrants were low-skilled, and they were the ones working under worse conditions and for lower salaries than Swedish workers. The union confederation portrayed a concerned attitude and stressed the need to retain control over work permit decisions. Like in other countries, unions were afraid of a ‘cheap labour’ situation, in which employers selected migrant workers not for their competency, but for their lower wages (interview SWE-UNI-1).

The union confederation for university graduates, SACO, seemed to display an open position towards HSI. Some of its member unions had expressed more restrictive views on labour immigration. For instance, the largest union member, the Swedish Association of Civil Engineers (about 17 percent of all SACO members – Fahlbeck 1999: 6), has been the most opposed or concerned about labour immigration. It has witnessed discrimination and exploitation of immigrant workers, which then had undermined the working conditions and wages of native members. Chinese engineers, for example, had no safety net and could easily be exploited by employers if no collective agreements were in place (interview SWE-UNI-3). The Engineering Union would not accept that migrant employees were offered a lower salary or poorer working conditions than other employees holding a comparative position (interview SWE-UNI-2). The union was involved with the government on how to secure equal working conditions and not continue to have a “migration of cheap products”. If not properly

\textsuperscript{13}Sweden has three employers’ associations (government; industry; municipalities and counties), but this analysis will concentrate on the industrial one as most labour shortages appear in the industrial and service sectors. Nonetheless, the association for municipalities is also affected by the recruitment of health care workers.
controlled, salaries and social conditions could be affected negatively (interview SWE-UNI-2).

Sweden has experienced mainly low-skilled immigration and thus many safeguards were in place to protect native (high-skilled) workers through a strong credential system. In contrast to LO or TCO, many of SACO’s member unions were in the public sector (Fahlbeck 1999: 5), less affected by HSI than the private sector. The famous 2004 Vaxholm case, concerning Latvian construction workers working for less salary and under worse working conditions, would probably not happen in the case of high-skilled workers (according to SACO). A couple of months later, a newspaper article appeared which told of Polish dentists underbidding Swedish dentists. The chairman of SACO and the Dentists’ Union published a response, stating that they welcomed Polish colleagues. Swedish dentists also went to other countries, such as the UK. Most Swedes would be unlikely to switch their dentist since the dentist-patient relationship was often long-term and built on confidence (interview SWE-UNI-3). Public sector occupations were more sheltered from international competition than private sector ones and professional occupations were protected through a cartel-like structure.

TCO preferred HSI because high-skilled immigrants added as much as possible to the Swedish economy. Unemployed immigrants did not help the economy, and they were mainly unskilled. Doctors and engineers helped to raise Sweden’s productivity and innovation (interview SWE-UNI-4). Most of TCO’s member unions favoured immigration, but it had older members and competed with SACO for members. Labour immigration was a new issue to the union federation, which did not have a historical policy. TCO often worked together with LO because SACO found it difficult to join the cooperation. Even though TCO was in favour, it still stressed a regulated labour immigration policy in order to protect the Swedish labour force. SN did not have partners for cooperation on labour migration in the times of the SAP government, but the situation has changed with the new centre-right government who pay more attention to the capital side (interview SWE-UNI-4).

LO’s role was very important because it could control standards before a contract was issued in a demand-driven process. The focus was on upholding labour standards and labour agreements. They did not like the division between low- and high-skilled immigration since

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14 But TCO and SACO also have had meetings together and discussed closer cooperation (even forming one common confederation) some years ago.
conditions should be the same as labour shortages could appear at both skills levels. Employers had to respect local cost levels, otherwise competition would be on unequal conditions and there would be pressure on general wage levels. There were many cases of discrimination, especially in low-skilled sectors (interview SWE-UNI-1). About 50 percent of migrant workers were low-skilled, but very few of them were unionised since they stayed for only a short period of time and found the union fees very expensive.

It was not surprising that LO did not agree with the current government on some points of the proposal, especially those concerning the role of unions and the Swedish Labour Market Board (AMS, renamed PES from January 2008). Unions would not be asked for their opinion in every case, but only in cases of principle. They tried to limit the damages of the new system as best they could (interview SWE-UNI-1). It was unfair that the government appeared open-minded and portrayed unions as an ‘old-style, super power’. Yet, the government was exploiting immigrant workers and made only employers happy (interview SWE-UNI-4). Politics came into play, which diminished the important role of the unions in the labour market. Labour immigration was currently more a question about free or regulated migration (SN versus unions - LO, TCO). Committee suggestions proposed that unions should have a say, but not the AMS.

In anonymous discussions, interviewees shared their observations of union negotiations. It appeared that SACO preferred low-skilled immigration, whereas LO preferred high-skilled immigration. This would follow our assumptions that unions consisted mainly of low-skilled members. Apparently, SACO’s rhetoric indicated ‘yes’ to HSI, but when it came down to the nitty-gritty parts of the proposal, their answer was a further ‘no’ to HSI. SACO focused on the exclusivity of education for their members. HSI meant competition for their members; they did not favour it as much. Instead, low-skilled workers posed no threat since they often worked in households and thus helped high-skilled workers.

Low-skilled unions preferred HSI because high-skilled immigrants were complements, whereas unions with mainly high-skilled members favoured low-skilled immigration for the same complementary reason. It seemed evident that the immigration of complements was a better option than the immigration of substitutes since union members were protected from undercutting in the first case. TCO could be found more in the middle and thus was not as easy to place, as the position of their member unions differed depending
on the sector. Its members were skilled workers (about 50 percent had university degrees) (interview SWE-UNI-4).

The unions were primarily concerned with achieving better integration for Swedes outside the labour market and immigrants already in the country (interview SWE-GOV-3). Even though the unions and the Labour Market Board could oppose a work permit application, this did not happen very often as not all unemployed workers wanted to move from a south to a north region, for instance. The employer was thus left with a labour shortage and no workers (interview SWE-GOV-3).

Under the current system, if the relationship between employer and union was good and they approved the application, the Migration Board issued the work permit. The Migration Board had more of an administrative function, but this would change when the new proposal came into force (interview SWE-GOV-4). It was much easier to receive a work permit for labour immigrants for large companies because they often had their own labour unions in house and could enter into discussion with them directly. For instance, multinational companies like Ericsson had many intra-company transfers since it was unproblematic for getting work permits. Ericsson had a “right for an international exchange and no advertisement was needed. It was very hard to say no to their application and tell them that they did not need to transfer this particular employee” (interview SWE-GOV-5). Small companies posed greater difficulties, as they were not as formally linked with a union, and some occupations did not have collective agreements, or even a union (e.g. Indian IT workers). In this case, it was hard to watch labour conditions and rights (interview SWE-GOV-4).

AMS (now PES) supported the close relationship with the unions. “It was advisable to have contact with unions. Some sectors were very unionised (e.g. construction), so if they said no, we said no” (interview SWE-GOV-5). They were worried that they could hear accusations that native workers were released from jobs, but they hired more immigrants (interview SWE-GOV-5). The PES had to make sure that there was no social and salary dumping. Unions and AMS were concerned, and their decisions were based on these two principles (interview SWE-GOV-5). In Sweden, unions have been deeply involved in the political movement and made up a major factor in the country. It was important for the government to retain friendship with them, even for the current centre-right government
However, union membership was falling as the new government had increased union fees (interview SWE-GOV-5). Some sectors were highly regulated and licensed, such as the health sector. In contrast, the IT sector was not regulated, and thus it was easier for immigrants to come to Sweden and start working in their occupation (interview SWE-GOV-5).

The SAP tried to keep the existing system, in which the Swedish National Labour Market Board (AMS) determined labour market shortages and consulted unions and employers. The SAP thus wanted to protect the link between the political party, the unions and the AMS. Sweden had an election in the autumn of 2006, in which immigration issues did not play such a significant role (Green-Pedersen & Odmalm 2008). The centre-right coalition (‘Alliance for Sweden’) won the elections and came to power. Therefore, the previously strong link between unions and the Social Democratic party was broken. In contrast, Prime Minister Fredrik Reinfeldt and the Minister of Migration, Tobias Billström, favoured a change in immigration legislation and presented a proposal in July 2007, which would ease labour immigration from outside the EU.

The Alliance for Sweden was a coalition made up of four different parties who had no common migration policy and did not think along the same lines. The Conservatives (Moderaterna) and the Christian Democrats presented a liberal approach to labour immigration. The Conservatives had already expressed an open attitude towards labour immigration in their 1997 manifesto. The position of the centre-right was in contrast to the left and the unions (Green-Pedersen & Odmalm 2008). The Christian Democrats, the Centre and the Liberal Party worked more in line against the Greens and the Left Party. Nevertheless, the spokesman of the Green Party was present at the press conference when the migration minister introduced the proposal on labour immigration. This demonstrated that the proposal was in line with the Greens’ policy (interview SWE-GOV-3).

In contrast, the Social Democrats and the Left Party had different views to those held by the government coalition. The Social Democrats were not particularly open towards labour immigration (interview SWE-GOV-5). The challenge for the SAP was to create a coalition between blue-collar and white-collar workers (interview SWE-GOV-1). Voters were concerned that immigrants worked for lower salaries and thus constituted competition for native workers, leading to decreased salaries and higher unemployment for native workers.
workers. Therefore, the SAP stressed that equal working conditions and salary levels for immigrant and native workers were of crucial importance (interview SWE-GOV-5). Their main focus was on those outside the labour market, such as refugees, the unemployed and the elderly. The Left Party believed that social dumping could become a risk if unions’ influence on labour force demand diminished and the control of working conditions and wages was compromised (Brunk 2007). The SAP and the Left Party portrayed the same position as the labour unions. Their strong link allowed them to block any policy changes when the Social Democrats were in power until the 2006 election.

Migration Minister Billström had the necessary support to push the legislation through parliament, even though the Social Democrats were joined by some of the minister’s Alliance colleagues in favouring a more restrictive system involving the Labour Market Board (O’Mahony 2007). Consultation on the proposal ran until November 2007 and the Parliament voted on the proposal in November 2008. The new law came into force on 15 December 2008.

The new law states that an applicant (outside the EU/EEA area) for a work permit must have an offer of employment from a Swedish employer. The job must have been advertised in Sweden and the EU for ten days. The terms of employment must be equal to or better than those provided under a Swedish collective agreement or that customary for the occupation or industry, and the employee must earn enough from employment to support himself/herself. The scope of the work is such that the monthly wage is at least SEK 13,000 before tax. The relevant trade union has been given the opportunity to express an opinion on the terms and conditions of employment (Migrationsverket 2009a).

A work and a residence permit are granted for a maximum of two years at a time. Then the employee is eligible for a permanent residence permit. However, the permit is restricted to a specific occupation and a named employer for the first two years. If the residence and work permit is extended after two years, it is restricted only to a specific occupation. If the employee changes occupations, he/she must apply for a new work permit. In case the employee loses the job, he/she can look for other employment for three months after the date the previous employment finished. If no job is found during that period, the Migration Board may withdraw the residence permit and the employee must leave the country (Migrationsverket 2009a). In addition, if the permit of the employee is valid for at
least six months, family members may be granted a residence and a work permit for the same duration (Migrationsverket 2009a).

Since the strong link between unions and the left parties was weakened with the 2006 election, high-skilled labour lost its powerful influence at the political level. The centre-right government was free to pass its open policy proposal, close to capital’s preferences. From this point, labour lost a lot of its influence as the government was not as strongly linked with the unions as the previous one. Unions still remained involved, but to a lesser degree. As the theoretical framework had predicted, representation of high-skilled labour is possible when (high-skilled) unions and left parties reinforce each other by presenting a unified block. The coalition between capital groups resulted in a more open policy. Political parties and employers’ associations representing capital had stronger incentives to push for liberalisation due to increasing sectoral labour shortages.

Coalition: Capital

*Exogenous factors*

Labour shortages were increasing in some sectors (e.g. health care) and regions – this intensified capital’s preferences for more open policies and gave them a greater incentive to push for its desired policy. Labour immigration from new EU member states was relatively minor, so labour shortages in particular sectors still persisted.

### 3.4 Evaluation of New Immigration Policy

Migrationsverket (Migration Board) published the first review of a new comprehensive labour policy in June 2009. According to the data from January to June 2009, work permits were granted to a wide range of professions, including computer specialists, engineers and technicians, with India as the main source country (followed by China). Stockholm was the main destination in Sweden, although municipalities that employed berry-pickers were in second to sixth positions. Trends in permit allocation varied seasonally, with increases in April and mainly May due to the large number of agricultural workers (Migrationsverket 2009b). The new law introduced the opportunity for asylum seekers and students to apply for a work permit without having to leave Sweden. The following figures and tables present the first statistics on work permit allocation after the new immigration law was introduced on 15
December 2008. Applications from artists, athletes, visiting scientists and entrepreneurs, work permit renewals and relatives of employees, were excluded.

Figure 2: Total Number of New Permits (Granted and Pending) (January-June 2009)$^{15}$


As mentioned earlier, most work permits were granted (and pending) in May, but this had to do with the agricultural workers coming to do berry-picking over the summer. This seasonal trend can be controlled for by looking at last year’s trends. If data for May is excluded, the average number of permits granted from January until May was 907 permits/month.

$^{15}$ This figure includes four categories (migrant workers, requests from workers seeking work permits while they are in Sweden for a visit, former students and former asylum-seekers). The last three categories made up an additional 871 granted (and 708 pending) work permits over the period.
Table 1 ranks the fifteen most common nationalities among work permit applicants. Applicants from India and China were on top in terms of numbers, at least until May. Thailand had a considerable number of applicants in May, mostly for berry-picking over the summer (Migrationsverket 2009b: 3).

Looking at previous Migration Board statistics\(^{16}\), the top three countries in terms of number of work permits were Thailand, followed by India and China. The largest groups in 2008 were: Thailand (3,982 permits), India (2,387 permits), China (1,948 permits), Ukraine (1,261 permits), United States (712 permits), Australia (338 permits) and Russia (324 permits). It seems that the nationality pool has not changed with the new law.

Table 1: Work Permits Granted by Nationality (January-June 2009), All Categories

<table>
<thead>
<tr>
<th>Nationality</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
</tr>
</thead>
<tbody>
<tr>
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<td>20</td>
<td>20</td>
<td>78</td>
<td>298</td>
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<td>612</td>
<td>745</td>
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<td>China</td>
<td>102</td>
<td>189</td>
<td>307</td>
<td>427</td>
<td>497</td>
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<tr>
<td>Ukraine</td>
<td>22</td>
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<td>196</td>
<td>231</td>
<td>324</td>
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<tr>
<td>Vietnam</td>
<td>6</td>
<td>14</td>
<td>31</td>
<td>46</td>
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<tr>
<td>Serbia</td>
<td>41</td>
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<td>132</td>
<td>153</td>
<td>165</td>
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<tr>
<td>Turkey</td>
<td>19</td>
<td>52</td>
<td>90</td>
<td>120</td>
<td>160</td>
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<tr>
<td>Russia</td>
<td>17</td>
<td>44</td>
<td>69</td>
<td>129</td>
<td>144</td>
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<tr>
<td>Iran</td>
<td>33</td>
<td>45</td>
<td>77</td>
<td>108</td>
<td>140</td>
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<td>Iraq</td>
<td>12</td>
<td>42</td>
<td>69</td>
<td>88</td>
<td>128</td>
</tr>
<tr>
<td>USA</td>
<td>32</td>
<td>50</td>
<td>72</td>
<td>92</td>
<td>113</td>
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<tr>
<td>Pakistan</td>
<td>25</td>
<td>46</td>
<td>63</td>
<td>73</td>
<td>96</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>21</td>
<td>36</td>
<td>44</td>
<td>60</td>
<td>80</td>
</tr>
<tr>
<td>Other</td>
<td>249</td>
<td>515</td>
<td>822</td>
<td>1057</td>
<td>1274</td>
</tr>
<tr>
<td>Total</td>
<td>837</td>
<td>1654</td>
<td>2662</td>
<td>3627</td>
<td>7560</td>
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</tbody>
</table>

Source: Migrationsverket 2009b: 3.

\(^{16}\) http://www.migrationsverket.se/
Table 2: Work Permits Granted by Occupation, All Categories (January-June 2009)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers in agriculture, horticulture, forestry and fishing</td>
<td>--</td>
<td>22</td>
<td>47</td>
<td>88</td>
<td>2667</td>
</tr>
<tr>
<td>Computer specialists</td>
<td>210</td>
<td>394</td>
<td>601</td>
<td>773</td>
<td>882</td>
</tr>
<tr>
<td>Housekeeping and restaurant staff</td>
<td>23</td>
<td>69</td>
<td>141</td>
<td>215</td>
<td>302</td>
</tr>
<tr>
<td>Civil engineers, architects etc</td>
<td>54</td>
<td>107</td>
<td>158</td>
<td>198</td>
<td>232</td>
</tr>
<tr>
<td>Engineers &amp; technicians</td>
<td>38</td>
<td>74</td>
<td>96</td>
<td>155</td>
<td>172</td>
</tr>
<tr>
<td>Plant growers in agriculture and horticulture</td>
<td>1</td>
<td>9</td>
<td>55</td>
<td>109</td>
<td>126</td>
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<tr>
<td>Building and construction</td>
<td>3</td>
<td>17</td>
<td>28</td>
<td>96</td>
<td>111</td>
</tr>
<tr>
<td>Cleaners</td>
<td>6</td>
<td>14</td>
<td>28</td>
<td>46</td>
<td>88</td>
</tr>
<tr>
<td>Business economists, marketers and</td>
<td>18</td>
<td>33</td>
<td>48</td>
<td>61</td>
<td>72</td>
</tr>
<tr>
<td>Kitchen and restaurant helpers</td>
<td>3</td>
<td>12</td>
<td>25</td>
<td>39</td>
<td>65</td>
</tr>
<tr>
<td>Foresters</td>
<td>20</td>
<td>20</td>
<td>45</td>
<td>45</td>
<td>55</td>
</tr>
<tr>
<td>Health and social care staff</td>
<td>5</td>
<td>10</td>
<td>20</td>
<td>36</td>
<td>42</td>
</tr>
<tr>
<td>Sellers, buyers, brokers etc.</td>
<td>3</td>
<td>6</td>
<td>15</td>
<td>26</td>
<td>36</td>
</tr>
<tr>
<td>Butchers, bakers, confectioners etc.</td>
<td>2</td>
<td>5</td>
<td>11</td>
<td>23</td>
<td>32</td>
</tr>
<tr>
<td>Journalists, writers, performing</td>
<td>17</td>
<td>19</td>
<td>24</td>
<td>25</td>
<td>30</td>
</tr>
<tr>
<td>artists etc</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>57</td>
<td>146</td>
<td>253</td>
<td>401</td>
<td>554</td>
</tr>
<tr>
<td>Total</td>
<td>460</td>
<td>957</td>
<td>1595</td>
<td>2336</td>
<td>5466</td>
</tr>
</tbody>
</table>

Source: Migrationsverket 2009b: 36.

Table 2 shows that the occupations with the most work permits granted were (from most to least): Sweden has experienced labour shortages in both low- and high-skilled sectors, and the new immigration policy was designed to counter that. The number of agricultural workers increased drastically in May, when seasonal workers were recruited for berry-picking, for example. Among high-skilled workers, computer specialists constituted the largest group. Civil engineers and architects were also important.
Table 3: Work Permits for Migrant Workers and Seasonal Workers, 2005-2009 (first half)\textsuperscript{17}

<table>
<thead>
<tr>
<th>Permits</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009 (first half)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migrant workers</td>
<td>3,135</td>
<td>3,567</td>
<td>4,829</td>
<td>7,508</td>
<td>3,990</td>
</tr>
<tr>
<td>Seasonal workers</td>
<td>496</td>
<td>70</td>
<td>2,358</td>
<td>3,747</td>
<td>6,056</td>
</tr>
</tbody>
</table>

Source: Migrationsverket 2009c.

Table 3 demonstrates that the number of migrant workers increased gradually from 2005 to 2009. In the first six months, the number of work permits granted was already more than in 2005 and 2006, although below the annual numbers in 2007 and 2008. But there are still six months left to examine whether the new policy led to important increases in work permits. The number of seasonal workers in the first half of 2009 has already surpassed the annual numbers of recent years. It seems that the agricultural sector might be more insensitive to changes in the macro-economy and could be an indicator of a significant increase in the number of work permits after the policy change.

Overall, it is still too early to evaluate the success of the new immigration policy. Even though new categories were created, it would be beneficial to compare the number of work permits at the end of with the number during the past years under the old system. However, demand for migrant workers could have been down due to the economic crisis. Policy outputs do not always correlate with policy outcomes, and thus an open labour immigration policy does not necessarily translate into success of attracting migrant workers. Other factors come into play, such as economic and labour market situation, language, networks, among others. But the new policy demonstrates Sweden’s liberal approach toward an efficient and flexible recruitment of migrant workers. In addition, it breaks with Sweden’s tradition of restricted policy-making, at least for labour immigration.

\textsuperscript{17} The table does not consider other work permits, such as family members, guest researchers, trainees/au pair, artists, and other categories.
4. Conclusion

In Sweden, we have seen a coalition between high-skilled labour and low-skilled labour for many years. Therefore, no policy change occurred, when high-skilled labour and low-skilled labour built a coalition. A link between unions and left parties offered high-skilled labour political representation and enabled more restrictive policies. High-skilled unions established links with the Social Democrats/Left Party, as well as with low-skilled unions and could achieve more restrictive policies. However, a liberalisation in labour immigration was possible when capital built a coalition. This took place with the change in government in 2006, where the centre-right coalition government presented a more capital-oriented position. This change weakened the link between unions and the government and gave more power to the capital side. As the theory would suggest, the Swedish case demonstrated the importance of coalitions for achieving particular policy changes. Both labour market actors and political actors played a significant role. The unions built a coalition to resist more liberal policy changes, and they were in turn supported by the link with left parties. Once a government change took place, this link was weakened, and employers’ associations received support for their interests from (centre) right parties.

This paper has provided a first overview of Sweden’s labour immigration changes. The Immigration Law of 2008 is of particular interest because it introduced a number of changes for labour immigration, such as making it easier for both low- and high-skilled workers to obtain a work permit in Sweden, and also to for students and asylum-seekers to stay in the country. Based on the available data for the first five months, Sweden has granted 7,560 work permits in total, with another 6,342 pending. The next years will show whether the new law was a ‘slight revolution’ in Sweden, and whether the liberal policy has achieved its objectives of attracting labour immigrants to the country. Further research should evaluate the new immigration policy over a longer period of time, and analyse how the policy output transfers into policy outcomes (labour immigration flows).
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http://pdf.mutual-learning-employment.net/pdf/05_irland/SE_Storrie.pdf


### Appendix A: Political Coalitions and Policy Outputs

<table>
<thead>
<tr>
<th>Coalitional line-up</th>
<th>Winner</th>
<th>Predicted HSI Output</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pair A:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) HS Labour + LS Labour vs. Capital</td>
<td>HS Labour + LS labour</td>
<td>Restrictive</td>
</tr>
<tr>
<td>2) HS Labour + LS labour vs. Capital</td>
<td>Capital</td>
<td>Open</td>
</tr>
<tr>
<td><strong>Pair B:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) HS Labour + Capital vs. LS Labour</td>
<td>HS Labour + Capital</td>
<td>Restrictive</td>
</tr>
<tr>
<td>2) HS Labour + Capital vs. LS Labour</td>
<td>LS Labour</td>
<td>Open</td>
</tr>
<tr>
<td><strong>Pair C:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) LS Labour + Capital vs. HS Labour</td>
<td>LS Labour + Capital</td>
<td>Open</td>
</tr>
<tr>
<td>2) LS Labour + Capital vs. HS Labour</td>
<td>HS Labour</td>
<td>Restrictive</td>
</tr>
</tbody>
</table>

### Appendix B: HSI Openness Index

Source: The construction of index is explained in Cerna (2008).
SULCIS is a multi-disciplinary research center focusing on migration and integration funded by a Linnaeus Grant from the Swedish Research Council (VR). SULCIS consists of affiliated researchers at the Department of Criminology, the Department of Economics, the Department of Human Geography, the Department of Sociology and the Swedish Institute for Social Research (SOFI). For more information, see our website: www.su.se/sulcis

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<th>Year</th>
<th>Authors</th>
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<tr>
<td>2009:4</td>
<td>Andersson Joona, P and Nekby, L.</td>
<td>“TIPping the Scales towards Greater Employment Chances? Evaluation of a Trial Introduction Program (TIP) for Newly-Arrived Immigrants based on Random Program Assignment – Mid Program Results.”</td>
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<td>2009:6</td>
<td>Arai, M., Besancenot, D., Huynh, K. and Skalli, A.</td>
<td>“Children’s First Names and Immigration Background in France”</td>
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<td>2009:8</td>
<td>Hedberg, C.</td>
<td>“Intersections of Immigrant Status and Gender in the Swedish Entrepreneurial Landscape”</td>
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