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**Swedish Labour Immigration Policy:
The Role of Unions, Employers
and Political Parties**

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Abstract: For several decades, Sweden – a country characterised by high union density rates and a strong degree of corporatism – was one of the most restrictive Organisation of Economic Development and Cooperation (OECD) countries in terms of labour immigration policy. This was drastically changed in 2008 when a new immigration law was passed that was employer-driven and very different to the previous one. Why did one of the most restrictive countries in terms of labour immigration suddenly become one of the most liberal ones? The paper argues that it is necessary to consider labour market institutions and their consequences in terms of power relations on the labour market. These factors will influence the preferences, strategies and chances of success for various policy actors. A decline in union power and corporatism in Sweden had important consequences for its labour immigration policy because of the *de facto* control unions held over this policy area. This created opportunities for mainly employers and centre-right parties to become more active and adopt more liberal policy positions than previously. The paper analyses policy developments since the 1960s and draws on official documents, position statements, party manifestos, media coverage and original elite interviews.

Keywords: employers' associations, labour market institutions, labour migration, political party, public policy, Sweden, unions

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Introduction

For several decades, Sweden was one of the most restrictive Organisation of Economic Development and Cooperation (OECD) countries in terms of labour immigration policy. Labour immigration was not planned on a large scale and was not used as remedy for problems of the economy (Cerna 2009; 2014; Boräng 2012; Hammar 1985). This was drastically changed in 2008. In May of that year, the centre-right coalition government submitted a new policy proposal to the *Riksdag* that was very different from the previous one. The *Riksdag* approved the proposal, and the new immigration law came into force in December 2008. The law made immigration policy more employer-driven and turned Sweden into one of the most open countries in the OECD. These changes were considered as a “slight revolution” (Interview GOVI, 23-May-2008). The central puzzle for this paper is how such a drastic policy change in 2008 can be explained. Why did one of the most restrictive countries in terms of labour immigration suddenly become one of the most liberal ones?

In contrast to existing literature, this paper starts from the premise that if we are to understand this radical policy shift, we cannot limit the analysis to recent policy developments. First, we have to explain why Sweden, for several decades, was the most restrictive among the OECD countries in terms of labour migration policy. Changes over time in the factors that kept labour migration policy restrictive can then shed light on recent changes in a more liberal direction.

For the Swedish case, we argue that it is necessary to consider labour market institutions and their consequences in terms of power relations on the labour market. These factors will influence the preferences, strategies and chances of success for various policy actors – including political parties. While party ideology has been shown to be useful in explaining more recent policy positions and a liberal policy output (Berg & Spehar 2013), it fails to clarify previous party positions (or rather a lack of clear positions) and a restrictive policy output.

The main argument in this paper is that as a consequence of both the institutional settings on the labour market and the unions’ ability to form strong alliances, trade unions, and in particular the blue-collar union federation *Landsorganisationen* (LO), had an exceptional power over labour migration policy for several decades. As unions, and their coalition partners, in practice had control over the question of labour migration, there was little room for either other labour market actors or party ideology to shape policies in this area.

Previous research has shown that unions can have considerable influence on labour immigration policy, but also that union responses to labour immigration as well as their relative success have differed depending on national contextual factors, in particular on the relative power

position of unions in a society (Penninx & Roosblad 2000)¹. In some contexts, unions have had enough power over policy to be able to set the terms for labour migration (Penninx & Roosblad 2000). We also know that the challenge of globalisation has caused unions in some settings – notably where unions have not been able to set the terms – to modify their responses to labour migration (Watts 2002).

However, we know less about the consequences of declining union power for labour immigration in contexts where unions have traditionally been very strong and have enjoyed significant power over labour immigration. In fact, this is where we would expect the most drastic changes to take place, precisely for the reason that labour immigration has been previously kept at extremely low levels in these contexts.

Sweden is a particularly interesting case study for two reasons. First, Swedish unions have long been extremely strong, both in terms of membership and their position in society. At its peak in 1985, Swedish union density reached 85 percent (Kjellberg 2009) and the strong corporatist arrangements between employees, employers and the state guaranteed the unions significant influence over policy decisions and implementation (Lindvall & Sebring 2005). Moreover, unions were able to form strong alliances around labour immigration - between blue-collar and white-collar unions as well as between unions, political parties and government agencies. Second, union strength has, during the last decades, been dramatically reduced (Kjellberg 2015): the decline of corporatism in Sweden has deprived unions of privileged access to decision making and implementing bodies (Lindvall & Sebring 2005) and the alliances formed around labour migration policy have weakened.

As we aim to show in this paper, this has had significant consequences for labour immigration policy. Trade unions, and in particular the blue-collar union federation LO, for several decades had exceptional power over labour migration policy. In addition, LO collaborated extensively with the government on migration, highlighting a distinctive nature of the Swedish system. Since unions and their coalition partners de facto controlled labour migration policy, there was little scope for other actors to shape policies in this domain. Consequently, during this time Sweden was one of the most restrictive OECD countries in terms of labour immigration policy (Cerna 2009; Boräng 2012; Hammar 1985).

However, as union power weakened, opportunities for other actors to formulate policy alternatives and to reform policy opened up. Employers and centre-right parties became more active and adopted more liberal policy positions than previously. This process culminated with the 2008 introduction of a new labour migration law which made immigration policy more employer-driven and turned Sweden into one of the most open countries in the OECD. These changes were

¹ See also Freeman et al. 2005 for a discussion on the effect of labour market institutions on policies.

considered as a “slight revolution” by the former Swedish Immigration Minister (Interview GOVI, 23-May-2008).

The findings are based on official documents, position statements of relevant actors, party manifestos, media coverage, and the literatures on labour market organisation, immigration and political representation. They are complemented by 16 original interviews with elites, which offer new qualitative data as the existing literature draws sparingly on interviews. Interviewees included the former Minister of Immigration; officials of the Migration Board, Public Employment Service and different ministries; representatives of unions (LO, TCO, SACO), employers’ associations (SN) and political parties. The interviews were conducted in Stockholm during May-July 2008 under Chatham House rules. Therefore, interviewees are referred to using a code (e.g. GOVI). The interviews serve three objectives. First, they complement the position statements of parties, ministries, unions and employers’ associations. Second, they are key for identifying alliances between actors and confirming actors’ preferences. Third, they assess the extent to which political parties and interest groups explain the preferred and then implemented policy output.

The next section presents the main argument about the influence of labour market institutions and trade union power on labour migration. The empirical part first discusses Swedish labour migration policy since the 1960s in light of the theoretical argument. It goes on to elaborate on the recent policy changes, arguing that they should be understood against the background of the more profound shifts that have taken place in terms of union power and reorientation of policy positions. The last section offers some concluding remarks.

Literature and argument

The main argument in this paper is that for long the institutional setting of the labour market enabled union influence and constrained party politics in the area of labour migration. This introduced a bias in the policy-making process, making restrictive policy likely to prevail. The more recent liberalisation of Swedish immigration policy towards third-country nationals should therefore be seen against the background of the profound changes that have taken place within labour market relations in Sweden, including a severely weakened position for unions. We thus differentiate ourselves from explanations that propose (1) economic and demographic arguments, (2) the role of political parties and party ideology, and (3) the impact of globalisation on unions.

First, perhaps the most common explanation for the liberalisation of labour immigration is that policy-makers aim to solve the problem of labour shortages that result from either temporary booms or an increased structural demand, following, for example, a changed demographic structure (Borjas 1989; Boswell & Geddes 2011; OECD 2003&2011). However, these factors cannot explain

the Swedish case. The previous selective policy prevailed through periods of very low unemployment and severe labour shortages – whereas the new liberal policy was introduced and defended in the midst of a global economic crisis that caused many countries (facing similar or more severe demographic challenges) to limit labour immigration (Chaloff et al. 2012).

Second, we also depart from alternative explanations which focus on the role of political parties and party ideology (Berg & Spehar 2013, Green-Pedersen & Krogstrup 2008, Green-Pedersen & Odmalm 2008, Odmalm 2012). For example, Berg and Spehar (2013) explain Sweden's current liberal labour migration regime by analysing the preferences of the political parties based on ideological party differences. However, if we take a longer time perspective, it becomes clear that the preferences of political parties show important variation over time, which in itself calls for an explanation. Moreover, as we will show below, party ideology and struggle have long played a surprisingly limited role in labour immigration policy-making in Sweden while it has more recently gained in importance.

Third, we differentiate our work from previous studies on unions and labour immigration that suggest that as a consequence of globalisation, union leaders have begun to support more open immigration policies due to the recognised need for labour immigrants (Haus 2002; Watts 2002).

According to the “classical” view of unions and immigration, unions are expected to resist immigration since it could pose a threat to the native labour force. From their perspective, a surplus labour pool, particularly of non-unionised labour, undermines the power of the unions and, as discussed above, could depress wages (Avci & McDonald 2000; Castles & Kosack 1973). Yet, Roosblad and Penninx (2000) show that unions can pursue a number of different strategies. Which strategies are chosen partly follows from the degree of union power in society.

When unions refrain from trying to stop labour immigration, and instead bargain about the terms of that immigration, they can choose between two principal strategies: they can demand either equal rights – including wages and working conditions – for all workers, or that labour immigration is steered towards particular sectors – usually sectors with working conditions that native workers shun (Boräng 2012).

The first strategy – national-level wages and conditions – evens out differences between foreign and native workers, and will lead to a situation where employers do not have an obvious reason to prefer foreign labour. The second strategy has often included granting only temporary residence permits that are tied to employment in a specific sector or even with a specific employer, clearly aimed at making foreign labour equal to flexible labour. This is likely to render foreign and native workers complementary, and thus contribute to a certain structural demand for immigrant workers. Of these two strategies, the first will likely lead to the smallest number of labour immigrants in the economy, at the same time it is probably the one that is most difficult for unions to pursue (Boräng 2012).

The success of attempts both to resist labour immigration and to influence the conditions under which it takes place is likely dependent on the institutional strength of the union. This strength stems both from organisational factors – such as a large membership (Rose & Chaison 1996) – and from the institutions affecting unions' position in society, such as a privileged position in the institutional framework governing the labour market. For example, this is the case when unions are included in the process of implementing labour immigration policy, are part of centralised bargaining or have a large impact on overall conditions on the labour market. Corporatist arrangements are crucial in this regard, as they incorporate unions into the policy-making network (Katzenstein 1985; Thelen 1994).

Moreover, power could stem from alliances between different unions or strong links between labour market actors and political parties. Beginning with alliances between unions, it can be assumed that actors have different policy preferences regarding high-skilled and low-skilled immigration. Native high-skilled labour has restrictive high-skilled immigration preferences as high-skilled immigrants constitute labour market competition for them (Chiswick 2005). Native low-skilled labour is likely to support more open high-skilled immigration as these workers can benefit from increased job opportunities (Chiswick 2005, O'Rourke & Sinnott 2006). However, unions representing high- and low-skilled labour can form an alliance against employers for more restrictive policies if they can agree on a bargain. For example, restrictiveness towards high-skilled immigration is offered in return for the protection of low-skilled labour against low-skilled immigration or for support of their efforts for higher wages (see Cerna 2009).

Turning to the links between labour market actors and political parties, it has been shown that in countries with strong union and left party linkages, labour representatives can gain representation for their preferred policy (Kitschelt 1994). In sum, it is expected that a strong union position – granted by organisational factors, labour market organisation, or by the ability of unions to form powerful alliances – will contribute to restrictive labour immigration policies. If unions are strong enough, they can even come to control the issue.

What happens as union power decreases? Haus (2002) and Watts (2002) suggest that unions have changed their stance considerably regarding labour migration. Against decreased union power and globalisation, unions have built alliances with employers in accepting labour migration, but have tried to set salary levels and working conditions as flows of migrants could not be stopped with restrictive policies. In contrast to previous periods, union leaders, according to Watts (2002), have begun to support more open immigration policies and recently unions rather than employers have been the driving force behind efforts to change immigration policy in a more liberal direction. This is due to the unions' need to develop more effective organisation strategies and diminish migrants' precarious economic and legal condition stemming from restrictive policies.

These studies – focusing on unions in Spain, Italy, France and the United States – provide important insights into the changed role of unions in the area of labour migration. Yet, we argue that we should not expect these processes to unfold in the same way in contexts where unions have traditionally been very strong and have enjoyed an effective veto over labour migration such as in Sweden (see Eucken-Knapp 2009).

Under conditions where unions influenced labour migration from an extremely privileged position, we would expect that, when challenged, they try to defend their veto position rather than move to a strategy where immigration is accepted but the terms are negotiated. The reason is that compared to contexts where unions have always negotiated labour migration from a weaker position, losing control over labour migration would be perceived as a greater impairment compared to the previous position. Shifts in power - rather than changes in union strategies – would then explain changes in labour immigration policies.

Additionally, when unions are so dominant that they have an effective veto over migration policy, this is likely to function as a strong disincentive for other actors – not least political actors that could potentially demand more liberal policies – to engage in this policy area, since costs are high and the chances of success are very limited. If, however, there is a shift in union power, this is likely to impact other actors' positions and chances of success.

Consequently, it is expected that as union power diminishes, this will facilitate policy shifts in a more liberal direction – not so much by changes in union strategies as by shifts of *other* actors' positions as well as their relative chance of success. It could also be expected that these changes will be all the more dramatic since unions in these contexts were able to keep labour immigration artificially low. Notably, the argument in this paper concerns third-country nationals. This way, it complements studies such as Bengtsson (2013;2014) who analyses union responses to intra-EU migration. The next section examines the strong position of Swedish unions and its consequences for labour immigration policy.

Unions and labour immigration policy in Sweden

Why was Swedish labour migration policy so selective for decades, even during times of labour shortages? First, we can conclude that unions have traditionally enjoyed a strong power over immigration policy-making, a power that corresponded to their generally strong position in Swedish society. For a long time, Sweden had among the highest – or the highest – union density in the world (Visser 2013). Moreover, Sweden has often been used as a key example for corporatist policy-making due to the power of employees and employers (Kenworthy 2003:11). Institutional constraints have affected actors as immigration policies were negotiated in a corporatist setting

between the state and the main social partners (Dahlström 2004; Freeman 1995; Geddes 2003; Hammar 1999). They thus followed how other policies were proposed and decided upon (Arter 2006; Lindvall & Sebring 2005).

Notably, Swedish unions have often had the upper hand – not least in the area of labour migration policy – due to the strong foundations provided by the corporatist setting. This can also be attributed to the strong coalition between the *Social Democratic Party* (SAP) and LO (Lundqvist 2004). High-skilled and low-skilled labour in Sweden managed to keep an alliance over a long period of time, which added to the strength of unions. 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 *Tjänstemännens Centralorganisation* (TCO) and the professional/academic union confederation *Sveriges akademikers centralorganisation* (SACO) (Kunkel&Pontusson 1998). The main (low-skilled) union confederation LO was supported in its efforts by TCO and SACO.

There was also an alliance that apart from the Social Democratic Party and unions included a national agency; the *Swedish National Labour Market Board* (AMS). The link between LO, the Social Democrats and AMS at the time has been described as an “iron triangle” (Lindvall & Sebring 2005:1063). AMS administered the labour migration policy of 1968, and the Social Democrats and AMS repeatedly supported LO’s position on labour migration (Waara 2012:145). In fact, for a long time, Swedish unions enjoyed *de facto* veto power over labour immigration (Hammar 1985; Brochmann&Hammar 1999). In sum, unions had a very privileged position in migration policy-making, stemming both from the corporatist setting and its alliances with other influential actors. As we shall see, this has been of great importance for the making and persistence of selective labour migration policies.

Union power and the development and maintenance of restrictive labour immigration policies in Sweden

The end of World War II left Sweden in great need of labour since economic growth was high and unemployment low (Wadensjö 2009). 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. 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. Public employment offices were responsible for labour and information exchange between the countries (Wadensjö 2009). Throughout the 1960s, agreements were concluded with Yugoslavia and Turkey (Ministry of Justice 2001:15-16). 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 considerable (Ministry of Justice 2001).

However, Sweden's relatively liberal policies came to an end during the 1960s. In 1967, measures were introduced for a regulated immigration system. Previously, people were allowed to spend three months in Sweden seeking employment, but a supplement to the Aliens Ordinance prescribed that a work permit should be granted before entry into Sweden (Lundqvist 2004:3; Ministry of Justice 2001:34). The following year, the Swedish Parliament passed the 1968 Immigration Act, abolishing the liberal immigration system and requiring work permits for all labour immigrants prior to entry (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).

It is clear that the power of unions, and particularly the LO, was very important for how this policy area developed. First, the measures introduced in 1967 (that regulated immigration through a supplement to the Aliens Ordinance) were partly "a result of energetic demands by the trade union movement" (Ministry of Justice 2001:16). During the debate surrounding the 1968 Immigration Act, which abolished the previously liberal immigration policy, the employers' association for the private sector, *Svenska Arbetsgivareföreningen* (SAF), protested against the suggested changes and argued in favour of a continued liberal policy, but were unsuccessful when facing the "iron triangle". AMS and the Social Democrats supported the union position (Waara 2012:145), and the Swedish labour immigration policy changed from liberal to restrictive. The fact that SAF lacked equally powerful allies has been highlighted as an explanation to the employers' failure in promoting liberal labour migration rules (Waara 2012).

As a consequence of the new 1968 regulation, Sweden's labour immigration became very selective and its labour market was more or less closed to non-Nordic labour migrants from 1972. Only 300 to 400 permanent labour immigrants from outside the Nordic countries (later EU/EEA) were admitted yearly into the country. Labour immigration constituted the smallest percentage of all migration types since the 1970s, though family reunions and asylum seekers made up for an extensive immigration (Ministry of Justice 2001:17). Temporary work permits were given for all skill levels, but were granted mostly to experts and key personnel in industry, research, culture and sports (Ministry of Justice 2001:30). Although the numbers of temporary work permits tended to be higher than the permanent residence permits for workers, and increased over time (at least from 1994 on, see Swedish Migration Board 2009;2011) the total yearly numbers of labour migrants were comparatively very low until the 2000s (Boräng 2012).

It is clear that unions already before the 1970s had managed to impose heavy conditions on the recruitment of foreign workers (Hammar 1985; Brochmann&Hammar 1999:176; Lundqvist 2004). The LO was opposed to a system of guest workers because it tended to upset conditions for

those in regular employment and risked endangering union influence at the workplace (Lundqvist 2004:11).

Consequently, unions took the view early on 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 taxpayer (Lundqvist 2004:8). As a result, the LO advocated controls that would enable the unions to deny work permits. Employers who failed to meet union standards on pay or working conditions could expect to be denied permits. According to Lundqvist (2004:7), unions were “particularly tough on low-wage companies”.

Moreover, immigrant workers were to have equal working and wage conditions as native workers, and in the case of unemployment, foreign workers were to enjoy the same unemployment benefits as all other union members (Hammar 1999:175). In addition, LO demanded – and forced the employers to accept – mandatory union membership for immigrant workers (Waara 2012).

LO thus went for the first strategy discussed in the theoretical section; namely to demand wages, conditions and social rights for foreign workers equal to those of native workers – and with the support of AMS and SAP, they were successful. This functioned as a guarantee that wages would not be undercut. The introduced policy was for a long time not seriously challenged. Overall, no attempts toward liberalisation took place in the 1990s (Cerna 2014; Ministry of Justice 2001).

In the theoretical section, it was argued that in a situation where unions have an effective veto over migration policy, this will likely impact the preferences and strategies of other actors. Therefore, we now turn our attention to the political parties and their preferences during the period until the beginning of the 1990s, when the labour market institutions in question still remained intact.

If unions in practice controlled a policy area, this would serve as a disincentive for other actors to engage in this field. It is thus important to note that political parties were, for a long time, very passive on the issue of labour migration. When parties did discuss migration, refugees and family migrants were normally the focus (Demker & Malmström 1999). The labour immigration issue was virtually non-existent in election manifestos and election debates until the 1990s (Brandorf et al. 1995:23f). Moreover, at least until the 1990s, there was a considerable degree of cross-party consensus on immigration (Dahlström 2004; Green-Pedersen&Krogstrup 2008; Green-Pedersen&Odmalm 2008:371; Hammar 1999; Odmalm 2011; Södergran 2000).

For many years, the ruling Social Democrats (and the Left) followed the unions’ view, and were opposed to changes in labour migration (Interview POL1, 29-May-2008). While the party in its manifestos could discuss refugee migration extensively, references to labour migration were kept to a minimum. One explanation for this was that labour immigration – unlike refugee immigration – involved “bartering with the trade unions” (Odmalm 2011:1082).

While it is unsurprising that parties to the left supported the unions' view, it is notable that also centre-right parties – in contrast to their present liberal positions on labour migration – during this period often revealed views that were not radically different from those of the unions. For example, the present Centre Party position, which is very pro-labour migration and strongly challenges the position of LO (Berg & Spehar 2013), stands in stark contrast to its party manifestos from 1970 and 1981, where the union position was not challenged at all. Similarly to the view of LO, the Centre party in 1970 stated that “[f]oreign labour shall get help to adjust to Swedish society and be given equal rights as native labour” (Centre Party 1970). In the 1981 party manifesto it was argued that with the exception of refugee migration and Nordic migration immigration must be regulated and “based on the possibilities to create the same economic and social security for immigrants as for Swedish citizens” (Centre Party 1981). The party emphasised the difference between immigration for labour market reasons and refugee migration: whereas labour migration could only be accepted if it was compatible with the labour market situation and availability of housing, refugee policy should be “generous” and have no such constraints (Demker & Malmström 1999).

As the selective policy of 1968 was about to be introduced, one could expect that the party with the closest ties to the employers' federation – the Moderate Party (*Moderaterna*, until 1969 *Högerpartiet*) – would have supported the employers' attempt to keep the liberal policy. However, the party generally agreed with the view in the 1968 government bill that immigration had to be regulated, and the party – just like the unions – specifically mentioned the need to give immigrants a standard and level of security that was equal to that of natives. The party also supported the view that the labour market partners – both employers *and* unions – should have a strong influence over immigration (Moderates 1968). In the party manifestos, little explicit attention was given to the issue of labour migration. Additionally, the question was not mentioned at all in the election manifestos during the 1970s and 1980s, which was the more remarkable given the very low unemployment during parts of this period (Moderates 1970;1973;1976;1979;1982;1985;1988).

Similarly, the Liberal Party did not object as the selective policy was about to be introduced in 1968. Just in line with the unions' view, it was argued that immigration had to be adjusted to the need for labour in order to avoid increased unemployment or a downward pressure on wages (Liberal Party 1968).

All in all, very little activity and open conflict existed around the issue. This was visible in the fact that no changes in labour immigration policy were made during periods when centre-right parties were in government: 1976-1982 and 1991-1994, and there were no serious attempts to liberalise labour immigration policy until the 2000s.

In sum, unions – and most notably the LO – had a strong influence over labour migration policy. Political parties were largely inactive on this issue, and there were no serious challenges to

the union position. This is in line with the argument that if an actor or group of actors have a *de facto* veto power over an area, this could serve as a disincentive for other actors to actively promote alternative policy positions.

The weakening of unions and recent migration policy developments

As described above, union power over migration policy in Sweden was based on a number of factors: high union density rates, corporatist institutions, and unions' ability to form strong alliances around the issue of labour migration. Over the last decades, however, union strength has been weakened in all three respects.

While the unionisation rate in Sweden is still comparatively high, there has been a significant decline in unionisation over the last decades. Union density dropped from 85 percent in 1994 to 71 percent in 2008 (Kjellberg 2015, Table 31). The decrease in union density was intensified after 2006, due to the centre-right government's reform of the financial of unemployment insurance (Kjellberg 2011), but was significant even before this reform. Importantly, changes in membership differ substantially between the different union movements, changing the relative unionization rate between the blue-collar movement and the white-collar movement. The decline in membership has hit LO in particular. In 1987, LO had 2,021,998 members, a figure that had dropped to 1,564,409 by 2006. TCO saw a much smaller dramatic decline during the same period, and SACO in fact significantly increased its membership (Kjellberg 2015, Table 34). Among young blue-collar workers, union density has fallen from 75 percent in 1995 to 36 percent in 2010 (Larsson 2010).

Over the last two decades, there have also been significant institutional changes in Sweden (Lindvall & Rothstein 2006; Lindvall & Sebring 2005). First, there is the decorporatisation of public administration boards. The system of including representatives from interest organisations as board members in public agencies was abolished in 1991, after which the employers' confederation (SAF) unilaterally decided to withdraw from the system. For LO, this meant a huge loss in terms of representation in boards and committees. Moreover, it reduced the legitimacy of the national administrative agencies, such as AMS (Lindvall & Rothstein 2006:51), thus weakening the "iron triangle" of LO, SAP and AMS.

In addition, the alliance around the labour migration issue *within* the union movement had weakened. SACO, and to some extent TCO, deviated from the view of the LO and took a position in favour of more liberal labour migration rules (Interview UNI2, 23-May-2008). For instance, SACO (and also TCO) supported more open immigration policies for low-skilled workers, which could be seen as complementary to their high-skilled or skilled members. LO, on the other hand, still resisted a more liberal immigration policy as it was expected that the reform would mostly affect its low-skilled members (Interview UN11, 9-June-2008).

In sum, membership losses, decorporatisation, and weakened alliances resulted in a new situation which was very different from that in which previous policy had been formulated, adopted and maintained. Within this institutional framework, it was more likely than before that actors would suggest and implement changes to the labour migration regulation.

Having withdrawn from the corporatist bodies, SAF sought a new role as a public policy advocate, focusing its efforts on public opinion and lobbying on various political and ideological issues (Pontusson & Swenson 1996). Employers became more active on the labour immigration issue than they had previously been (Johansson 2012; Cerna 2014). In late 2001, the employers' association, the Confederation of Swedish Enterprise (*Svenskt Näringsliv*, SN) tried to ease labour migration restrictions. In 2003, a report 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. According to the report's author, Theodor Paues, this was important for Swedish companies in order to secure their skills base and create better growth conditions (instead of coming to Sweden for a job search).

These attempts by employers still received criticism from the regional labour market boards, the Social Democratic government and unions (Interview EMPI, 2-July-2008). The Swedish union movement continued to be concerned about the risk of "social dumping", i.e. that immigration may lead to the deterioration of wages and working conditions for Swedish residents (Storrie 2005; Interview POLI, 29-May-2008). Even though the main union confederation, LO, has mostly worried about low-skilled immigrants, it has tried to resist any change in labour immigration policy (Interview UNII, 9-June-2008). However, it emerged in the interviews that SACO was more concerned about open high-skilled immigration than low-skilled immigration (Interview UNI3, 22-May-2008). This follows our expectations about actors' preferences: SACO represents high-skilled workers and thus prefers to restrict high-skilled immigration in order to protect their own members.

The centre-right parties, who previously had given little attention to labour migration became more active on the issue around 2002 (Cerna 2009; Berg&Spehar 2013; Bucken-Knapp 2009). In 2003, SAP could not block an alliance between four centre-right opposition parties and the Greens; demanding a parliamentary committee on labour migration to review the immigration legislation. The committee (called KAKI in Swedish) consisted of representatives of all seven parliamentary parties, as well as some experts from relevant ministries, the Migration Board and AMS (Storrie 2005). The 2006 Committee Report called for a certain liberalisation of labour immigration (EMN 2007, Ministry of Justice 2006).

During this period, the question of intra-EU migration also became important. Sweden was one of the three countries who allowed workers from new EU member states to access the Swedish labour market from 2004. The decision was preceded by heated discussions between unions, employers and political parties, and likely impacted discussions on subsequent labour migration

policy proposals. SN's more liberal views clashed with Social Democrats in power and LO who supported transitional measures (OECD 2011). Labour market access to new EU workers was granted in the end because the Social Democrats did not receive a parliamentary majority.²

After the 2006 election clear steps towards a more liberal legislation of third-country labour migration took place. In this election the centre-right Alliance (made up of four parties: Moderates, Centre Party, Liberal People's Party and Christian Democrats) presented themselves as a strong and united alternative to Social Democrats and formed the new government after the elections (Oscarsson & Holmberg 2008). The new government, together with the Greens, put forward a proposal (Prop. 2007/2008:147) that was largely based on the Committee's recommendations, 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 (Interview GOV1&GOV2, 23-May-2008). The Parliament voted on it in November 2008, and the law came into force on 15 December 2008.

The new law appeared very pro-capital as it was up to individual companies/employers to determine labour market needs. The demand-driven system allowed labour immigrants of all skill levels to come to Sweden, if they had a job offer. Their work permit of two years was renewable and they could apply for permanent residence after four years. Immigrants could also bring their family who were eligible for work permits. The Swedish Migration Board examined whether conditions (such as salary and terms of employment) corresponded to the Swedish collective agreements. While the Board used to have a more administrative function, it is now in charge of examining applications and granting work permits (Interview GOV3, 27-May-2008). In contrast, the Public Employment Service (previously AMS) no longer plays a role (Regeringen 2008; Interview GOV4, 29-May-2008).

The 2008 law changed the unions' role drastically. For almost four decades, unions exercised a *de facto* veto – their opinion was required and consolidated practice treated a negative union opinion as a veto (Knocke 2002; OECD 2011; Schierup&Alund 2011; Interview GOV4, 29-May-2008). Since the new law has entered into force, some claim that “the unions' role is reduced to that of toothless consultation” (Schierup & Alund 2011:59). More specifically, unions could be asked for their advice and approval in some cases of influence, but not in every work permit case (Interview UN11, 9-June-2008). The OECD (2011) conducted an evaluation of the new policy which stated that “Sweden has become one of the most open countries for labour migrants” (OECD 2011:69).

² Not many immigrants from new EU countries arrived in Sweden as, among other reasons, few people had knowledge of the Swedish language and labor market regulations were tight (Gerdes&Wadensjö 2008:15; Woolfson et al. 2014). Immigration from the new member states has only been a small part of the total immigration to Sweden (Gerdes&Wadensjö 2008:10).

Importantly, and in contrast to the findings in Haus (2002) and Watts (2002) there was little evidence of the LO changing its strategies or positions. Certainly, there was no “unlikely alliance” between LO and the Confederation of Swedish Enterprise. The LO was, and still is, critical of the policy (LO 2013). A lot of the criticism centred on the fact that there was no guarantee that employers hiring foreign workers would follow collective agreements, and that there was a risk that individuals would be abused by employers due to a lack of controls in the system (Dagens Nyheter 27-03-2008a; Dagens Nyheter 27-03-2008b). The position of LO thus remained similar to the previous one, but with the profound changes that had taken place – the decorporatisation of public administration boards, the declining union membership, the discontinuation of a strong alliance with high-skilled unions – its influence diminished.

This decreased influence is also mirrored in how other actors have become more active and have challenged LO’s position. As mentioned previously, the earlier period was dominated by a high level of cross-party consensus on the immigration issue in general, and a limited interest in the labour migration issue in particular. This stands in stark contrast to more recent policy debates where parties have shown a great interest in the issue and adopted strong and divergent positions.

Like LO, the Social Democrats did not significantly change their view. They were concerned in particular about wage dumping and the threat to welfare as a result of more open labour immigration and wanted to keep the existing system, in which the Swedish AMS determined labour market shortages and consulted unions and employers (Interviews POL1, 29-May-2008; POL2, 22-May-2008). The Social Democratic Party emphasised that Sweden had to draw on unemployed native workers and immigrants in the country before opening its borders to more labour immigrants (Interviews POL1;POL2).

However, the positions of the centre-right parties (e.g. Centre, Liberals, Moderates and Christian Democrats) have shifted to much more unambiguously liberal views on labour migration (Berg & Spehar 2013). The Centre Party can even be said to have made a U-turn on the issue; from a position where they almost echoed the view of LO, they are openly challenging and criticising the organisation for holding on to what they consider an “old-fashioned” view (Centre Party 2013). Centre-right parties became active quite recently: real pressure from these parties did not start until 2002 (Berg&Spehar 2013; Cerna 2014). Whereas previous decades had seen very little open conflict over labour migration, the new preferences and activity of the centre-right parties set them apart from the left and the union approach that labour immigration should continue to be restricted.

Discussion and conclusions

The radical change in Swedish labour migration policy, from very selective to very open, has been called a “slight revolution” (Cerna 2009). Drawing on original data and secondary sources, this

paper has shown how this recent policy change was preceded by more fundamental changes in the Swedish labour market.

For decades, important characteristics of the Swedish labour market – in particular a very strong position of unions within a comprehensive corporatist setting – worked against a liberal labour migration policy. Of the actors that could have been expected to push for liberal policies, the centre-right parties showed very little interest in the issue, whereas the employers' federation occasionally did demand more liberal rules – but were defeated by the “iron triangle” of LO, the Social Democrats, and AMS. LO was further supported in its efforts by the issue alliance with the other two union confederations, TCO and SACO.

However, the institutional (corporatist) setting changed, which together with declined union membership and weakened alliances, resulted in unions' loss of power over the labour migration issue. Lindvall and Sebring (2005:1071) suggest that in Sweden, “coordination and mediation between interest organisations has become more politicised – drawn into an ideological struggle between left and right”. It seems that this conclusion is also valid for labour migration policy. From having been an issue with very little conflict, and where centre-right parties could even echo the positions of unions, it has become a topic where centre-right parties position themselves strongly against unions and the left parties. Party struggle thus seems to matter more today than it used to, so that now party ideology has become more significant as an explanatory factor to immigration policy-making (see Berg & Spehar 2013).

Notably, in contrast to Haus (2002) and Watts (2002) we do not find signs of any “unlikely alliances” between unions and employers emerging as a consequence of a weaker union position. On the contrary, unions and employers' associations have very contrasting positions regarding labour immigration. This shows that we should not expect the processes to unfold in the same way in different contexts when unions are weakened. Unions that start from a very strong position may be much more hesitant to change their strategies, or to enter “unlikely alliances”, than unions that are used to negotiate labour migration from a weaker position.

Moreover, in contrast to Berg and Spehar (2013), who find that Swedish parties recently have formed “unholy coalitions” in favour of *liberal* policy, we have shown that for a long time a consensus existed in favour of *restrictive* policies among parties with very different ideological views. While we should not underestimate the importance of political party preferences, this paper illustrates how the institutional environment helps to shape those preferences. Future research should examine the consequences of shifting institutional conditions on other policy areas to complement the analysis of labour immigration.

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