Entrepreneurs and Migration
The Case of Sweden

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*The opinions expressed in this text are the responsibility of the author alone.*
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Introduction

In 2008 Sweden introduced a major reform of regulations on labor immigration, which represents one of the most open policies among high-income countries. In the current system there are neither skill requirements nor caps on entries, and migrant workers can receive work permits within all sectors of the Swedish labor market. The center-right government in alliance voted through the new policies with the Green Party. This has crucial implications for labor market legislation and institutional practices in Sweden.

The manifest political reasons for adopting the new policy included reference to the demographic challenges facing most EU countries, framing the political solution for covering the costs of an increasingly aging population in terms of labor import (Global Utmaning, 2011).

Liberal family reunification and access to citizenship procedures used to lend Swedish politics an exceptional character amongst other European countries. The orientation towards labor migration has however taken place in parallel to a shift in Swedish policy, away from a migration policy characterized by a relatively open and solidary approach to refugee reception and asylum, which had been prevalent since the beginning of the 1970s.

The current reorientation towards labor immigration has caused concern among trade unions, civil rights movements, journalists and researchers, pointing at the risks of exploitation of vulnerable groups of migrant workers, as well as social dumping1. Proponents of the new liberal system of managed migration have argued for the benefits of a system supporting the continued global competitiveness of Swedish business and guaranteeing maintained welfare standards in times of demographic crises and an aging population.

In this report, we focus in particular on these recent changes, which began with the 2008 law on managed migration, against the background of a short historical outline on the overall development and important breaking points in Swedish migration policy, looking more specifically at the implications for relations between state, employers, and trade unions.

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1 See Swedwatch, 2011; Schierup and Ålund, 2011.
Outline of the report

We set out by sketching the framework of what has come to be referred to as the ‘Swedish Model’ in terms of a universalist welfare state and a corporatist model based on elaborate collective agreements between employers and trade unions.

Next, we point at cardinal breaking points in the development of Swedish migration policy. We start by describing the extensive labor immigration in the 1960s and early 70s, followed by a shift towards humanitarian refugee policies. The second breaking point took place after 2000, when EU enlargement, Sweden’s inclusion in the Schengen accord, the directive on posted workers, and the harmonization of migration policies across the EU were dovetailed by a stricter Swedish asylum policy and new forms of labor migration, which had important implications for the actual clout of collective agreements. We discuss how different social actors have positioned themselves in relation to these policy shifts.

Finally we focus in more detail on the 2008 policy reforms instituting new rules for labor immigration. The Swedish policy is unique in terms of its liberal character and therefore of great interest in comparison with policies on labor migration in the rest of the European Union.
National Context – Migrations and Migrants in Sweden

More than one in five Swedish residents are either born in another country or are children of foreign born parents. In 2009, 14.4 per cent of Swedish residents were foreign born and the most frequent countries of birth in the statistics were Finland, Yugoslavia, Iraq, Poland, and Iran (OECD, 2011:43). Rates of naturalization are high compared to most other EU countries and about two thirds of immigrants have Swedish citizenship. This reflects the relatively inclusive policies and institutional practices of citizenship in Sweden, which will be discussed further below.

Since the early 1970s, the majority of immigration has taken place through family reunification and the settlement of refugees. Between 1999 and 2009, 40 per cent of first-time permits granted by the Swedish Migration Board were issued to migrant families. Compared to other high-income countries, labor immigration has been very low and dependent on estimates on shortages of special types of labor made by the labor market authorities and approved by the trade unions.

In 2011 the Swedish Migration Board granted asylum to about 9,000 applicants, which represents around 30 per cent of all asylum applications. Most of the asylum seekers whose applications were approved came from Afghanistan, Somalia, Eritrea, and Iraq. The same year (2011), around 14,700 work permits were issued, a number that represents an increase of about 3,000 compared to 2010. The most common sectors were seasonal work in agriculture and horticulture sectors, computer engineering, service work/restaurants, and cleaning.

Although the rates of work permits issued under the recent reform have increased, there has not been a boom in labor immigration to Sweden (OECD, 2011). Accompanying family

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2 Migrationsverket, 2010.
members may also apply for work permits and such permits have been issued on a larger scale than previously (rising from 580 in 2008 to 3,760 in 2009). There is however a lack of information on which types of employment these family members hold (OECD, 2011: 77).

More than 90 per cent of workers in Sweden are covered by collective agreements, which represent an exceptionally large coverage rate compared to other countries where collective agreements are not incorporated in national law. In recent years there has been a decrease in collective agreements in the private sector, whilst there is full coverage in the public sector (Kjellberg, 2010).

The average rate of union membership in Sweden is 71 per cent (Kjellberg, 2010), which represents a high number compared to many other countries. Since 2007 there has however been a great drop in union membership. Although this trend was slowed down in 2009 there has not been a movement towards an increase in union membership despite rising unemployment (Kjellberg, 2010: 5).
The Welfare State and the Swedish Labor Market Model

Sweden represents the quintessence of the ‘social democratic welfare regime’ according to Esping-Andersen’s typology (1990). Social reform has been guided, maintains Andersen, by a dominance of social democratic politics with a commitment to promote ‘an equality of the highest standards, not an equality of minimal needs as was pursued elsewhere’ (Esping-Andersen, 1990: 169).

The so-called ‘Swedish model’ was, during five decades following the Second World War, characterized by a universalist welfare state and, seen in a comparative perspective, an egalitarian distribution of income. This was combined with successful political strategies for economic growth and labor market regulations effected through collective agreements between employers and unions (Schierup et al., 2006: 200). Minimum wages are not set by legislation but are instead negotiated in the collective agreements between employers and relevant unions.

This labor market model, where the negotiating parties have a mutual interest in preserving the model of minimal state intervention, has remained relatively intact since the 1930s, and until recently (Woolfson et al., 2010:335). It has represented a program of economic management, with employers agreeing on a solidarity wage policy in return for a union led wage restraint in advanced sectors. This contributed to the development of competitive production for export and through this to the steady increase of economic growth and social provision in the post-war period, a process marked by de-commodification of labor and, until the early 1990s, near to full employment (Schierup, 2006(b): 45).

Most of the labor movement, and in particular the blue collar Swedish Trade Union Confederation (LO), has, through overlapping membership and institutional practices, been interlinked with the Social Democratic Party. Its long-term political hegemony has been a central feature of the Swedish welfare state and has, together with powerful labor union movements benefitting from almost universal membership across Swedish workplaces, pursued the aim of developing and maintaining a large public sector (Schierup et al., 2006: 201).

The LO, founded in 1898, is a central organization of 14 independent affiliate trade unions organizing blue collar workers. The Swedish Confederation of Professional Associations (SACO) and
Professional Employees (TCO) are trade unions for white collar workers. The trade unions negotiate mainly with the Swedish Employers Organization (SAF, Svenska Arbetsgivarförbundet), now called The Confederation of Swedish Enterprise (Svenskt Näringsliv) and referred to in this report as SN. The national agency, the Labor Market Board, AMS (Arbetsmarknadsstyrelsen), has also played a central role for labor market and migration regulations.

It is the compromises reached between these social actors, unions, and employers’ organizations that have constituted the backbone of the ‘Swedish Model’, with collective agreements playing a central role.

Union membership has, however, been at a steady decline, especially among blue-collar workers, since the recession and labor market restructurings of the 1990s (Kjellberg, 2010). The collective bargaining has become decentralized, resulting in decreasing solidarity between different groups of workers and contributing to rising inequalities of income in Sweden (Schierup et al., 2006: 204). Despite these changes, union membership is exceptionally high in Sweden comparatively to other countries in the EU.

In 2007 trade union membership rates had sunk from 85 per cent at its peak in the early 90s, to 72 per cent. The decline was speeded up in 2006 following reforms enforced by the right-of-center coalition who won the election the same year. Reforms, for example, included raised fees for unemployment insurance, which was previously deeply associated to union membership. The drop in union membership has also been larger among blue-collar workers (Woolfson et al., 2010: 335). Yet, although the rate of union membership decreased, collective bargaining remained central for the relation between labor and capital and for the regulation of employment and working conditions in the Swedish labor market.

Following restructurings during the financial crises and recession in the 1990s, the Swedish welfare system underwent a transformation along similar lines to the ‘Third Way’ introduced by New Labor in the UK. This shift has been characterized as embedded neo-liberalism (Schierup et al., 2006), targeted at promoting employability, entrepreneurship, and growth through state-business-civil society development partnerships (Schierup et al., 2006: 205). Under the iconic emblem of ‘diversity’ a multitude of projects came to focus on issues of integration (of immigrants and ethnic minorities) and gender equality.

At the same time, substantial changes in the organization of the welfare state have taken place since the 1990s, including far reaching outsourcing of public welfare services to private entrepreneurs. The social insurance system has become far less generous than it used to be, in particular concerning to health and unemployment.
Five Decades of Migration and Migration Policy

Labor migration in the 1960s and 1970s

During the period of labor immigration in the 1950s and 1960s, Sweden turned from a country of emigration to a country of high immigration through an extensive import of foreign labor. In 1946 a governmental investigation initiated discussions on options to open up for migration to meet the demand for labor. In the 1950s, agreements for the collective transfer of labor were signed with Finland, Hungary, and Italy.

There was a widespread concern for a deficit of labor in Sweden during the first years of this relatively unregulated labor immigration, hence the labor unions supported a system that was much more liberal than politics on labor migration had been during the 1930s and 1940s.

A peak was reached in Swedish economic and industrial development in the 1960s, which was expressed by an increase of the import of labor. Migrant workers started to arrive in large numbers from Greece and Yugoslavia. Between 1960 and 1970 the number of immigrants in Sweden who came from Yugoslavia rose from 1,500 to 33,800, and immigrants from Greece residing in Sweden rose from 270 to 11,800 during the same decade (Frank, 2005:15).

Although it was relatively easy for migrants to enter Sweden to look for jobs, e.g. on a tourist visa, work permits did not allow for the change of employer or workplace. Permits were generally approved only for shorter periods without guarantees for extension or settlement (Ibid.: 77). In the mid 1960s, however, legislation changed, requiring from migrants to have found both employment and accommodation before entering Sweden, pointing to a stricter regulation of migration. At the same time new regulations also brought with them reinforced legal protection of migrant workers in Sweden (Ibid.: 18).

In the early 1970s, Swedish authorities further strengthened control on the import of labor and immigration. Authorities especially began to ensure there was a labor shortage of potential immigrant workers from the Nordic countries before allowing work permits to be
issued to migrants from other parts of Europe. Furthermore, housing
needed to be arranged before arrival, and working conditions and
salary needed to correspond to Swedish collective agreements or
praxis within the sector or occupation in which the migrant worker
was employed.

The main reason for more restrictive rules was the social
situation of many migrant workers from southern Europe who arrived
in Sweden without work permit or housing. Many workers and their
accompanying family needed assistance from the Swedish
authorities. The unions reacted against the exploitation of migrant
workers and were also becoming worried that immigration would
result in a low-wage immigrant workforce and lead to social dumping,
since migrant workers during this period were almost exclusively
recruited for low-skilled jobs (SOU, 2006: 86-7). The unions insisted,
furthermore, on making full employment among the native population
a priority and included new groups in the labor force, such as married
women. The position of trade unions was strong during this time, and
as work places were almost universally subject to collective
agreements, most migrants became members of the unions
(Kjellberg, 2010:84, referring to Knocke, 1997).

Both the Labor Market Board and the trade unions identified
the need for better initial control of working and social conditions for
migrant workers (Frank, 2005: 91). The Labor Market Board had
carens that were very similar to the trade unions’, although there
might also have been a strong incentive to limit the administrative
costs related to follow-up controls by controlling the issuing of work
permits more strictly in the first place (Ibid.: 98). The employers were
against a more restrictive labor immigration policy and argued for a
system where foreign workers had equal opportunities and freedom
of movement. New regulations on migration were enforced in 1968.
But following the economic recession in the 1970s, labor immigration
became a very marginal phenomenon in Sweden (Ibid.: 19).

In practice the trade unions exercised a de facto veto on work
permits, and it was their stricter approach to work permit applications
in the early 1970s that led to a dramatic decrease of labor migration,
under conditions of regulation that remained until 2008 (OECD, 2011:
57).

The system for labor import during the 1960s and early 1970s
was not, in fact, a guest worker system comparable to the one
implemented in Germany, for example. Work permits were generally
extended routinely, after an initial approval, which strengthened the
migrant workers’ position in the Swedish labor market. Many labor
migrants also settled in Sweden and naturalization within this group
was relatively high (SOU, 2006: 85-7). Workers were also allowed to
bring their families, although in practice employers often preferred to
recruit unmarried migrant workers (Frank, 2005: 205). Labor
immigration to Sweden was different than that in other countries in
southern and central Europe, and although ethnic segmentation was
visible in the labor market, migrants had full access to the social welfare system and most gained permanent residence permits (Schierup et al., 2006: 196).

**Immigration and welfare state in Sweden from the 1980s**

Thus, labor immigration decreased in the early 1970s, and from the mid 1970s it came to constitute a minor part of immigration to Sweden. People however continued to migrate to Sweden from the Nordic countries, especially from Finland, as provided by the regulations of the common Nordic labor market. The conception of migration had started to change. Compared to general beliefs during the earlier period of extensive labor immigration, immigration was now considered to lead to more or less permanent settlement (Öberg, 1994: 79).

A major reform in 1975 politically defined Sweden as a nation where migration politics should be guided by equality of rights between the majority and minority populations (Ibid.:63). This concerned, for example, equal opportunities to express cultural identities, to develop the mother tongue, and to practice culture and religion. The values underlying migration politics also had to be guided by reciprocity, between the majority and minority cultures, and by the freedom to choose between full participation through the adoption of a Swedish identity or by maintaining an original cultural identity and citizenship (Ibid.:63). Ålund and Schierup argue that these citizenship practices led to democratic participation and political influence (2011), which corresponds well to the concept of multicultural citizenship in which private cultural diversity is recognized within a shared public space (Rex, 1985). These politics have led to high rates of naturalization amongst immigrants even if the citizenship rights of denizens have traditionally been strongly protected in Sweden.

During the 1970s and early 1980s, around 4,000 to 6,000 refugees applied for asylum in Sweden each year, a number that had almost doubled by the mid-1980s (Öberg, 1994: 79). Immigration counted refugees from non-European countries, following, for example, the coup in Chile in 1973, Christian Assyrians from Turkey, and, in the 1980s, Iranians fleeing the Islamic revolution and settling in Sweden (Schierup et al., 2006: 199). Since the early 1990s, substantial groups of refugees from former Yugoslavia, Somalia, and Iraq have applied for asylum and settled in Sweden.

The responsibility for managing immigration was transferred from the Labor Market Board to the municipalities in the mid-1980s. This corresponded to a so-called ‘all of Sweden’ strategy aiming at spreading the responsibility for refugee reception and settlement from
the larger cities to municipalities across the country (Ibid.: 219). Due to problems in integrating refugees in the labor market, exclusion from the labor market among newcomers was identified in the media and political discourse as a result of a (too) ‘generous’ and open reception policy, a theme that has remained in the public debate ever since. Immigration and refugees became increasingly associated with ‘threats’ to social cohesion and economic welfare. A growing skepticism towards migration became most clearly manifested by the right-wing populist party New Democracy being voted in to parliament in 1991, in a context marked by economic crisis, recession and abruptly rising unemployment, particularly visible among migrants and new ethnic minorities.

This did not, however break an overall agreement on asylum policies across most of the left-right spectrum of the Swedish polity, which emphasized humanitarian responsibility and international solidarity. Second to Germany, Sweden was the country to accept most refugees from the former Yugoslavia during the 1990s.

The Swedish legislation on asylum and labor market participation was also clearly distinct from that of other Scandinavian countries such as Norway and Denmark, where, for example, asylum seekers or refugees, according to Danish legislation, are compelled to participate in prescribed labor market integration programs in order to be granted permanent residence permits (Sager, 2011, referring to Emilsson, 2008: 39).

Even after 2000, Sweden continued to stand out as an exceptional case among high-income countries accepting, for example, almost 18,000 Iraqi refugees in 2006 and 2007. Yet entry to the Schengen agreement in 2001 has gradually led to a more restrictive stand as Sweden had to harmonize its policies with the increasingly restrictive policies on asylum across the EU.

From welfare to workfare

During the past decade, the shift in public discourse from a focus on redistribution to a focus on reducing costs of social provision has been central for the development of European welfare states (Levitas, 1998: 25).

A right-of-center-alliance consisting of four parties who won the Swedish election in 2006 has heavily promoted an "activation politics" reminiscent of US ‘workfare’ policies as a way of tackling

5 Migrationsverket.se (c), http://www.migrationsverket.se/download/18.478d06a31358f988845800010288/tabs3.pdf.
social exclusion. Although the access to power of this alliance has sped up the process, this turn in Swedish politics had already started after the economic crash in the early 1990s, under the rule of the Social Democrats.

Politics of ‘integration’ became characterized by an embedded neo-liberalism, emphasizing life-long learning, employability, etc. Also, the position of the migrant organizations that had been an important part of the corporatist model of active citizenship and involvement changed. Migrant organizations were now to be incorporated in tackling ‘social exclusion’ through market-oriented partnerships for integration. Corporate business was, according to the US models, urged to focus on ‘diversity management’, cultural awareness, and language training (Schierup et al.: 223).

Another step towards the individualization and privatization of immigration politics⁷ is the recent ‘establishment reform’ (etableringsreformen)⁸, referring to migrants’ establishment in the labor market. This reform was implemented in December 2010. The reception of newly arrived immigrants has been moved from the municipalities to the Swedish Employment Service, and responsibility for immigrants ‘network building’ and introduction to a working life in Sweden placed on individual tutors (lotsar). The reform has been criticized for lacking a more holistic perspective and understanding of the complex situations for newly arrived refugees⁹. However, the minister of immigration, Erik Ullenhag, has defended the reforms arguing that the most important political task was that of ensuring integration by enhancing migrants’ agency and employability¹⁰. Ullenhag wanted to tackle a prevalent Swedish “caring mentality” that places immigrants, he argued, in the position of weak individuals.

**Labor market segmentation**

The Swedish labor unions have held the position that labor immigration should not become a vehicle for dumping in terms of wages and working conditions. Despite the relatively successful protection of labor standards in Sweden, migrants were already systematically overrepresented in monotonous low-status occupations with low wages during the intensive labor immigration in the 1960s and early 1970s (Schierup, 2006b: 207). Although an unequal ethnic labor market segmentation and wage differentials

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⁸ See Amv.se
¹⁰ Interview at Sveriges Radio, 2010-11-24
have been less visible in Sweden than in most other high-income countries, consistent patterns of institutional discrimination have been recorded\(^\text{11}\).

The participation of immigrants in the Swedish labor market and within the trade union has been described as subordinated inclusion (Mulinari and Neergaard, 2004; Neergaard, 2006), i.e. membership but subordinated positions both in relation to work and influence within the organization. Researchers have studied how the specific Swedish model has affected ethnic inequality. Wuokko Knocke has, for example, shown how, although union membership was compulsory for migrant workers, their influence on union strategies was minimal (Knocke, 1981). The ethnic subordination and privilege of native workers have been reproduced within the union by culturalist notions of nation, belonging and ‘Swedishness’\(^\text{12}\).

Until the economic crisis in the 1990s, income differentials between foreign born and native workers was very low in Sweden compared to most other European countries. The social democratic commitment to full employment along with the exceptionally high employment among foreign born women and immigrant welfare access, long made Sweden stand out positively among other European welfare states. Active labor market measures, including training or work for the unemployed, and labor laws, such as the Law on Employment Protection with the aim of limiting a wider development of temporary insecure employment, are examples of this difference.

Sweden maintained a relatively low rate of unemployment compared to other European countries until the restructurings following the recession dramatically changed the landscape of ethnic inequalities (Schierup et al., 2006: 207). Between 1989 and 1993 the overall unemployment rose from 1.5 per cent to about 8 per cent whilst the rise in unemployment was higher for foreign born, from 2.9 to 15.4 per cent (SCB, 2004 (a)).

The escalation of ethnic and class based exclusion in Sweden – what Ålund and Schierup have called a Swedish paradox of multiculturalism in relation to the inclusive welfare state and commitment to ethnic plurality (1991)– has interested several labor market researchers in Sweden. Taken together, practices within institutions both in the labor market and the welfare state have shown to strengthen culturalist notions and differentiate ‘the Other’, often to the disadvantage of immigrant populations\(^\text{13}\).

The immigrant population has a low employment rate compared to the Swedish population, a gap of 12 points in 2009, which represents one of the largest gaps between majority population

\(^{11}\) See Knocke, 2006.

\(^{12}\) See Mulinari and Neergaard, 2004; Edgren, 2006.

\(^{13}\) See Hertzberg, 2006.
and immigrants in the EU (OECD, 2011: 36). Employers’ organizations have argued that Swedish labor laws have created fixed ‘insiders’ and ‘outsiders’ in the labor market, with the effect of excluding vulnerable groups from the labor market, such as young people without work experience or immigrants. Other explanations are the character of immigration to Sweden, mainly constituted by asylum seekers who do not have a direct path to employment; the structure of the Swedish labor market with heavy thresholds for entry into the primary sector of the Swedish labor market; and institutional discrimination.

**Schengen and EU harmonization of asylum politics**

Following the implementation of the Schengen agreement in 2001, a larger focus has been placed on border controls in Sweden. National politics still play a central role in shaping migration policies, though references are more often made to the harmonization with general EU politics. The political scientist Peo Hansen argues that EU policies on immigration have tended to merge with those anti-immigration tendencies that have, in research and politics, been ascribed to protectionist nations and nationalism (Hansen, 2009). He argues, based on responses made to Iraqi asylum seekers since 2005, that Tobias Billström, the Swedish migration minister of the center-right-government that came to power in 2006, has increasingly followed general European trends, constructing a political distance in his discourse with Sweden’s former exceptional reputation for generous asylum policies. The following statement, quoted from Hansen is from an interview interrogating the minister on what he calls the unfortunate signal effects of Sweden’s reputation as a sanctuary for asylum seekers (Ibid.:23f):

‘Given the somber mood of the minister, the interviewer then asked if this should be taken to mean that Sweden is slowly turning away from its much lauded, liberal Swedish immigration policy. The migration minister’s answer is interesting and worth quoting at length: We do not have immigration laws that are more liberal than any other European country. However, the effect of our laws was, unfortunately, that people who left Iraq and came to Sweden were given a resident’s permit sooner or later. This was an unfortunate signal because it meant that the shared responsibility… also means that we have to have the same set of rules and the same practice in applying these rules. And this is something that Sweden works hard for in the EU. I never go to a council of ministers’

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14 See Svenskt Näringsliv (a).
NGOs and international organizations such as the UN have criticized Sweden for increasingly restrictive tendencies in asylum politics. The debate has also included discussions on irregular migration and rejected asylum seekers who have not left Sweden after receiving a negative ruling by the Migration Board or the Migration Court.

**Irregular migrants in Sweden – welfare and labor market debates**

Sweden and other Scandinavian countries have had a small rate of irregular migration compared to other European countries. Due to the relative novelty of rising irregular migration in Sweden, there is also a lack of extensive research in this field (Düvell, in Holgersson, 2011: 22). However, from being generally invisible in the social debate, irregular migrants in Sweden (most often defined as ‘undocumented’ or ‘illegal’ migrants or ‘clandestine refugees’) have become increasingly present in the Swedish media and in political discourse and debates on the present and future of the Swedish welfare state.

In 2005, questions of *sans papiers* (Swedish: *papperslösa*) received attention in the media, not least due to debates on so-called ‘apathetic’ migrant children and the large campaign for refugee amnesty (Sager, 2011: 36). The debate on apathetic children, children showing signs of mental distress in families in which some members had not been granted asylum, became polarized between health care professionals and NGO activists, on one hand, who warned of an increase in the number of children with dramatic symptoms of ‘apathy’ following post-traumatic stress and depression, and a range of politicians and commentators in the media, on the other, who claimed that the ‘apathetic condition’ of children was faked by parents in order to obtain residence permits (Tamas, 2009).

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15 See Skr 2005/06: 95; 98.
16 Different researchers in Sweden have chosen different concepts and definitions. Most researchers argue that ‘illegal’ migrants has a problematic connotation that criminalizes individuals and groups in relation to nationals border and taken-for-granted migration regimes. The term “undocumented” does not serve the same purpose as in other countries where ‘documents’ have a different meaning. In relation to the labor market ‘undocumented workers’ is however a generally accepted term often used in the media. ‘Clandestine’ migrants may be problematic since it associates irregular migrants to the margins of society and everyday life, although many of these migrants are very active in citizenship practices and the labor market (Sager, 2011).
Parallel to this debate, and partly connected with it, a campaign for a general amnesty took off, engaging a large number of individuals (including sans papiers themselves), NGOs, churches, and political parties.

The number of clandestine migrants was estimated by activists as being around 30,000\(^{17}\), and the legal practices, especially concerning the treatment of appeals, were seen as being incorrect, unjust, and inefficient (Sager, 2011: 38). This critique triggered a broad social movement, which had the effect of placing the situation of rejected asylum seekers in the media spotlight. The final result of the campaign was, however, not a general amnesty, as this proposition was voted down by the then governing Social Democrats together with the Conservative Party (Moderaterna). Instead a compromise was implemented, according to which all clandestine immigrants could, without fear of deportation, have their cases retried. Families with children who had been in Sweden for at least three years generally received residence permits. But the larger majority of applications from clandestine migrants without children were rejected (Ibid.: 39).

Irregular migrants in Sweden have mainly been discussed in relation to welfare provision. In particular, the lack of rights to subsidized health care has engaged both professionals within the health care sector, researchers, and politicians\(^{18}\). The framing of the question of irregular migrants in Sweden, as in Scandinavia generally, in terms of rejected asylum seekers rather than as ‘clandestine migrant workers’ has furthermore affected the political debate as well as research (Düvell, in Holgersson, 2011). Studies on undocumented migrants in the Swedish labor market continue to be relatively few, which can also be explained by the traditionally small proportion of informal work (Schierup et al., 2006: 216).

During recent years, however, the exploitation of irregular/undocumented migrants in the labor market has gained more attention, and an increasing number of reports and articles in the Swedish media have described the situations for these workers and the dilemmas they bring to welfare state institutions and trade unions\(^{19}\).

In the initial debates, the trade unions, mainly the LO, was criticized by the smaller syndicalist union, Sveriges Arbetares Centralorganisation (SAC), for criminalizing undocumented workers, and for some incidents where the union had reported undocumented

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\(^{17}\) The Trade Union Center for Undocumented Workers estimate, at the time of writing, around 30,000 to 50,000 undocumented migrants in Sweden.


\(^{19}\) See Fastighet.se, <http://www.fastighets.se/home/fast2/tidn/home.nsf/uniid/0E69E6B3C027B4FBC125742000351618>.
labor to the authorities, leading to the arrest and deportation of irregular migrants\textsuperscript{20}.

In 2008 the Swedish Building Maintenance Workers’ Union elaborated a proposition for the broader central organization arguing that undocumented workers should have the possibility of becoming union members with a right to unemployment insurance\textsuperscript{21}. The same year the Swedish Trade Union for Undocumented Migrant Workers (\textit{Fackligt Center för Papperslösa}) was established with the purpose of informing undocumented migrants about their rights in the labor market\textsuperscript{22}.

This did not mean, however, that irregular migrants were incorporated as union members. The LO decided not to take care of undocumented workers and received further criticism, mainly from the syndicalist union (SAC) that has been actively working with the so called ‘register’, a more controlled and organized way of managing contacts between employers and irregular migrants in order to decrease risks of over-exploitation. The major trade unions argued that such methods risk cementing a divided labor market\textsuperscript{23}.

In recent years the major labor unions have been more active in attempting to defend workers’ rights for undocumented migrants, for example, by being more flexible in their efforts to prevent the detection of \textit{sans papiers} by authorities, arguing strongly for a decriminalization of undocumented migrants and for better control and sanctions against employers\textsuperscript{24}. The debate on an allegedly ‘toothless’ approach of LO has, however, continued.

\textbf{Erosion of the Swedish model – Laval and union membership}

Sweden was one of the few EU countries that did not apply transitional measures when new countries entered the union with the 2004 enlargement. This decision was taken by a majority vote in the parliament but in opposition to the Social Democrats who were at that

\textsuperscript{22} See www.lcfp.se
\textsuperscript{24} LO (a), <http://www.lo.se/home/lo/home.nsf/unidView/12F0B53F3D05A348C1257433002E4B8F>.
time in government. Arguments against transitional rules maintained that the structural characteristics of the Swedish labor market, with a limited low-skilled sector and relatively high wages, spoke against risks of social dumping (OECD, 2011: 60). Arguments against the decision were based on fear of social dumping and what was publicly referred to, after the Social Democratic Prime Minister Göran Persson in 2003, as ‘social tourism’.

The EU enlargement, and the free mobility of work and services that came with it, did however cause a big debate, which came to shake the Swedish labor market model through the dispute over the so called Laval case. The arguments and consequences of this case have been extensively discussed by social actors and we will bring up some crucial features of this debate as presented by social scientists such as Woolfson et al. (2010). Latvian posted workers, employed by the Latvian company Laval un Partneri, were working at a Swedish construction site in Vaxholm, Stockholm, in 2004. The Swedish Building Workers’ Union, a member union of the LO, negotiated with the company during several months in order to get the Swedish collective agreement signed, which would entitle the Latvian workers to wages and working conditions comparable to those of Swedish workers. The negotiations failed, however, leading the union to take measures against the company and give notice of industrial action and a blockade against the construction site. The blockade was extended through sympathy measures by the Swedish Electricians’ Union, and all Laval sites in Stockholm were targeted. The blockade was first judged as legal by the Swedish Labor Court, thus rejecting a claim from the company, but was later found to conflict with the EC treaty after being brought to the European Court of Justice (Woolfson et al., 2010: 337). The reason why the case could be brought to the ECJ was that the Latvian workers had no intentions of entering permanently into the Swedish labor market. The decision was later followed up in the Swedish Labor Court, presenting the trade union with large fines. The ECJ had argued that the union’s exercise of the right to use these measures conflicted with the freedom of movement of services within the EU and that the action had not been taken in the general public interest but to protect the conditions of Swedish workers.

Since minimum wages are not set by law, the minimum wages that are regularly negotiated between the union and employers in a certain sector could not, according to the ruling, be expected to be applied by foreign companies. The Swedish labor market model with minimal state intervention has also led to industrial action, such as strikes and blockades, to become important tools in the unions’ bargaining power.

Woolfson et al. argue that, the position of trade unions having been weakened in the labor market, Swedish employers had an interest in maintaining the voluntary system of collective bargaining and hence to prevent legislation on minimum wages and on the enforceability of collective agreements (2010). The Laval case, and
the prevention of extended union conflict capacity, was hence strategically important for the employers (Woolfson et al., 2010: 337). The dilemmas of transnational union organization continue to be of central concern for the unions in the Swedish labor market model and will be discussed below.

**Towards managed migration and a changing landscape of Swedish labor?**

European governments are facing the dilemma of, on the one hand, needing to increase the work force and appease employers through the import of labor and, on the other hand, facing a public opinion reluctant to increased immigration (Schierup et al., 2006). The prevailing notions concerning labor migration relate to the changing needs of labor importing countries, expressed in the changing discourses, policies, and institutional practices in Europe and globally. The idea of circular migration implies a return migration, where migrant workers do not settle permanently in the countries where they work, and is associated mainly with migration from developing countries. Circular migration is said to suit the needs for both low- and high-skilled labor immigration in higher income countries, but is perhaps most visible in policies concerning seasonal work put forward by the EU Commission (2010: 0210). This interrelatedness of migration regimes and labor market demands in western countries bears resemblances to the situation after the oil crises in 1973, when migration politics became more restrictive and controlled following rising unemployment (Castles, 2008: 6).

In parallel to being criticized for practicing restrictive immigration politics with militarized border controls and the political repression of asylum seekers, the EU, following the concept of ‘managed migration’, is opening up its borders to temporary and highly monitored labor migration. Despite the success of the right-wing populist and anti-immigration party, the Sweden Democrats, in the election in 2010, Sweden has not experienced negative attitudes towards immigration among the population to the same degree as many other European countries have. However, as mentioned in previous sections, political discourses on immigration are also changing in Sweden (Ålund and Schierup, 2011). More restrictive asylum policies are matched by new forms of labor import. The migration regimes and labor market practices in Sweden are, following the general evolution across the EU, transformed in the direction of managed migration, albeit cast in a specific legal and institutional configuration exceptional in the wider European context.

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25 Hansen, 2008, EU:s migrationspolitik under 50 år, Fekete
The following sections will mainly focus on discussions and conditions relating to the labor immigration reforms of 2008. We discuss the opening to labor immigration from countries outside the EU, and how central social actors have positioned themselves in relation to these reforms.

**Labor immigration and new regulations in 2008 – legislation and implementation**

Since 1972, when unions started exercising a *de facto* veto on work permits, which embedded the shift from an open system of labor import in the 1960s to a more restrictive policy towards labor migration following a rising unemployment in the 1970s, labor migration to Sweden has been minimal. Since 2008 employers in all sectors are, according to the new law, licensed to employ workers from so called third countries, i.e. countries from outside the EU. There are no restrictions on entries. Against this background, the policy in Sweden on labor migration today is among the most liberal among high-income countries (OECD: 55).

The reforms have introduced several changes for the recruitment of workers from countries outside the EU. Third country nationals need to apply for work permits before arriving in Sweden. Rejected asylum seekers are, however, exempted from this requirement, provided that they belong to the group that receives work permits during the time their asylum cases are tried, and have been working in Sweden for the past six months. In order to 'change tracks' they also need to apply for a work permit within two weeks from receiving the decision on their asylum application. Work permits are issued for a maximum of two years with possibilities of extension if the migrant is still employed. After four years in Sweden the migrant worker can apply for a permanent residence permit but is not guaranteed an approval.

In the current system, work permits are linked to one employer. If employment is terminated the migrant is allowed to stay in Sweden for three months in order to find a new job. The employment conditions that are offered to migrant workers need to meet standards set by collective agreements, or praxis within the sector where the migrant is employed, in order for a work permit to be approved. The applications are sent to the concerned union to be evaluated in relation to these criteria before being approved by the Migration Board.

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26 migrationsverket.se
Before the new regulations were introduced, there was a compulsory control of labor shortage in the sector, carried out under the authority of the Labor Market Service, the AMS. A union statement, which was normally considered as binding, was also necessary in order to determine whether or not recruitment of foreign workers could be allowed. Following the reform, labor market tests have been replaced by a compulsory advertisement period of ten days directed at potential Swedish or European applicants before work permits can be issued to third country nationals. There are, however, no obligations on the side of the employer to interview other applicants.

The 2008 law on labor migration was, in 2005, preceded by a government report investigating needs and possibilities for increased labor migration to Sweden (SOU, 2005: 50). In spite of Sweden having the highest birth rate in Europe, the 'demographic challenge' was put forward as a crucial argument, as was the case in other parts of Europe. With a relatively high rate of participation of women and older people in the workforce, categories that are often less represented in employment statistics in other European countries, Sweden might, protagonists argued, face an even bigger demographic challenge than in many other countries (OECD: 37). Critics, on the other hand, in particular the Swedish LO, pointed at the high unemployment in Sweden, especially among immigrants and settled ethnic minorities. Persistent high rates of unemployment, they argued, call for careful considerations regarding recruitment of foreign workers in order to avoid the development of an increasingly polarized workforce and hyper-exploitation of new guest workers28.

One of the most disputed changes relates to stipulations in the previous law, stating that foreign labor may not be recruited in sectors or work places where difficulties to recruit workers may be related to, among other, substandard salaries and working conditions or specific local conditions (SOU, 2006: 87-90). In the 2008 reform, this clause was removed, leading to protests from trade unions.

The new regulations were voted through by the newly elected (2006) right-of-center government and the Swedish Green Party. According to Denis Frank (2005), this coalition defended norms emphasizing the needs of capital and employers, as represented by the conservative parties, on the one hand, and an open and liberal attitude towards migration, putting on the forefront issues of human rights, identity, and culture as represented mainly by the Green Party, on the other hand. The wider issue of labor migration is a sensitive topic in Swedish politics. For example, opponents of increased labor migration, although often supporting a continued generous asylum

system and a liberal immigration regime at large, have been accused of aligning with xenophobic politics (Lundqvist: 187).

The most heated arguments relate to the situation of temporary labor migrants and the responsibility of central social actors. The labor unions have argued that in order to avoid exploitation of labor migrants and a full-scale guest worker system, labor market surveys evaluating the need for foreign recruitment within sectors and occupations should remain. Before the 2008 reform, some groups were exempted from the strict labor immigration practice. These groups included the most high-skilled and specialized migrants, temporary hires, and seasonal workers. High-skilled migrants were granted permanent residence permits through employment, for example, at Swedish Universities. Workers could be granted work permits valid for a short-term period of up to six months for occupations where labor shortages could be documented, but only until the Swedish training system could fill this shortage with resident workers. Only in exceptional cases were work permits extended. Short-term employment also included international exchange programs and seasonal work, which could give migrants work permits valid in one occupation for up to three months. The issuing of these work permits had to be preceded by a labor market test by the Labor Market Board and housing also had be arranged beforehand (SOU 2005: 50; 208ff).

The government countered arguments put forward by the labor unions, arguing that employers were the experts on whether or not recruitment of foreign labor was needed. The employer organisation SN had already stated in 2003, before the 2004 EU enlargement, that the Swedish labor market should be opened up unconditionally to citizens from the accession countries, but also advocated a liberal practice concerning the granting of job-search visas for third countries’ citizens beyond the enlargement of the EU (OECD, 2011: 60).

**Migrant workers under the new regulations**

The new law has not, in fact, led to a boom in labor migration to Sweden. This may partly be explained by the economic recession that coincided with the reforms. Nevertheless it has led to the recruitment of migrant workers from third countries within a wider range of businesses, also in sectors where previously documented migrant workers were hardly employed, for example, in restaurants and hotel business (OECD: 73).

14,722 work permits were issued to citizens of non-EU countries in 2011. 2,821 permits were issued within the agricultural sector, and computer specialists constituted the second largest group, with 2,795 work permits. Taken together, different service occupations, such as cleaning and restaurant work, represented
nearly 3,000 approved work permits\textsuperscript{29}. The most important countries of origin among migrant workers were Thailand, India, and China. Many seasonal workers in the berry industry are from Thailand, while India and China provide labor for the important Swedish IT sector.

The temporary work permits have been criticized for creating a guest worker system, marked by precariousness in terms of employment and working conditions. Only about fifteen per cent of those who were granted work permits in 2009 still had residence permits two years later\textsuperscript{30}. The rules, according to which four years of work within a maximum period of five years is required in order to be licensed to apply for a permanent residence permit, may furthermore affect different groups of workers differently—jobs in the lower service industry, agriculture, etc., are rarely stable and long-term employments.

About three out of four applicants for work permits are men. This can be explained partly by the male predominance in the occupations where labor migrants are found (OECD, 2011: 77). But family members of those who hold work permits (valid at least six months) are allowed to work within all sectors of the Swedish labor market (OECD, 2011: 64)\textsuperscript{31}.

Asylum seekers who have had employment during six months prior to the decision are exempted from requirements to apply for work permits from outside Sweden. This is referred to as the opportunity to ‘change tracks’ and can only be done within two weeks from the rejected asylum application. From January 2009 until May 2011, only 3.1 per cent of all granted work permits were given to rejected asylum seekers (OECD, 2011: 84). These numbers also represent a very small share of all asylum seekers and can partly be explained by the low rate of employment among asylum seekers.

The new migration policy should not be understood as a general regularization of migrants who have stayed in Sweden without residence permits, since work permits have to be applied for countries outside Sweden. It is, however, difficult to say how many irregular migrants working in Sweden have been able to get residence permits through their employments.

\textsuperscript{29} Migrationsverket.se (b), <www.migrationsverket.se/download/18.46b604a812c8cdd7db800027742/Beviljade+arbetstillstånd+2011+-+Work+permits+granted+2011.pdf>.


\textsuperscript{31} See Migrationsverket.se (d), <http://www.migrationsverket.se/info/160.html#h-Tillstandsfamiljemedlemmar>.
Debates and characteristics of high-skilled migration

High-skilled migrants have to some extent constituted a target group concerning the liberalization of regulations on labor immigration and have served as examples of the successful collective recruitment of foreign workers. In contrast with other countries, such as Denmark where a green card is issued to high-skilled migrants, Sweden has not introduced a supply-driven system for labor immigration, since employment is necessary before entering the country. The risk of the Swedish system may be a larger competition in sectors where less skills are required, but it is also argued, for example, by the OECD, that job searching visas for qualified workers is not a guarantee that these migrants end up in qualified occupations (Ibid.: 69).

Discussions on the effects of labor migration in sending countries, such as brain drain caused by excessive emigration of high-skilled workers from less developed countries, have been discussed in the government reports preceding the reforms. Win-win-win situations (for the sending country, for the receiving country, and for the individual migrant) are also discussed by the Swedish government in debates on managed migration, with development in sending countries seen as being generally positively affected through circular migration, return migration, and remittances (SOU, 2010: 40).

Related to issues of specialized foreign workers is the admission of international students in Swedish universities. Sweden has recently introduced fees for students from non-EU countries, which caused the numbers of foreign guest students to decrease spectacularly in 2011. Foreign students are exempted from requirements to apply for work permits from outside Sweden.

Following seasonal work in agriculture and forestry (berry picking), IT specialists represent the largest group of migrant workers in Sweden (OECD, 2011: 114). Many foreign workers within this sector have short-term contracts through, for example, intra-corporate transfers, although about 30 per cent of those who arrived in 2009 still had valid work permits after two years (Ibid.:114). The IT sector is complex and includes many different occupations and specialist areas. The sector is, however, regarded as, generally, experiencing labor shortages. Following an intensified import of foreign labor to the sector, debates have come up concerning the ethnic/gendered divisions of labor, in terms of origin, citizenship ethnicity, and gender.

33 See SOU, 2006: 87.
34 SACO (2007), “Answer to referral by governmental report on labor immigration”, Ds: 27
The Swedish Association of Graduate Engineers (Sveriges Ingenjörer, SI) is the largest trade union organizing engineers in Sweden and is a member organization in the powerful white-collar union federation, SACO. The SI put forward a positive response to the proposition on labor immigration reforms in 2008 (Ibid.). SI furthermore stated that they wished to avoid responsibility for controlling individual employers - a responsibility which they argued should be placed on the authority in charge, the Swedish Migration Board\(^35\). However, several media reports have, since the introduction of the 2008 reforms, revealed employment conditions for foreign engineers far below labor market standards in Sweden. On this basis, SI has announced that the union will break off its collaborations on work permit applications, a collaboration originally introduced to relieve administrative pressure on both the union and the Migration Board. The reason, they argue, is the lack of follow-up controls. The unions argue that there have been several examples of employer negligence on work permits. The director of SI commented in a newspaper article that:

‘Experts at Swedish Engineers have seen contracts where it has explicitly been stated that if the employee reveals anything about their terms of employment they will be sent home immediately.’\(^36\)

Other controversies reported in the media relate to programmers and system developers from Asian countries, such as India and China, who, it is claimed, are recruited with the actual aim of pushing salaries down\(^37\). The overall effects of the import of labor on these advanced technological sectors are difficult to assess, especially considering their highly transnational character. The situation for high-skilled labor migrants has, however, not been the main object of criticism concerning the 2008 reform. Recruitment in sectors where there had been no labor shortages in the past proved to be even more controversial, as we will see in the following sections.

\(^{35}\)Migrationsverket.
Informalization and segmentation in the Swedish labor market – lack of control functions

The fear of social dumping and exploitation of migrant workers have constituted the most voiced arguments against the 2008 reform on labor migration. Swedish media have reported on migrant workers who have been cheated of their wages, who, upon arriving in Sweden, have faced working conditions far worse than their contracts stated, or who found themselves vulnerable to the whims of unscrupulous employers. There have also been reports of companies closing down just after having recruited foreign labor, a process which was identified as human trafficking in some instances.\(^\text{38}\) One of the main critiques directed at the Swedish migration policies in a recent OECD-report, which gave an overall evaluation of the Swedish reforms, is the lack of control functions and follow-up inspections of already issued contracts, aimed at protecting migrant workers (OECD, 2011).

Although this is a critical problem, the debate on lacking control functions and abuse of migrant workers has perhaps been most visible in relation to the seasonal migrant workers who pick wild berries in Swedish forests; an activity providing raw material to important domestic as well as exporting, food processing, and cosmetic industries. In late summer and autumn, in recent years, Swedish newspapers and other media have been filled with stories of migrants from Asian countries, mainly from Thailand, who have come to the northern parts of Sweden to pick blueberries, lingonberries, and cloudberries. Radio reports, spreads in the largest newspapers, and long articles, both in local, national and international media\(^\text{39}\), have illustrated the frustration, vulnerability and poor working and living conditions of these migrants\(^\text{40}\).

Although the reforms on labor immigration in 2008 were not, as such, instrumental in opening up access for seasonal migrant workers in agricultural and horticultural sectors, the case of the berry pickers has stirred up heated debates on migrant workers in Sweden. These discussions well-illustrate the changing landscape of – and the dilemmas accompanying – an increasingly globalized Swedish labor market.


\(^{40}\) See Sveriges Radio, 2011-07-25, "Vredens Blåbär".
Thus, dramatic reports on miserable conditions of employment and work, and uncontrolled hyper-exploitation of migrant workers in the berry industry seem in particular to have challenged a still prevailing Swedish self-image of having a stable regulated labor market system backed by solid frameworks of citizenship and labor rights. The media coverage has led to political debates; to extended collaboration between unions, concerned employers, and municipalities; and to institutional measures by the Migration Board, which proceeded to enforce a more thorough control on the horticultural sector in Sweden.

Wild berry picking, according to many politicians and union representatives (Krifors, work in progress), has never been considered as wage work, and never been organized as such, but rather used to be a task performed within the household. It was only in the 1980s that groups of Poles arrived in the northern parts of Sweden to camp and pick berries on a larger scale\(^1\). Berry picking became increasingly organized, e.g. with bus trips being arranged between Poland and Sweden during the berry season. At the beginning of the 1990s, according to several accounts, women from Thailand, married to Swedish men and settled in the north of Sweden, invited relatives and friends to the region on tourist visas (Krifors, work in progress). These tourists spent their time in Sweden picking berries and sold them to companies who stored and delivered berries to food producers. Within a few years there were more actors involved, wanting to get a share of the golden berry industry, and more and more ‘tourist’ berry pickers got in trouble living under substandard conditions in an expanding but completely uncontrolled and informal berry picking industry.

The berry industry in Sweden is not uniform, but is rather a diversified business, with different forms of employment and arrangements for berry pickers. Most migrant berry pickers from Thailand are employed by recruitment agencies/manpower companies who have contracts with Swedish berry companies (Swedwatch, 2011). Today these migrant workers have a work permit, issued by the Swedish Migration Board. There are, however, still, many berry pickers who are in Sweden on tourist visas. They are allowed to pick berries like all people who reside in Sweden permanently or for shorter periods. Without an employment contract, and hence a work permit, berry pickers are only allowed to sell berries for less than 1,300 euro/year. This sum is (most years) easily exceeded when berry pickers are organized and pick berries full-time. There is hardly any control of how much money individuals are making on selling berries, and consequently there is a large informal sector where berry pickers have no employment contracts but sell their berries to wholesalers or berry purchasers directly.

\(^1\) Interview with employer, May 2011.
In 2005 the Swedish tax authorities investigated the berry industry and demanded that migrants picking berries for berry companies should be taxed and that employers' fees should be charged. This led to a modification in the system, with berry companies starting to employ berry pickers through agencies in the sending countries, as - with the formal employment outsourced - there was no demand on tax or fees in Sweden. This has been the system since, with only a few exceptions where berry companies have employed the workers directly.

The Migration Board has, since 2010, laid down new regulations, according to which more demands are put on the main contractor to be able to guarantee a salary. More control has also been announced concerning applications from companies to ensure proper payment and working conditions. This did not, however, stop scandals from bursting out during the summer of 2010. Accordingly, in 2011, additional regulations were instituted, requiring employers to have a subsidiary office in Sweden and to demonstrate a financial capacity to pay workers even in the case of a bad berry season.

These regulations have been pointed at as a source of inspiration for introducing stricter controls of employers in other sectors of the economy as well, in which hyper-exploitation of migrant workers has been demonstrated. Some commentators, referred to by Woolfson et al. (2011), have been skeptical concerning the potentially positive consequences of the new regulations, arguing that, although the migration board and the municipal workers’ union have been trying to improve conditions, the distribution of responsibility remains unclear. It is furthermore argued that a specific collective agreement, applicable to picking 'wild berries' needs to be created in order for the specific risks and challenges of this work to be supervised (Swedwatch, 2011). Thus the example of regulations in the berry industry is indeed questionable in terms of setting standards for Swedish migration management as a whole.

There is an effective demand for the berries picked by the migrants, since most berries are exported internationally for extraction of antioxidants used in the health and beauty industry. The central question here is how the racialization and citizenship status of workers may be interrelated with how labor becomes a socially recognized wage work, and not seen as an exception to how acceptable conditions are otherwise defined. As argued by municipalities and others, if berry picking were considered to be ‘genuine work,’ unemployed persons could be placed on the jobs (Krifors, work in progress). These commentators regard this as unthinkable – arguing that picking wild berries is (no longer) a work for Swedes, but is rather dependent on the transnational migration of a disadvantaged work force. Yet, the division of labor in the Swedish labor market is complex and sometimes surprising. Thus, for example, migrants from Eastern Europe pick berries side-by-side with those Thai guest workers who have a tourist visa/work permit and are therefore ‘documented.’ There are indications that Thai workers have
much better labor standards, a much better general situation and are much more rarely victims of trafficking and criminal employers than, for example, berry pickers from Hungary or Romania.

During 2011, reports on the exploitation of those migrant workers who were employed by recruitment agencies had decreased. The closer intersection of labor market policies and migration policies continue however to cause concerns, and the responsibilities of different actors remain unclear (Woolfson et al., 2011). Woolfson, Thörnqvist, and Herzfeld Olsson show how both the Swedish model of industrial relations and the implementation of regulations by actors have been weak, in particular concerning the berry pickers (Ibid.).

However, the debate on the exploitation of migrant workers is not specific to the berry industry. Following the new regulations on labor migration in 2008, there have been numerous media reports of exploitation of migrant workers in the building industry, the service industry, etc.

In many of the cases discussed, the precariousness of the new temporary migrants’ work and life situations is explained against the background of fear and threat of losing their residence permit if they lose their employment42. This reveals a situation in which there are no possibilities for negotiation, or for putting pressure on employers to have decent labor standards. Some workers, for example, in restaurants43, have been reported as being denied the salary they had originally been promised, and have become dependent on employers for accommodation, for which large costs have been taken out of their salary. The exploitation of migrant workers may also have a gendered character. Cases that received media attention concerned, for example, ‘massage institutes’ where no social costs were paid for many of the employees on work permits, and where prostitution and trafficking had been suspected44.

Anna Gavanas offers a discussion of how migration status affects the inclusion/exclusion in the formal and informal labor markets through a study of domestic services in Stockholm (2010). Migration status does not always affect precariousness in a straightforward way. Gavanas argues that one category of migrants, which is more rarely talked about than, for example, undocumented migrants, are workers in the cleaning industry originating from within the EU, who have not been able to regularize their residency and work permits in Sweden, and who end up in the informal labor market (2010: 37).

42 See Fekete, 2006; Walia, 2011.
The intersections of racialization, citizenship and migration status create complex patterns along the lines of inclusion/exclusion and precariousness among migrant workers. Labor market discrimination of immigrants with "foreign" names or looks needs to be understood as part of a segmented labor market, both in the formal and informal sector, where work permits or permanent migration status qualifies different groups for different jobs. Although not elaborated extensively in this report, gendered work and gendered migration are other important aspects in order to understand these complexities.

Migrants in a changing labor market

Research has shown how the formal and informal sectors should not be understood as separate but rather as interrelated (Slavnic, 2010), as informal employers are increasingly linked, through production and financial chains, to businesses and employers in formal labor markets. An obvious example is again the berry industry. Some employers in the wild berry industry have argued both in media and interviews that Thai berry pickers are not interested in working under standardized regulations and being controlled by the Swedish union. Thai pickers simply want to work as long hours as possible and make as much money as possible before they return, it is argued.

Though this may represent the rhetoric of employers, in certain situations migrant workers and employers have a common interest in the informalization of their work and the creation of spaces for cheap labor that migrant workers can access. Similar tensions over informalization are central to many other discussions on the future of the Swedish model. For example, reforms recently introduced in Sweden, including tax cuts for purchasers of domestic services and restaurant visits, are aimed at tackling unemployment and exclusion, at creating more jobs, and ‘making black jobs white.’ Critics of these reforms have argued that the result is a growing labor market of low-paid precarious work in the service industry and an erosion of working rights in Sweden.

The introduction of tax cuts on domestic services was expected to lead to more ‘white’ jobs and formal employment, and to the decrease of informal business practices. This is also observed by several employers interviewed by Gavanas and Darin Mattsson in a recent report on the domestic cleaning sector in Sweden (Gavanas and Darin Mattsson, 2011: 30). However, an increased demand for services at low cost, e.g. in cleaning and domestic work, nevertheless produces a growing sector of low-paid jobs, and new tax rules appear to be no guarantee for actual professionalization and formalization

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The development of an increased differentiation of migrant workers in Sweden, against the background of different migration status and more or less temporary work permits, will be an important subject for study during the coming years.

Since 2012, the Swedish Migration Board has introduced new regulations regarding the initial control and follow-up of companies within, among others, the cleaning, hospitality, agriculture, car mechanics, and retail industries, where, according to the Migration Board, there is a higher risk for abuse of the open system than in other parts of the labor market. Control includes demands of financial guarantees for wages and documentation of paid wages in case the workers apply for prolonged work permits. Considering the very recent changes in the control system, it is not yet clear how the implementation will be designed, or what effect it will have on the number of work permits issued. The employers have argued that these new restrictions prevent smaller companies from recruiting foreign workers and, furthermore, that business and employers have not been consulted by the Swedish Migration Board. Employers and politicians defending the 2008 reforms argue further that misuse of the system represents only a minority of marginal employers, which does not justify any broader opposition to the reforms, or to labor migration in general, by the trade unions and other critics.

The unions, for their part, have argued that these regulations are only more of the same ‘toothless’ measures that are not backed up by sanctions and an actual presence in work places employing migrant workers. Furthermore, unions like, for example, the union of Hotel and Restaurant workers, argue that misuse and undue exploitation represent more than mistakes and are grounded in a system where labor rights for temporary migrant workers lack any solid institutional grounding.

**Labor immigration and social partners**

The extensive corporatism that characterized the Swedish model, as described in earlier sections of this report, also constituted the framework for the way social partners engaged in the design of migration policy. Since the early 1990s, when employers withdrew...
from national corporate bodies, there are no formal spaces for employer influence on migration policies.

The employers’ organization, the SN, is however engaged in policy discussions in several ways. Cooperation between entrepreneurs and the state, or local municipalities, are often connected to attempts to tackle the social exclusion of immigrants from the Swedish labor market, and what could be referred to as integration policies.

The reforms of labor migration policies in 2008 are, however, especially interesting when it comes to the procedures through which social partners have been consulted in the design of migration policies. One of the main channels through which partners can influence and make claims relating to policy is through remarks on public governmental reports (*Statens Offentliga Utredningar*). These reports, written by appointed researchers and committees, are sent on referral to interested organizations, including both trade unions and employers, along with NGOs and other organizations. In later sections we will describe some of the debates and the impact of the employers’ arguments concerning the governmental reports, the first one of which was published in 2006, before the 2008 reforms.

The Swedish Migration Board is the main authority responsible for the implementation of migration policy. Through the reforms on labor immigration in 2008, the role of the authority has changed substantially and has come to include responsibilities that were previously placed under other agencies, such as the Labor Market Board. According to the Migration Board, cooperation and consultation of the social partners, mainly employers and trade unions, was substantial after the announcement of the new regulations in 2008. The influence of employers on the implementation of these new regulations is difficult to map out, however. In contrast, the consultation of the trade unions in the administration and procedures concerning work permits is guided by the more formal role of trade unions to control working conditions and salaries in contracts before work permits are issued.

Employers have also been consulted in more direct ways. One example concerns the reported problems within the wild berry industry. Representatives among employers were invited by the Migration Board for discussions, previous to the design of new rules and regulations to tackle the problems of unacceptable conditions for migrant workers in the sector. Though similar examples may be relevant within other sectors, there is no formalization of such consultation mechanisms, and the representation of employers also differs widely between different sectors. The employers’ organization,
the SN, also argues that there has generally been very little consultation of employers by the Migration Board on these issues.\footnote{From ongoing research, interview with representative from the SN.}

Swedish employers initiated the debate on the liberalization of labor immigration policies through a report published by SN in 2002 (Ekenger and Wallen (svenskt Näringsliv), 2002). In their response to a parliamentary proposition for the 2008 reforms, SN continued to argue for a flexible and open migration regime supporting the proposition’s general policy outline.

Murhem and Dahlkvist argue that although the reforms seem to give priority to employer interests, the more radical suggestions for the liberalization of migration that were put forward by the employers’ organisation, the SN, was in fact not included in the final policy framework (2011: 470). The SN argued for greater mobility for migrant workers once recruited and, along these lines, that work permits should not, initially, be limited to one employer. These requests were not met in the final policy proposal.

This position of employers to advocate for open work permits is not obvious internationally. Although individual employers may have an interest in limited work permits, the larger interest of Swedish business may be understood to be in a general increase of the labor supply, which serves to explain the SN’s position (Murhem and Dahlkvist, 2011). Murhem and Dahlkvist further argue that the framing of the 2008 labor immigration reforms as being guided solely by employer interests, can be understood in the context of the division of labor unions on the issue. The white collar Swedish Confederations of Professional Associations (SACO) was predominantly positive in their response and, in particular, the member organization Swedish Engineers (SI) was influential in these discussions. One explanation of this position may be the interest of this specific union to raise awareness on the predicted labor shortage among engineers (Ibid.: 49).

According to employers’ organizations, there are several complicating factors in the recruitment of foreign workers to Sweden.\footnote{From interview in January, 2012.} One such factor is language – although English can be used in several jobs during a transitional period, immigrants are normally expected to learn Swedish. Swedish is not used outside Sweden and is difficult to learn for most individuals with other mother tongue languages, except for Norwegians and Danes. It is further argued that information channels for foreign workers are too bureaucratic, despite the generally liberal system initiated by the 2008 reforms, hence emphasizing the need for more positive ‘signal effects’. Another important factor is argued to be the relatively low wages for high-skilled work, which causes Sweden to lose its attraction to potential migrants.
The economic historian Torbjörn Lundqvist argues that recruitment costs are crucial to understand the interest of potential employers of migrants in Sweden. Experiences from specific sectors can hence not be assumed to apply to the total labor market. The recruitment of highly skilled workers, with lengthy and expensive education backgrounds, may motivate high recruitment costs in relation to, for example, language training, vocational specification, etc. (Lundqvist, 2006: 199). Regulations, Lundqvist maintains, need to negotiate the conflict between reduced recruitment costs and the interest of labor unions to maintain ‘good order’ in the labor market, in terms of efficient regulations and control of wages, employment, and working conditions (Lundibid: 2000).

As already discussed referring to high-skilled labor immigration, trade unions taking an optimistic and positive stand in their response to the 2008 reforms have protested against what they consider to be inadequate procedures and follow-up controls in the recruitment of foreign workers. A division of the labor force effected through lax control on temporary work permits may hence create a situation where the ‘good order’ in the labor market is threatened within high-skilled sectors as well, such as engineering.

The debate following the reforms has however mostly concerned low-skilled work in sectors traditionally represented by the LO. Discussions on the informalization and segmentation of work in Sweden have therefore been the main focus in this report.

The LO opposed the removal of labor market surveys preceding the recruitment of foreign workers. The union has argued that individual employers may not have a sufficient overview of national labor supply and that difficulties recruiting workers for low-skilled jobs in Sweden are often linked to substandard wages or working conditions. The main argument of the LO was that the deregulation of labor immigration may lead to increased undue and dystopic competition between different groups of workers (Murhem and Dahlkvist, 2011).

Even though trade unions are responsible for overseeing working conditions and wages stated in employment contracts before a work permit can be issued, unions have maintained that they have no possibilities of knowing or controlling whether or not these conditions are met. This is due to the fact that many workers on temporary permits are not members of the union, thus limiting the influence unions have in the workplace and, in cases of conflicts, between the employer and the migrant worker. This dilemma has, for example, been illustrated by the difficulties unions face to represent berry pickers who have been left without wages or have been working under unacceptable conditions. Similarly to debates on irregular migrant workers mentioned above, the unions have been criticized for having a too narrow approach to the union organization of migrant
workers. Yet, taken together, the liberalization of labor immigration has substantially limited union influence.

The positions of the social partners in the debate on the import of labor can also be analyzed from the larger perspective of the globalization process and its effects on the Swedish labor market. Refugee resettlement, family reunification and issues of diversity and integration have been of central concern to the labor market actors since the 1970s. Swedish employers have emphasized diversity in debates on immigration in the past decades (Schierup et al., 2006: 197ff), but have tended to focus on deregulation to iron out differences between ‘insiders’ and ‘outsiders’ in the labor market and on the need to create a more flexible labor market. Lundqvist argues that the Swedish labor unions have become increasingly committed to labor market diversity, anti-discrimination, and inclusion of migrants (Ibid.). The unions have furthermore taken a left-wing position in political debates on immigration and asylum rights. Therefore, Lundqvist argues, union opposition to labor immigration is not explained by xenophobic and nationalist sentiments but rather by the union priorities of employment and job security within the labor market.

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52 See Swedwatch, 2011.
The Swedish labor market has changed dramatically since the times of intensive labor immigration in the 1960s and early 1970s, but also compared to the immigration of asylum seekers in the 1980s, when full employment was still a realistic objective, or to the 1990s, dominated by debates on the unemployment of immigrants. Today, labor migration as such is not the only issue to come into the spotlight in debates on labor market divisions. The position of unions and employers regarding immigration has followed a logic based on their respective interests with regards to the Swedish model, characterized by a larger welfare state and a labor market regulated, predominantly, through collective agreements (Lundqvist, 2006: 198). The unions have attempted to maintain the job security and high employment typical of the Swedish model, a priority that is still present in the debates following the 2008 reforms. Employers have emphasized the need for efficiency, flexibility, and growth, priorities that have gained much influence in the open Swedish system of recruitment of foreign workers.

In immigration policies, state and central governments have mediated different and changing compromises between employers and labor unions. Both Social democratic and right-of-center governments have defended the Swedish labor market model in public debates. Public political statements in defense of the Swedish model were especially present in the aftermath of discussions on the service directive, though left-wing commentators have expressed doubts as to the actual intentions of right-of-center governments53.

Economic historian Torbjörn Lundqvist has analyzed the position of unions, employers and state in relation to labor immigration in Sweden during the past 50 years in the following terms:

"Why did the principles of labor immigration undergo change during the period? One of the reasons is union influence. But I also contend that on the basis of past experience, it could fairly be argued that the market solution, "tourist immigration", came about in response to the failure of market regulation. The system of

53 See references by Woolfson et al., 2010. Unions also criticised the right-of-center government for quickly instituting reforms on unemployment insurance that made union membership drop following the election in 2006
government control could not respond adequately to the strong demand for labor that characterized the 1950s. In principle, it could be argued that the costs for each individual immigrant were too high under the recruiting system permitted or applied by the state during that time.’ (Lundqvist, 2006: 198)

The recent reforms have significantly reduced recruitment costs for companies in Sweden. What remains to be seen is how social costs and public opinion regarding the differentiation of workers in terms of migration status will affect the direction of regulation. Lundqvist argues that it is in the interest of both employers and unions to fend off criminal behavior and the growth of informal markets. This is exemplified by discussion both relating to segments of the service industry, such as cleaning, and to the wild berry industry where many employers have argued in line with unions that exploitation and unlawful behavior needs to be controlled. There is, however, a general conflict between this interest and increased recruitment costs resulting from a more thorough regularization and control, as illustrated by the protests of the employers’ organization against stricter controls in certain sectors.

Woolfson et al. argue that the Swedish labor market model, with voluntary collective agreements that worked as a dynamic system undermining risks for eroded minimum wages was significantly redefined, against union interests, through the ruling in the Vaxholm case on posted workers (Woolfson et al., 2010: 335).

Labor immigration in the 1960s coincided with union growth and a strengthened Swedish model, in which the union influence on policies was significant. The weakened position of unions in the past decades seems to have affected the outcomes of political discussions on labor immigration substantially. Following the reforms in 2008, much of the recruitment costs have been transferred to individual migrants, thus causing increased risks for individual migrant workers and competition between different groups of workers, as argued by LO.

Lundqvist associates labor immigration in Sweden with recruitment costs but also argues that social costs need to be taken into account. This could also be argued, for example, in relation to berry picking where municipalities have been very active in pushing for restrictions due to the social costs of caring for labor migrants in trouble.

However, economic factors are not the only ones to be integrated into the debate on labor immigration. The more liberal system of labor immigration in Sweden coincides with more restrictive asylum policies, and although there may be no causal links between these trends, the effect on the overall immigration politics in Sweden is substantial. The introduction of a system of managed migration affects the inclusive Swedish citizenship model and risks introducing a differentiated labor market where citizenship status determines working rights (Schierup and Ålund, 2011).
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Interviews
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