

# Defending the Swedish Model

*Social Democrats, Trade Unions, and  
Labor Migration Policy Reform*

Gregg Bucken-Knapp



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A wholly owned subsidiary of The Rowman & Littlefield Publishing Group, Inc.  
4501 Forbes Boulevard, Suite 200  
Lanham, MD 20706

Estover Road  
Plymouth PL6 7PY  
United Kingdom

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British Cataloging in Publication Information Available

**Library of Congress Cataloging-in-Publication Data**

Bucken-Knapp, Gregg.

Defending the Swedish model : Social Democrats, trade unions, and labor migration policy reform / Gregg Bucken-Knapp.

p. cm.

Includes bibliographical references and index.

ISBN 978-0-7391-3816-8 (cloth : alk. paper)

ISBN 978-0-7391-3818-2 (electronic)

1. Foreign workers—Sweden. 2. Foreign workers—Government policy—Sweden. 3. Sweden—Emigration and immigration—Government policy. 4. Landsorganisationen i Sverige. I. Title.

HD8578.5.A2B84 2009

331.1279485—dc22

2009022771

Printed in the United States of America

∞™ The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials, ANSI/NISO Z39.48-1992.

In memory of my father,  
John Michael Bucken

## CONTENTS

Acknowledgments	ix
Chapter One: Labor Migration and Migration Policy	1
Chapter Two: Labor Migration and the Preservation of the Swedish Model	29
Chapter Three: Rejecting Calls for Deregulation of Labor Migration Policy: LO and the SAP in the 2002 Swedish Parliamentary Election Campaign	49
Chapter Four: The Battle to Preserve an Incentive-Compatible Labor Migration Policy	85
Chapter Five: Labor Migration and the Eastward Enlargement of the European Union: Understanding the Divergent Preferences of the SAP and LO	117
Chapter Six: Labor Migration and the Swedish Model, At Home and Abroad	145
Bibliography	165
Index	177

## ACKNOWLEDGMENTS

In the summer of 2002, I moved to Sweden to begin a position at the University of Gothenburg as a researcher in a project on Swedish industrial relations. Armed with a collection of admittedly vague ideas for my planned project, I spent the first month on the job reading, and in some instances re-reading, classic works on the evolution of the Swedish model. For all of the context that this literature provided, I had difficulty locating a puzzle that felt compelling enough to warrant a multi-year research project. To some extent, real world events helped provide the necessary focus. During the campaign leading up to the September 2002 Swedish parliamentary elections, it was difficult to avoid the debate over labor migration, which had emerged as a hot-button issue. Advocates of loosening restrictions cited the economic contribution that could be made by migrants to the Swedish economy, while skeptics underlined the need to fight existing levels of unemployment prior to admitting substantial numbers of foreign workers.

I probably would not have given this debate much attention had it not been for the details of my own residence permit. As a researcher from outside the European Union, and present in Sweden on a fixed-term employment contract, I had been granted a one-year work permit, with the possibility of three one-year extensions. The permit was only valid for work as a researcher at the University of Gothenburg and did not constitute the basis for settlement. Perhaps unsurprisingly, I began to wonder why labor migrants were granted such limited access to the Swedish labor market. Against that backdrop, I immersed myself in the debate over Swedish labor migration policy reform, encouraged by the fact that a growing number of scholars were attempting to make sense of the increased salience

of labor migration across Europe and beyond. In analyzing this puzzle, I learned quickly that there are no heroes or villains, and it has not been my aim to cast proponents of one stance or another as occupying the high moral ground. Rather, my chief interest has been to better understand why the Swedish Social Democratic Party and the Swedish Confederation of Trade Unions have been so skeptical toward calls from employers and bourgeois parties to open Sweden's borders to workers from outside the European Union. As I show throughout the course of this book, such a stance can only make sense if the question of labor migration is considered in relation to the institutions and policies comprising the Swedish model. Defending the model is of paramount importance to these two actors, and labor migration reform has been a key setting in which the workings of the Swedish model can either be reinforced or challenged.

At the University of Gothenburg, I am grateful to Bo Rothstein, who not only provided me with the opportunity to conduct research in Sweden, but has also encouraged me to follow my interests wherever they may lead. Jonas Hirnfors, Jon Pierre, Johan Karlsson, Isabell Schierenbeck, Staffan Kumlin, and Marcia Grimes are both good colleagues and even better friends, and I thank them for their considerable assistance in helping me overcome periodic bouts of culture shock. At University West in Trollhättan, the support of my colleague, Hanna Kjellgren, has been invaluable during the final redrafting of this manuscript. I also wish to thank the students of the International Program of Politics and Economics at University West, who have sat through countless lectures, seminars, and case-based learning exercises concerning labor migration. Their comments, questions, and feedback have been far more helpful than they know. I am also grateful to Carl Dahlström, Ann-Marie Ekengren, Gunnar Falkemark, Harvey Feigenbaum, Wuokko Knocke, Johannes Lindvall, Jessica Lindvert, Susan Marton, Michele Micheletti, Jeannette Money, Eric Shaw, Torsten Svensson, and Graham Timmins. The research for this project was funded by a grant from the Swedish Council for Working Life and Social Research (FAS).

Betsy and Edward Knapp have mastered the skill of showing interest in my work without repeatedly asking when the manuscript will be completed. For that, and many other things, I am grateful. My wife, Lisa Broadwell, has served as a constant source of motivation, and an even more constant reminder that there is vastly more to life than scholarly pursuits. I dedicate this book to my father, John Michael Bucken. He is remembered, and missed, every day.

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## ONE

# Labor Migration and Migration Policy

Since the start of the new millennium, Sweden has experienced an intense debate over immigration. While there is still widespread public discussion regarding the economic and social integration of refugees and asylum-seekers that arrived in Sweden during the 1980s and 1990s, this new immigration debate is qualitatively different. As reports of the post-World War II generation's coming exit from the workforce became increasingly prominent, and with many forecasts pointing to a general labor shortage in the near future, labor migration emerged as one of the most hotly contested issues on the Swedish political agenda. On the one hand, the Swedish Confederation of Enterprise (SN), Sweden's four bourgeois political parties, and the Greens advocated a dramatic overhaul of Sweden's sharply restrictive policies governing labor migration from non-EU countries. In December 2008, their nearly decade-long push for liberalization bore fruit. Since then, citizens from non-EU countries have faced substantially fewer obstacles when seeking access to the Swedish labor market. Gone is the requirement that local labor market boards must evaluate labor market conditions in conjunction with each individual work permit application. Swedish unions, who were once highly influential veto players in the granting of work permits, are now only consulted as to whether employment offers are consistent with the relevant collective bargaining agreement. Unlike the policy of the past several decades, in which temporary work permits with strictly limited extensions were the norm, labor migrants arriving under this new policy find that continued employment for a period of four years can result in a permanent settlement visa. In short, when it comes to hiring, little

practical distinction remains between a Swedish workforce and those from beyond the European Union.

Yet, throughout the reform process, the proposed liberal shift was met with fierce resistance from both the Social Democratic Party (SAP) and the Swedish Trade Union Confederation (LO). While these two allies repeatedly emphasized their belief that labor migration can serve as a valuable instrument for maintaining the health of the Swedish economy, they were far less enthusiastic about the specific proposals from both employers and bourgeois parties. Rather, they repeatedly voiced support for a labor migration policy that would have been significantly more cautious in granting third-country nationals access to the Swedish labor market. As such, the debate over labor migration reform in Sweden was not primarily a tale of whether or not foreign workers should be granted access to the Swedish labor market. On this issue there was broad agreement. Rather, the differences that did exist among key actors had to do with the *policy design* of proposed labor migration reform. Labor migration policy, whose primary objective is to regulate the entry of foreign nationals seeking to immigrate for purposes of employment, is not unlike any other instance of policymaking. The reform of labor migration policy involves hard choices regarding the scope of the policy's goals, the specific means to be used for achieving those goals, and the designation of actors to carry out policy objectives.<sup>1</sup>

This book attempts to make sense of the labor migration policy preferences developed by the SAP and LO during the course of this debate. I argue that these two actors develop their labor migration policy preferences on the basis of whether varying reform alternatives are perceived to be consistent with, or have the potential to undermine, the Swedish model. While aware that increased labor migration can contribute to offsetting forecasted labor shortages, both the SAP and LO believe that a wide-scale resumption of labor migration has considerable implications for institutions, policies, and goals central to the Swedish model. In particular, I show that liberal labor migration has been perceived as threatening to the workings of two core features of the Swedish model: full employment policies and the universal welfare state. Thus, while generally positive to increased labor migration from non-EU countries, LO and the SAP only support specific policy reforms that they regard as consistent with the overall workings of the Swedish model. Labor migration policy reforms that the SAP and LO regard as incompatible with key features of the Swedish model are rejected out of hand.

As such, the argument in this study stands in contrast to many classic and contemporary accounts of migration policy. First, Marxist-inspired accounts largely treat organized labor as an actor with preferences that are a simple function of the ongoing class struggle. Organized labor is

assumed to firmly oppose measures easing the access of foreign workers onto the domestic labor market. Its preferences are thought to stem from the cumulative historical experience of having witnessed employers use foreign workers to undercut wages and challenge union strength. Such arguments have limited utility when confronted with settings such as Sweden, where organized labor has played a historically important role in facilitating labor migration. Second, a number of recent studies have sought to demonstrate that increased internationalization is the driving force behind a liberal shift in the labor migration policy preferences of organized labor. In this literature, the decline in the capacity of states to maintain effective control over national borders, coupled with increased economic internationalization, is thought to force labor to reconsider the wisdom of opposing labor migration. However, these studies have largely ignored settings where organized labor and social democratic parties have been traditionally powerful. Moreover, this literature fails to specify how labor will choose among competing alternatives for easing restrictive labor migration policies. Finally, many scholars have emphasized the importance of domestic factors for analyzing migration policy preferences. In this broad cluster of scholarship, variables such as unemployment rates, electoral systems, and interest group systems emerge as being of significance. Yet, this literature often treats preferences as a given, instead emphasizing how domestic-level variables constrain the ability of key groups to act on their preferences.

This study shares a great deal in common with those who would stress the importance of domestic institutions. Where this book differs is in demonstrating how key features of the Swedish model—full employment policies and the universal welfare state—matter because they are themselves core institutional expressions of the social democratic project that the SAP and LO prize greatly. The Swedish case of labor migration provides us with a telling instance where these “rules of the game” figure prominently as objects that specific actors consider highly worthy of defense. As the subsequent case study chapters will show, labor seeks to ensure that the choices made in terms of labor migration policy do not generate negative ripple effects for cherished institutions of the Swedish social democratic project. In short, the source of the labor migration policy preferences held by the SAP and LO is the desire to protect core elements of the Swedish model.

As will be shown both later in this chapter and in the conclusion, this argument not only has significance for migration policy scholarship emphasizing the explanatory importance of institutions, but also for the broader comparative political economy scholarship. In particular, the case of Swedish labor migration policy reform has distinct implications for the Varieties of Capitalism (VoC) literature. The VoC literature

has much to offer scholars interested in the politics of economic reform, focusing attention on the way in which dual convergence onto liberal and coordinated models of capitalism is thought to structure the reform process in advanced capitalist economies. However, the case of Swedish labor migration policy reform raises questions about the degree to which politics and ideology are omitted from the largely functional account of policymaking within the VoC literature, and also for the characterization of key actors as having reform preferences generally consistent with the design of the prevailing national model of capitalism.

In developing my argument, it is also necessary to offer a detailed overview of the components comprising labor migration policy. Indeed, we cannot account for the sources of labor migration policy preferences without first identifying the specific choices that actors make when opting for one model of policy reform over another. Despite that, a frequent shortcoming of the migration policy literature is to define the content of labor migration policy in only the broadest of terms. Often, labor migration policy is operationalized as the choice between admitting a larger or smaller number of migrant workers. Such general depictions of labor migration policy overlook many key components upon which actors must develop their preferences. As the case study chapters will show, six components of labor migration have been especially salient in the Swedish debate: gatekeepers with decision-making power over the permit approval process must be assigned, criteria that need to be met in order for a work permit to be granted must be specified, decisions need to be made as to whether migrants can conduct job searches on-site or must do so from abroad, the initial degree of migrant labor market access must be determined, the potential for migrants to upgrade work permits (both in terms of renewals and expanded labor market access) must be established, and the degree to which migrant labor is immediately granted access to welfare state services must be decided upon.

Each of these components has clear implications for the future prospects of the Swedish model. Restrictive choices, such as requiring a documented labor shortage prior to approving work permit applications, co-exist easily with active labor market policy measures intended to boost the workforce participation rate of domestic reserves. Alternately, more liberal choices, such as allowing for firms themselves to determine whether migrant labor is needed, can result in foreign workers gaining comparatively greater access to the national labor market without regard for labor market trends. Choices made in terms of these components can also have consequences for the degree to which corporatist practices guide the administration of the work permit system, or whether certain key actors, such as the state or specific labor market partners, will be excluded from the decision-making process. As one final example, the

degree to which migrant labor is immediately granted access to welfare state services can have implications for the principles of universalism associated with the Swedish model. In chapter 2, I discuss each of these six components in detail, and describe the key ways that each can vary. At this stage, however, it should be clear that the design of labor migration policy cannot be viewed in isolation from the broader institutional features of the economy or polity. For both LO and the SAP, constructing a coherent labor migration policy is not simply a question of satisfying the need of employers for a specific number of foreign workers. It also requires devising a policy that takes into account how the Swedish model will be affected by those conditions under which foreign workers are granted access to the labor market.

Sweden is a particularly fruitful choice for the study of labor migration policymaking. Similar to other European settings, Sweden is a case where long-standing policies that have prohibited large-scale labor migration are now being challenged. Following two decades of labor migration in which, at its peak, roughly 45,000 foreigners migrated to Sweden annually for purposes of employment, labor migration was effectively brought to a standstill in 1972. Since then, as throughout Europe, asylum-based migration and family reunification have been the principal means by which individuals migrated to Sweden. Yet, despite a vibrant debate across Europe over the wisdom of less restrictive labor migration policies, recent literature has largely addressed policy shifts in liberal market economies. Moreover, the institutions and policies that comprise those political economies have not been emphasized as important explanatory factors for understanding the emergence of labor migration preferences.<sup>2</sup> This study complements these earlier works by focusing on a case that is widely regarded as the archetype of the advanced welfare state. Thus, the analysis of the Swedish debate adds an important case to the cluster of national settings in which new migration policy dynamics are being explored. Second, my argument draws on a range of literature in which authors argue that a tension exists between migration and the welfare state. I contribute to this literature by providing an in-depth case study through which these claims can be systematically explored. Finally, the Swedish case of labor migration policy reform has much to offer those with an interest in the politics of economic reform more generally. As Sven Steinmo has observed, Sweden faces the dilemma common to all advanced democracies, one where "an increasing share of its workers will be recipients of social benefits instead of contributors."<sup>3</sup> Similarly, Paul Pierson has noted that one of the fundamental challenges facing welfare states is the issue of population aging and the related pressures that will be placed on healthcare services and publicly funded pension systems.<sup>4</sup> According to Pierson, how policymakers respond to a range of domestic pressures, such as population

aging, will have significant consequences for the continued fortunes of the welfare state. The case of Swedish labor migration reform thus constitutes one example of how policymakers are attempting to navigate this difficult challenge. It emphasizes the key considerations that underlie the hard political choices involved when actors must counteract the effects of an aging population, while at the same time ensuring that defining and desirable features of the political economy are left intact.

The remainder of this chapter has three chief aims. First, I address the increasing importance that labor migration policy has assumed in the advanced industrial world, particularly in Europe. While few serious proponents argue that economic migration alone can be drawn upon in order to meet the challenges of a shrinking European workforce, there is general agreement that labor migration can serve as one element in the policy arsenal of states looking to ensure the continued supply of an appropriately sized and skilled workforce. Second, I present an overview of both classic and recent migration policy research of relevance to this study. The possible re-introduction of significant labor migration is challenging not only to the policymakers and populations of receiving countries, but also to scholars. Understandably, it is only in the past few years that political scientists have once again problematized the determinants of labor migration policy, as well as the preferences held by certain important societal actors. My assessment is that while much of this recent literature shares overlapping concerns with the puzzle being explored in this book, few of the studies have devoted sufficient attention to the link between labor migration policy and the broader institutional and policy features of the political economy. Moreover, almost none have the ability to be easily applied to the specific puzzle at hand: *how actors who accept the need for increased labor migration choose among competing policy options for migration policy reform.* Third, I turn my attention to the Varieties of Capitalism (VoC) scholarship, particularly the emphasis within this literature on the close links between economic policymaking and the prevailing national model of capitalism. Indeed, the argument in this book, that both the SAP and LO choose labor migration reform alternatives on the basis of whether they display incentive compatibility with core features of the Swedish model, owes a certain intellectual debt to VoC scholarship. However, the functional nature of this literature, in which politics is essentially absent, does not allow for it to be grafted successfully onto the particulars of the Swedish case.

#### THE GROWING IMPORTANCE OF LABOR MIGRATION

In sketching out the challenges associated with Europe's rapidly graying population, *The Economist* has noted with characteristic understatement

that governments "are in a bind."<sup>5</sup> The aging of the European workforce, coupled with a low fertility rate in many European states, has focused considerable attention on the shrinking available pool of labor throughout the EU. In 2008, the *New York Times* devoted a lengthy Sunday magazine article to detailing the challenges that are expected to result from a "childless Europe."<sup>6</sup> In a 2003 report, the European Commission presented data showing that the working-age population of twenty-five EU member states is expected to decrease sharply by 2030. From a then current figure of 303 million, the working-age population is expected to decline to 297 million in 2020 and then plummet to 280 million by 2030.<sup>7</sup> As life expectancy increases, the elderly dependency ratio is forecast to skyrocket throughout the EU, more than doubling between 2000 and 2050. Across Europe's welfare states, from those with the most generous range of benefits to those that are more restricted in scope, the question of how to address this demographic time bomb presents a significant policy challenge. The continued provision of generous social services, as well as the overall health of Europe's economies, is frequently viewed as being heavily dependent on the extent to which policymakers are adept at dealing with shifts in Europe's demographic make-up. While policymakers scramble to devise innovative solutions to this demographic challenge, one thing is clear. Concerns over the economic impact of a graying population, as well as shortages of an appropriately skilled labor force, have put labor migration squarely on the political agenda across Europe for the first time in over three decades.

Throughout the late 1990s and first years of the twenty-first century, multiple European governments have proposed or implemented policies seeking to attract foreign workers to their shores. From 2002 through 2008, the United Kingdom's Highly Skilled Migration Program (HSMP) provided skilled and educated economic migrants with the opportunity to enter the British labor market and to circumvent rules requiring that migrants have a job offer in hand before a work permit application is lodged. Under a 2006 revision to the program, migrants admitted under the HSMP were eligible for permanent residency after five years. While the HSMP is now closed to further applicants, labor migrants from non-EU countries are able to apply as highly skilled workers under a new broader points-based system governing admission to the UK. In 1999, the then governing German Social Democratic Party (SPD) implemented a five-year non-renewable Green Card program intended to attract skilled information technology specialists from abroad, primarily Asia. The program was expected to grant 10,000 work permits. However, the lack of a possibility to convert temporary permits into those that would result in permanent status led to only 7,000 migrants taking advantage of the scheme. In the subsequent Immigration Act of 2005, a ban on the recruitment of unskilled



and semi-skilled labor remained in effect; however, provisions were made to grant certain highly skilled workers immediate permanent residency upon arrival.<sup>8</sup> Even at the sub-national level, economic migration has proved to be an attractive option for policymakers. In the mid-2000s, the then ruling Scottish Labor Party attempted to market Scotland to foreign workers under its "Fresh Talent" program, intended to recruit the "brightest and the best" of a global workforce to Scotland's shores.<sup>9</sup>

A heightened interest from governments as to the potential of labor migration has also been matched with an awareness that migration alone cannot eradicate the full scope of policy problems posed by an aging population. An oft-cited report from the United Nations Population Division in 2001 pointed out that if retirement ages were left unchanged, "increasing the size of the working-age population" would be the only option in the medium to short term. However, the report authors stressed that it was impractical to tackle the challenge of a declining population entirely through increased migration, noting that an "extraordinarily large" number of economic migrants would be required to maintain current dependency ratio levels.<sup>10</sup> The European Commission has expressed similar caution when touting the potential virtues of increased labor migration. In recent reports, the EC has underscored that "fully compensating" for the effects of an aging population via labor migration is "not a realistic option," as the scope of immigrants required would not only be massive, but would also have to consider that immigrant populations themselves age, as well as the related integration challenges posed by new waves of economic migrants settling in Europe.<sup>11</sup> Yet, while stating in a recent Green Paper that "immigration in itself is not a solution to demographic ageing," debates over harmonizing certain aspects of members states' labor migration policies within the next decade continue, under the realization that "sustained immigration flows could increasingly be required to meet the needs of the EU labour market and to ensure Europe's prosperity."<sup>12</sup> Speaking before the European Parliament in 2004, United Nations Secretary General Kofi Annan emphasized that immigration "alone will not solve the problems (of a shrinking economy and stagnating societies), but it is an essential part of any solution."<sup>13</sup>

Thus, while it appears widely understood by both the international and European community that a simple reliance on migration is unlikely to bring about a sustained increase in the size of the European workforce, this has by no means implied a wholesale rejection of the potential offered by labor migration for contributing to European economic and population growth. Rather, with the exception of far-right populist parties opposing increased migration on principle, the current debate over labor migration across future receiving countries has to do with what shape labor migration policies will take. Prior to addressing the specific

design of these policies, it is necessary to take stock of the available literature addressing migration within political science and cognate fields. When it comes to labor migration policy, how do scholars characterize the preferences of policymakers and other interested actors, and what are the sources of those preferences? Answering that question is the focus of the next section.

#### POSSIBLE DETERMINANTS OF LABOR MIGRATION POLICY PREFERENCES

A rich literature has grown up over the past several decades addressing just how it is that migration policy outcomes emerge. In doing so, this literature has also grappled, to a greater or lesser extent, with the more narrow issue of preferences that are at the heart of this study. In this section, I draw the reader's attention to certain key works in the study of migration policy. Some of these have focused on migration policy broadly, not making a formal distinction between labor migration, refugees, and asylum seekers, and those immigrating for purposes of family reunification. Others have been explicit in limiting their analysis to a more narrow interest in labor migration. My aim is to show how the question of migration policy preferences has (or has not) been problematized in this literature. In doing so, I stress both the advantages and the limitations of this literature for accounting for the puzzle at hand. While various aspects of these studies may appear to be applicable to the Swedish case, I demonstrate that none can be grafted neatly onto the Swedish reform process and provide a compelling explanation.

The literature that I highlight portrays the emergence of preferences as stemming from one of three broad factors. First, there is the "conventional wisdom" account, in which the policy preferences of organized labor or business are shaped by their pre-ordained position in the ongoing class struggle. Second, shifts in migration policy preferences are sometimes explained as the result of increased internationalization. Inspired by the scholarly focus on globalization, these studies of migration policy preferences emphasize the way in which actors take into account the decreased capacity of states to effectively control national borders when choosing among reform alternatives. In these accounts, increased internationalization is either the primary driving force, or is filtered through varying domestic institutional configurations. Finally, a number of scholars have sought to emphasize that it is chiefly domestic factors that are of importance for explaining both preferences and outcomes. In some instances, national economic conditions and political institutions emerge as being of joint importance for understanding the emergence of preferences, while

other studies have primarily emphasized the key role played by political institutions.

To the extent that the scholarship on migration policy has resulted in one largely enduring, broad brush-stroke assumption about the preferences that key actors hold in terms of an immigrant workforce, it is this: organized labor is generally thought to oppose measures that would result in eased access for foreign labor to the domestic labor market, while employers actively support and promote such efforts. Castles and Kosack sketch out the basic tenets of this class-based, Marxist-inspired conventional wisdom, observing that the "traditional hostility" of trade unions toward immigrant labor is the result of a "long and bitter experience" in which employers have attempted to use immigrant workers as a device to undercut wages and to prevent organized labor from gaining or consolidating power. Reducing the matter to a near axiomatic form, they state that it "is clear that the immigration of new workers is in the economic interests of the employers and against those of established labour."<sup>14</sup> Aristide Zolberg's classic description of the "odd-couple" coalition that grows up around migration policy offers a similar logic. Arguing that migration constitutes a cross-cutting cleavage, he suggests that the "liberal" left will unite with business in favor of greater immigration, while organized labor will find an ally in social conservatives, and seek to limit the inflow of foreign labor. For business, the underlying factor shaping its preferences is the standard desire for a larger pool of potential labor, while unions are seen as opting for a closed-door stance in order to avoid competition over employment opportunities.<sup>15</sup> This portrayal is also present in non-Marxist political economy approaches, such as the work of Gary P. Freeman, who notes that foreign workers have "diminished the power of organized labour by . . . easing the tight labour market conditions that would have enhanced labour strategic resources."<sup>16</sup>

When faced with the prospect that unorganized workers will be released onto the labor market, the conventional wisdom suggests that labor movements have one pre-programmed response within their strategic arsenal. To the extent possible, it is expected that they will engage in the "device of the restriction of numbers." Opting for this course of action implies a mere continuation of the underlying rationale behind the initial emergence of trade unions, in which labor sought "to defend a specific job territory, excluding outsiders from practising the trade. . . . If successful, this ensure(s) an artificial scarcity of their specific category of labour so that the 'higgling of the market' operate(s) in their favour."<sup>17</sup>

Yet, while the conventional wisdom holds great appeal for the way in which it casts the preferences of business and labor in such sweeping terms, and also for how it appears to loosely mirror the broad contours of debates over the resumption of labor migration, it lacks the analytical

subtlety necessary to capture the dynamics at play in both historical and contemporary instances of labor migration policy. In terms of the former, an approach that emphasizes organized labor's principled opposition to the admission of foreign labor is hard-pressed to account for the Swedish experience with labor migration during the 1950s and 1960s, the country's first large-term experience with labor migration. During this period, the Swedish trade union movement played an active role in administering the work permit application process, approving applications from over 95 percent of those who applied. In terms of the latter, two key counterexamples emerge that run counter to the logic espoused in the conventional wisdom. First, while the Swedish trade union movement is generally portrayed as having a restrictive stance on third-country national labor migration, LO has repeatedly stated during the ongoing debate that labor migrants admitted to Sweden must be granted immediate permanent residency. Such a stance is difficult to explain if one is simply limited to overarching categorizations of actors' preferences. If the conventional wisdom portrays unions as opposed to the use of immigrant labor, then wouldn't one expect for LO to oppose permanent settlement visas for foreign workers? Second, the conventional wisdom offers little guidance for how to make sense of cases where organized labor has, at first glance, preferences that might appear contradictory. As chapters 3 and 4 will document, LO has remained a consistent skeptic of employer proposals for reforming third-country national labor migration policy. At the same time, as will be shown in chapter 5, LO broke ranks with the then ruling SAP and championed an open-door stance for workers coming from the ten states admitted to the European Union in May 2004. Clearly, the immigration of new workers does not always clash with organized labor's preferences. As such, the objective is to better specify the factors that underpin the choices made by labor in distinct instances of labor migration policy reform. For that task, the conventional wisdom is pitched too broadly and is ultimately an unsatisfying tool.

Challenges to the conventional wisdom regarding preferences have also emerged from within the migration policy literature itself. Several recent studies have explored how the effects of globalization may be causing both unions and employers to re-think the preferences assigned to them within the traditional Marxist-inspired accounts. Relying on case studies of union preferences toward immigration policy in France, Italy, and Spain, Julie Watts concludes broadly that "most (labor) leaders prefer policies that promote legal immigration."<sup>18</sup> Haus describes a comparable shift in the immigration policy preferences of U.S. and French unions. Her studies seek to provide an account for why French unions have opposed "restrictionist immigration policy measures considered or adopted by various French governments"<sup>19</sup> and why the American labor movement

has "support(ed) open immigration legislation."<sup>20</sup> Informed by Sassen and other scholars of globalization, Haus stresses that trade unions now support increased immigration partly out of a realization that states wield considerably less sovereignty over borders than has previously been the case. Moreover, she maintains that the shift on the part of labor toward less restrictive policies has occurred as unions have realized the need to develop and implement more effective organization strategies, the need for which are "intensified in an era of economic internationalization."<sup>21</sup> To a great extent, Watts echoes the broad argument pursued by Haus, stressing that "many labor leaders see immigration as an inevitable consequence of globalization and believe restrictive immigration policies cannot stop the flow of immigrant workers."<sup>22</sup> Indeed, Watts turns the conventional wisdom on its head, arguing that labor leaders in both Western Europe and the United States have come to view restrictive policies as the source of a "precarious legal and economic position" for immigrants that is ultimately debilitating to the wage levels and conditions of the workforce as a whole.

The advantage of this argument, when compared to the Marxist-inspired conventional wisdom, should be clear. Certainly, both Watts and Haus are to be credited for identifying a trend among trade unions in the advanced industrial countries. Yet, similar to the conventional wisdom, the globalization thesis advanced by both Haus and Watts is subject to certain criticisms. First, the claim that increasing economic internationalization has tipped organized labor away from a restrictive stance on labor migration offers little practical guidance for the analysis of a policy debate in which the central issue up for grabs is not whether to allow increased labor migration, but rather, how the policy should be structured. The domestic effects of globalization may very well suggest to labor that overly restrictive stances are futile, but in and of themselves, they say nothing about which less restrictive stance will be seen by labor as being the most advantageous route.

Second, while it is important to acknowledge that Watts's elaboration of the globalization thesis draws upon domestic level variables in order to better specify how the preferences of unions and employers will manifest themselves, the claim is made quite broadly, and no general account of the way in which domestic factors might lead either unions or employers toward some reform alternatives, and away from others, is provided. Watts suggests that "domestic politics, institutions, and economic conditions" filter the effects of globalization, allowing for national "distinctions in preference formations and policy outputs."<sup>23</sup> Labor's preferences are shaped by "factors such as union organization, the institutionalization of private and governmental immigrant service networks, and the size of the underground economy," and the ability of labor to realize its prefer-

ences is thought to be dependent on whether parties of the Right or Left occupy government. Employers, for their part, are argued to have their immigration policy preferences influenced by national labor regulations. No causal mechanism is offered to assist the reader in evaluating the proposed influence of these domestic factors on specific migration preferences or outcomes. Rather, elaboration of the argument occurs anecdotally, with domestic factors seen as significant for their broad ability to "shape" or "filter."

Third, this recent literature on trade unions and migration policy has focused exclusively on settings where both organized labor and the welfare state has been comparatively weak. As such, our current understanding of the proposed relationship between domestic factors and organized labor's migration preferences contains a significant gap. Neither Haus nor Watts consider how the presence of a well-developed welfare state may have an impact on the labor migration policy preferences of trade unions or allied Left governments. Leah Haus does, however, stress that the generalizability of her argument could be substantially enhanced by exploring whether strong unions share the immigration policy preferences of their weak counterparts. She notes two possibilities that could contribute to lower levels of support from strong unions for less restrictive immigration policies. First, with higher density rates, stronger unions have substantially less interest in acquiring new members than do labor movements whose membership is low or is on the decline. Second, Haus maintains that strong unions may be more likely to back tighter immigration policies as their "voice will be heard and restrictionist measures will be imposed."<sup>24</sup> However, she is ultimately sceptical as to the explanatory weight of union strength, observing that not all cases with strong unions have seen similarly high levels of opposition to immigration.<sup>25</sup> In short, there is uncertainty regarding how powerful trade unions will react to the prospect of increased labor migration, particularly in settings where the institutional structure of the political economy is broadly supportive of labor's aims. Thus, a key contribution of this book is to complement Haus's and Watts's studies, in order to shed much-needed light on how one of the most influential labor movements in advanced industrial countries has developed its labor migration policy preferences.

However, even if domestic factors are only broadly identified as having significance in the Watts study, this by no means implies that domestic variables do not constitute a potentially fruitful candidate in seeking to understand the emergence of labor migration policy preferences. Indeed, many studies have sought to highlight the differing ways in which domestic-level variables matter substantially for both migration policy preferences, as well as for outcomes. In some of these studies, political institutions share center stage with both local and national economic

conditions, while in others, they emerge on their own as being a key explanatory factor.

Jeannette Money's political geography account of migration policy-making offers a prime example of the way in which political institutions are thought to interact with national economic conditions in shaping the preferences of policymakers. In case studies focusing on the United Kingdom, France, and Australia, Money argues that immigration is rarely salient nationally. Rather, migration first rises high on the political agenda at the regional level, as "the geographic concentration of immigrants . . . tends to concentrate the costs of immigration and facilitate the organization of political opposition to immigration at particular junctures."<sup>26</sup> According to Money, economic recession within an electoral constituency with a high immigrant concentration will result in the "rise of political pressures against immigration."<sup>27</sup> The conveyor belt for making this anti-immigration political sentiment crucial to national politicians is whether or not the specific constituency has "the potential to swing the national election results between parties." That is, if the number of constituencies combining recession and immigration is significant, and if the constituencies are deemed marginal, then national politicians will respond by adopting the immigration policy thought most attractive within these marginal districts.<sup>28</sup> It should be noted that Money's cases are exclusively those with single-member district electoral systems.<sup>29</sup> The logic that immigration policy results from the regional salience of immigration, and is mediated through a first past the post electoral system (be it in one round, or as in French legislative elections, in two) may hold for states with this specific electoral system. However, it is uncertain that region-specific concerns of individual MPs are able to dictate the national policy agenda just as forcefully in a proportional representation system.<sup>30</sup> Interestingly, Money herself notes the necessity of this distinction at the outset of her study, but does not explore how it challenges her analysis.<sup>31</sup>

Eytan Meyers's recent attempt to put forth a comprehensive theory of migration policy provides an example of scholarship arguing that both national economic conditions and political institutions are crucial, the former for preferences and the latter for outcomes. In his study, rates of labor migration are "mainly determined by the state of the economy," as measured by the annual unemployment rate.<sup>32</sup> Both employers and organized labor take roughly similar cues regarding their labor migration policy preferences from unemployment statistics. To Meyers, "during recessions, workers will oppose immigration and employers will limit their investment in immigration advocacy." Economic good times, at least as measured by a fall in the unemployment rate, are hypothesized to produce pro-labor migration stances: "employers will recruit foreign workers and invest resources in promoting liberal immigration policies,

while workers will limit their demands for restrictions on immigration."<sup>33</sup> However, it is important to stress that actors' preferences appear to be determined from the outset: in Meyers's hypothesis, labor will not be an active opponent of labor migration when unemployment figures are declining; nor, when unemployment is increasing, will employers wage a pro-immigration public relations campaign.

A pluralist conception of policymaking guides Meyers's account, with the state "responding to pressure from economic interest groups,"<sup>34</sup> as it goes about administering labor migration policy. Meyers also argues that the state can "lose control" of labor migration policy, at which point it will be "de facto shaped by the employers." Yet, it is never made clear how a passive state, implementing the joint preferences of labor and capital, can truly be regarded as "in control" of labor migration. One can give Meyers the benefit of the doubt and assume that *responding* to pressure group activity somehow includes a form of state autonomy to reject certain demands; however, this point is not addressed.

In terms of the Swedish case, the key difficulty for Meyers's hypothesis is that it provides little guidance for assessing how the detailed contents of labor migration reforms emerge, as the causal mechanism is only intended to capture shifts in preferences for the *overall number of migrants*, and not how the various components of entry, labor market access, and social and political rights are all pieced together to result in coherent policy proposals. Consistent with Meyers's argument, one could assert that the genesis in the Swedish labor migration policy debate took place during a period in which the Swedish economy was expanding on the back of the IT boom. However, as subsequent chapters will show, the recognition that firms were facing significant recruitment difficulties did not result in a uniform rush by policymakers and social partners toward an open-door policy aimed at recruiting foreign labor.

While both Money and Meyers emphasize the interaction between economic conditions and domestic institutional structures, other scholars have focused exclusively on the role of political institutions in the migration policymaking process. Jeffrey Togman's study of migration policy in France and the United States emphasizes that the choice of immigration policies to be implemented by a state is partially a function of political institutions, conceived of as either an intervening variable or as a "filter."<sup>35</sup> In Togman's account, institutions "translate causally relevant" factors "such as economic conditions and cultural traditions into immigration policy outcomes (and do so by) establishing the degree of influence any one set of actors has over the policy outcome."<sup>36</sup> Togman's central claim is that the differences in French and American immigration policies can be accounted for by the pluralist and fragmented nature of the American state, versus the "statist-corporatist" institutions characterizing France.

Simon Green's recent analysis of immigration policy in postwar Germany pursues a similar tack of argument. Challenging Rogers Brubaker's claim that stability in postwar German immigration policy could be explained by elite consensus, Green put forward a compelling case for the path-dependent effect of German political institutions. Drawing upon Peter Katzenstein's classic depiction of the German political structure as a "semisovereign model of governance," Green demonstrates that the interaction between decentralized state interests and centralized societal interests in the "network nodes" of political parties, cooperative federalism and parapublic institutions resulted in "incremental outcomes" for German migration policy.<sup>37</sup>

Yet, although these studies deserve credit for carefully detailing the ways in which institutional structures can have an impact on migration policy outcomes, they do not problematize the question of preferences in general, nor do they explore the varying ways in which migration policy preferences might themselves be linked to a desire to maintain existing institutional structures. As such, the arguments put forward by these two authors appear to implicitly mirror rational choice institutionalism, in which "institutions decide the logic of the exchange between actors, but the institutions do not as such influence preferences."<sup>38</sup> Indeed, while there is little question that institutions *structure* the chances for actors to achieve their political goals, institutions also *shape*, as well as *reflect*, deeply rooted political preferences. Institutions, such as those associated with the Swedish social democratic welfare state, are the result of struggles for political power and are founded upon "material and ideological coalitions," where specific actors continue to have vested interests (also material and ideological) in ensuring their preservation. Rothstein underscores the sanctity of the broad features of the universal welfare state for the ruling SAP when he emphasizes how unlikely it is that "any fundamental challenge to its principles will emerge from that quarter."<sup>39</sup> As will be argued later, the sanctity of certain institutional arrangements is an important determinant of the labor migration policy preferences held by the governing SAP and allied LO. Institutions not only lend structure to interaction among actors, making some strategies more viable than others, they also represent the concrete outcome of past political struggles. While the ultimate design of institutions does not always reflect intentional action, institutions can be the product of battles decisively lost and won, and symbolic of realized goals that are perceived as worthy of defense. Thus, while these studies draw our attention to the importance of institutions in structuring the opportunities for realizing a given migration policy preference, they do not sufficiently explore how institutions themselves may reflect the core values and political ideas held by certain actors, and how the desire to preserve these

institutions, as well as related policies, shapes the evaluation of migration policy reform proposals.

David Bartram's study of labor migration in Israel and Japan provides an interesting contrast to much of the above literature, in that he primarily places one domestic actor—the state—squarely in focus. Bartram's core contention is that "labor migration flows reach significant dimensions when the receiving state does not have the ability to inhibit or constrain rent-seeking behavior on the part of private sector interests." Bartram proposes that labor migration will be more likely to occur in "bourgeois clientelist" states, where the state "is a vehicle for rent-seeking, either on the part of government officials or (more typically) of employers, through the importation of foreign labor."<sup>40</sup> The opposite of the bourgeois clientelist state can be found in the developmental state. As definition is offered by way of contrast, one must assume that the developmental state does not have a weak bureaucracy, nor "elite groups as well as government officials (who) frequently use state power for their own self-aggrandizement." Significant labor migration is unlikely to occur in these states, as they are capable of "blocking or constraining" private-sector interests seeking labor migration.

At first glance, Bartram's argument suggests substantial improvement over domestic politics accounts in which the state implicitly lacks autonomy. Here, the state is not a passive servant of societal interests. When endowed with the proper structural capacities, it has the ability to *resist* calls for the use of foreign workers. Therein lies the problem. Despite careful efforts not to portray states as being inherently predisposed against labor migration, the cumulative effect of Bartram's argument is to convey that impression. In fact, Bartram states that he would be surprised if there were "government officials—at least those who are not already pawns of private interest groups who would embrace the idea of foreign labor because they believe it will benefit the entire society."<sup>41</sup> However, as the case study chapters show, that is precisely the stance embraced by the SAP, both in and out of power: *depending upon its specific configuration*, a less restrictive labor migration policy for non-EU citizens is thought to hold considerable promise for the Swedish political economy.

Taken jointly, the literature encountered thus far has had much to offer for our understanding of both migration policy preferences and migration policy outcomes. While the Marxist-inspired conventional wisdom may be ill-suited for contemporary instances of labor migration reform, in which parties to the class struggle both find some merit in more liberal entry policies, it nonetheless has served as an effective shorthand for sketching the broad preferences that were once held by labor and business. Globalization-inspired accounts, either in their "pure" form or

when internationalization is mediated by domestic variables, also have much to offer in that they have proven to be an effective challenge to the once dominant conventional wisdom. By the same token, in their current iteration, they are unable to offer a compelling account for which reform alternative will be chosen by either business or organized labor. A similar point can be made with regards to the literature that has chiefly sought to stress the importance of domestic variables, be they political institutions on their own, or in conjunction with other factors, such as the economy. While some of these studies highlight how domestic factors are thought to shape preferences, their logic does not extend to the current reform process under way in Sweden. Moreover, much of this literature treats preferences as a given, choosing instead to place the focus on how a range of domestic factors constrain existing migration policy preferences. As such, while the overall literature reviewed in this section serves as a valuable resource, one must look further in order to locate an appropriate candidate for understanding the factors shaping the labor migration policy preferences of LO and the SAP.

#### LOOKING BEYOND MIGRATION POLICY: VARIETIES OF CAPITALISM AND THE POLITICS OF ECONOMIC REFORM

While the preceding review has focused on an assessment of migration-specific literature for understanding the labor migration policy preferences of the SAP and LO, one could argue that a wider net could be cast. Indeed, as Gary Freeman has suggested, there is no reason to think that the politics of migration does not follow "well-established paths similar to those associated with the politics of trade, welfare . . . and all the other issues that political scientists study."<sup>42</sup> Given that, one strong candidate for use in the analysis of Swedish labor migration reform should be the Varieties of Capitalism (VoC) approach, which is thought to open up "substantial new perspectives on both economic and social policymaking,"<sup>43</sup> as part of an effort among some historical institutionalist scholars to analyze supposed convergence among capitalist political economies onto a specific norm. As Hugo Radice has observed, such endeavors are far from new, with scholars throughout the social sciences having debated this question from the 1960s to the present.<sup>44</sup> One of the more recent contributions to this debate emerged in the 1990s, when scholars sought an explanation for why varying "models of capitalism" appeared to provide different advantages for securing economic growth.<sup>45</sup> While a number of influential monographs have sought to grapple with this question, one of the more prominent accounts is provided in Peter Hall and David Soskice's edited volume *Varieties of Capitalism*.

The VoC approach has rapidly become central to the field of comparative political economy. Labeled "the state of the art in institutional analysis,"<sup>46</sup> forecast to frame "more research projects than any other perspective"<sup>47</sup> in the coming decade, and considered to be the "emblematic citation for all studies of diversity in capitalist economies,"<sup>48</sup> the VoC literature advances an explanation for why, in the face of globalization and "neoliberal resurgence," different capitalist political economies have not converged inevitably onto one institutional form. Hall and Soskice argue that this lack of institutional convergence toward liberal capitalism can be accounted for by examining the functional relationship among institutions of the national economy.<sup>49</sup> In doing so, the authors adopt a firm-centered approach to political economy, and justify this choice on the basis of firms being the "key agents of adjustment in the face of technological change or international competition." While the central agents, firms engage in relationships with other rational and strategic actors as a means of resolving coordination problems in five spheres of the political economy: industrial relations, vocational training and education, corporate governance, inter-firm relations, and relations between employers and employees. Based on the institutions devised to solve these coordination problems among competing actors, national economies can be placed into one of two broad categories, either liberal market economies (LMEs) or coordinated market economies (CMEs).<sup>50</sup> In LMEs, firms rely primarily on the use of the market as a means of organizing their relationship with other actors, while in CMEs, different means of non-market coordination take precedence. These distinct institutional clusters emerge owing to the presence of institutional complementarities across different spheres. According to Hall and Soskice, the resolution of a coordination problem in one sphere by either market or non-market means will increase the likelihood that a similar strategy will be adopted when facing coordination problems in other areas of the political economy.<sup>50</sup>

However, the VoC literature does not simply address the question of accounting for sustained institutional differences among capitalist economies. This approach is also intended to account for the dynamics associated with economic policy reform in advanced industrialized economies. In general, a functionalist perspective on public policymaking is dominant in the VoC volume, with policy measures portrayed as measures intended to maintain and support the continued workings of the broader institutional environment. Hall and Soskice specify that policies stand the greatest chance of achieving desired objectives when they are "incentive compatible": successful public policies are those that act in complement to the prevailing institutional cluster in the national political economy, while unsuccessful policies are at friction with the logic of coordination predominantly operative in the five spheres.

The importance of compatibility between spheres of the political economy and policy reform is also thought to be significant for actors' policy preferences, with Hall and Thelen noting that institutional complementarities across the political economy will exert a conditioning effect on preferences.<sup>51</sup> As Hall and Gingerich observe, "the political response to contemporary economic challenges will vary across liberal and coordinated market economies," with policymakers in LMEs opting for market-oriented strategies, and with CME policymakers avoiding "deregulatory initiatives that increase market competition." In addressing the "mixed" French case, Hancké argues that the state now primarily offers "a social policy framework which furthers economic restructuring and competitiveness," on the assumption that this strategy satisfies "corporate needs for flexibility and profitability."<sup>52</sup> Focusing specifically on employers, Estevez-Abe, Iversen, and Soskice have emphasized how the design of the political economy can shape social policy preferences, in that "rational employers who pursue distinctive product market strategies can benefit from welfare programs and policies that favor their product strategy."<sup>53</sup> Wood makes a similar point in his discussion of economic policy reform, asserting that employer preferences are "derived from the properties of CMEs and LMEs," and further noting that, "employers will look to public policy to maintain and reinforce the variety of institutional competitive advantage upon which they rely."<sup>54</sup> As such, for many VoC scholars, preferences are at least partially (if not outright) a function of the institutional and policy environment of the political economy.

Critics of the VoC approach have taken issue with this functionalist portrayal of institutional reform and policymaking, with Chris Howell suggesting that the VoC literature has allotted politics "an extremely thin" role at best.<sup>55</sup> Elsewhere, Howell has argued that the VoC approach sees states acting "largely at the behest of employers," with "employer preferences determin[ing] the content of policy." He maintains that, in the VoC approach, states do not "appear to have interests distinguishable from those of employers, nor do they have the capacity to act independently, still less against, employer interests."<sup>56</sup> More recently, Walter Korpi has questioned whether the VoC approach has not mistaken consent on the part of employers for the implementation of generous welfare state programs in CMEs with an actual "first-order preference" to see such reforms enacted.<sup>57</sup>

Related to this is the charge that the VoC approach offers a richer explanation for continuity than it does for institutional and policy change. The emphasis in the core VoC literature on institutional complementarities and supporting public policies has led critics to observe that a blind eye has been turned to cases where the hallmark self-reinforcing equilibrium is lacking, and where there are signs of institutional and policy change

that could bring about shifts from one mode to another. Germany stands out as a prime example, where partial employer defection from institutions of the labor market leads Blyth to observe that a static portrayal of Germany as the "quintessential CME" may be misleading, as "Germany itself is no longer Germany." Culpepper's study of the ways in which European states induce firms to develop vocational training schemes provides an example of movement in the opposite direction, wherein institutions relying on non-market coordination can be fostered in political economies that are not necessarily CME in nature.<sup>58</sup>

What, though, does this generic discussion of the VoC literature contribute to a potential understanding of labor migration policy reform? The possible value of a VoC approach should be clear. In the migration literature, shifts in the degree of restrictiveness or openness of a state's labor migration policy have often been cast as being reflexive responses to changes in the national unemployment rate, and the degree to which affected parties mobilize and engage in interest group politics. Institutions also figure prominently in the migration policy literature in terms of structuring the access that domestic groups have to migration policymakers and to relevant actors in legislatures, bureaucracies, and labor market institutions. However, little attention has been given to the question of whether and how functional complements among institutions may themselves contribute to the preferences of immigration policymakers. Thus, given the tight link between labor migration policy and many features of the national political economy, it appears plausible to assume that the logic of institutional and policy complementarities inherent in the VoC approach can make a significant contribution to the analysis of labor migration policy.

Yet, as will be seen in the coming empirical chapters, there are certain difficulties associated with attempting to portray Swedish labor migration reform primarily through a VoC lens. Certainly, a strength of the VoC literature is to focus attention on the importance of incentive compatibility when considering the interrelationship among institutions and policies of the political economy. Indeed, this lesson is particularly important for the study of labor migration, where few recent studies have sought to examine how migration policy reform reflects the desire of policymakers and other interested actors to structure labor migration policy in a fashion consistent with the workings of broader economic and social policies. However, I maintain that the functionalist nature of the VoC approach is ill-suited for accurately describing the dynamics associated with the Swedish reform process in two ways. First, as developed more thoroughly in the following chapter, I show that functionalist imperatives per se are not at the heart of the SAP and LO's labor migration policy preferences. Rather, the desire to maintain a labor migration policy

that these two actors regard as CME-consistent stems from political concerns over the implications that a shift toward a more LME-compatible labor migration policy would have for the Swedish model. Second, while employers have played a central role in the reform process, it would be difficult to characterize their role as calling for a labor migration policy consistent with workings of the Swedish CME. Rather, in seeking to overhaul Sweden's restrictive labor migration policy toward third-country nationals, employers decisively threw their support behind a policy that emphasized the liberal market and not the Swedish model.

This book takes seriously the claim by Geddes that "we need to analyze the form that immigration politics takes and the institutional venues where decisions are made."<sup>99</sup> To this, however, I would propose the following amendment. Analyzing the politics of migration reform requires that we consider the importance of institutional and policy venues across the political economy as a whole. Indeed, we should focus attention on the established venues in which the administration of migration policy has taken place. When proposals for migration reform suggest restructuring these venues so as to limit access for certain actors and to heighten the decision-making influence of others, we stand the potential to learn a great deal as to the material and ideological motives that underpin support for certain migration policy alternatives. However, as the preceding discussion has made clear, an analysis of key institutional venues should not solely be limited to those settings where migration policy is made, it should also extend to those institutional and policy settings where migration policy outcomes are thought likely to have a significant impact. While the institutions of government, as well as the systems of interest group representation, have a profound conditioning effect on migration policy outcomes, we should not lose sight of the way in which governments and their allies keep cherished institutions and policies in mind when developing or choosing among competing policy alternatives. As this book will show, migration policy is tightly interwoven with broader struggles over the design of the political economy and the politics of economic reform in advanced industrial countries.

#### PLAN OF THE BOOK

Chapter 2 presents my main argument in greater detail. I begin with a focus on two defining aspects of the Swedish model—full employment policies and the universal welfare state. While increased labor migration is not, in and of itself, inconsistent with either full employment policies or a highly generous universal welfare state, I discuss how certain choices made within the construction of labor migration policy have the potential

to generate tension for key aspects of the Swedish model. As such, in seeking to defend the overall workings of the Swedish model, both the SAP and LO will be skeptical toward reform initiatives that are perceived as having the capacity to undermine core institutional features of the Swedish model. Following this, I provide detail on six components of labor migration policy that have been of particular salience in the Swedish case, detailing the possible choices that can be made for each policy component. The combined choices made for each of these six components constitute the dependent variable in this study. Finally, I conclude the chapter by briefly summarizing expectations as to the labor migration policy preferences of LO and the SAP.

Chapter 3 begins the analysis of the recent Swedish debate over labor migration from non-EU countries by focusing chiefly on the events of the 2002 election to the Swedish parliament. I present an overview of the current framework governing non-EU labor migration to Sweden, stressing both its restrictive and coordinated nature. I then turn my attention to proposals from employers and bourgeois parties for the reform of Swedish labor migration policy, emphasizing how these proposals constitute a sharply liberal shift. Following this, I focus on the responses from the SAP and LO, as labor migration grew into one of the most hotly debated issues of the 2002 election campaign. These two actors took great pains to emphasize that they did not oppose the resumption of labor migration per se, but rejected the introduction of liberal labor migration. Key figures in LO and the SAP stressed that policy reform required careful attention to full employment goals, and guaranteeing continued influence for both trade unions and the Swedish National Labor Market Board (AMS) in the gatekeeping process. As such, this chapter provides considerable insight into why it is that both LO and the SAP diagnose a market-driven labor migration reform as inconsistent with the aims of the Swedish model.

The focus of chapter 4 is on the events of early 2003 until spring 2008. At the start of that period, the bourgeois opposition and the Greens were able to force the establishment of a parliamentary committee charged with developing new rules to ease third-country national labor migration. With the then ruling SAP in the majority, the committee produced a proposal that sought to preserve an incentive compatible model for granting non-EU citizens to the Swedish labor market. Concurrent to the committee's work, LO published several reports that offered increasingly detailed accounts of the trade union's own preferences for an overhauled labor migration policy. Here too, the emphasis was on a highly regulated system, in which the documentation of labor shortages and a continued corporatist gatekeeping structure figured prominently as central components. Yet, for these two allies, the bourgeois victory in the 2006 parliamentary election



spelled defeat in the battle over labor migration reform. In the summer of 2007, the four-party bourgeois governing alliance proposed a policy in which employers would become the chief gatekeepers in almost all instances of third-country national labor migration. Despite efforts on the part of the SAP and LO to ensure the emergence of an incentive-compatible labor migration policy from the reform process, the decision of the bourgeois government to concentrate gatekeeping authority and decision making power in the hands of employers implied that the market would be the driving force behind Swedish labor migration policy, and not the priorities of the social democratic labor movement.

In chapter 5, I take up an interesting challenge for my argument and focus on the debate over workers from the ten countries that joined the European Union on May 1, 2004. Unlike the case of non-EU labor migration in chapters 3 and 4, the SAP and LO had divergent preferences when it came to the question of whether or not to impose transitional rules on labor migrants from the new EU-members countries. The ruling SAP ultimately supported the implementation of restrictive entry policies that would have required work permits to be granted for the first two years that a national from a new EU member country was present on the Swedish labor market. LO, on the other hand, argued that no transitional rules should be implemented. How do we understand these divergent preferences? Moreover, what implications do they have for the general argument that defenders of the welfare state prefer labor migration policies that are consistent with the institutional and policy workings of the Swedish model? The SAP preference for transitional rules is unproblematic, and stems from concerns that extensive social services might result in a pull factor, attracting individuals seeking to capitalize on the high social wages. The opposition of LO to transitional rules can be understood by analyzing the specific proposals for curtailing the freedom of workers from the new EU member countries on the Swedish labor market. As we will see, these proposals only allowed for limitations to be placed on individuals who entered as employees, and placed no restriction on their ability to enter as independent contractors or through temporary agencies. Given this, LO felt that the implementation of transitional measures could still result in a worsening of conditions on the Swedish labor market and a weakening in labor's overall position of strength. Thus, it sought instead to protect its priorities by lobbying both the Green Party and the Left Party for tighter labor market regulations.

Chapter 6 concludes the book by assessing the implications of the Swedish case of labor migration reform. While the subsequent case study chapters will identify certain differences in the policy preferences of LO and the SAP, a common objective is shared: both actors seek to minimize any potential disruptive effects to the Swedish model when granting la-

bor market access to foreign nationals. I also call attention to the implications that employer support for a deregulated model of labor migration has for the VoC literature, as well as for scholarship addressing the current status of Swedish corporatism. Finally, I consider the significance of recent EU efforts for establishing a common migration policy, suggesting that debates in the national arena of policymaking will continue to remain relevant.

In looking for evidence to assess my argument, I rely on a wide range of primary and secondary source material. These include parliamentary minutes, committee motions and reports, as well as proposals and reports issued by the government, state bureaucracy, political parties, and key interest groups. I have also drawn extensively upon Swedish media coverage of the labor migration policy reform debate, including editorials, commentaries, and statements made by key actors to print and broadcast sources. Interviews were conducted with a small number of key elites involved in the debate over labor migration reform in late 2003. These were of particular assistance as background for clarifying the stances of the SAP and the Confederation of Swedish Employers.

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## Two

# Labor Migration and the Preservation of the Swedish Model

The central argument of this book is that both the SAP and LO view labor migration policymaking as being closely intertwined with key institutions, policies, and principles of the Swedish model. In developing their policy preferences, these two actors consider the extent to which proposals for labor migration reform will be effective complementarities to institutional and policy features deemed central to the Swedish model. At times, such as the enlargement of the European Union on May 1, 2004, a key concern for the SAP has been the possible impact of unrestricted migration on Sweden's generous provision of welfare state services. At other times, both the SAP and LO have evaluated proposals for labor migration reform against the backdrop of their likely impact on the organization of the Swedish labor market, as well as on the balance of power between employers and labor. Frequently, the question of continued trade union influence over the implementation of labor migration policy has been a central concern. Proposals perceived as having the potential to threaten the Swedish social democratic vision for the political economy have generally been opposed. In contrast, the SAP and LO are more favorably inclined toward proposals for labor migration reform that mesh with the existing design of policies and institutions central to the Swedish model.

In this chapter, I develop the specifics of my argument in greater detail. Specifically, I demonstrate that labor migration policy, depending on its construction, can generate certain tensions for two key features of the Swedish model that are deeply cherished by both the SAP and LO: full employment policies and the universal welfare state. In the case of the former, labor migration generates a possible tension for the full employment policies of the Swedish model when, among others things, gatekeeping