Immigration policies: Sweden and the United Kingdom

Abstract

Europe has a declining population. However, the movement of labor is a politically charged policy area in a way that cross-border movements of trade and capital are not. Unique for this factor of production, imported labor comes with packages of political, social, and moral rights and obligations. Migrants may bring different values with them. Migrants may generate implicit or explicit claims for social protection that may result in net fiscal costs. European countries will need to adjust their immigration policies so as to attract talent and manage these social and economic externalities. A key challenge in this effort is to create an environment that allows foreigners to become members of local communities rather than outcasts. Contrasting the recent migration policies of Sweden and the United Kingdom gives some insight into different modulations for managing immigration and its accompanying issues. Immigration plays a big role in both countries: in 2008 foreign-born people accounted for 14 percent of the Sweden’s population and 11 percent of the British population. Both have fairly liberal policies toward migrants from the new EU member states, but they have different ways of assimilating foreigners. Sweden allows foreigners to access almost all benefits available to natives, setting clear rules on how to obtain citizenship. The United Kingdom’s appeal does not come from its migration policy. The country attracts highly skilled newcomers for a range of reasons: cultural diversity, low language barriers, metropolitan centers such as London, and the presence of multinational companies. If newcomers calculate the probability of obtaining a job, they will most certainly go to a country where the pool is bigger. With many minorities already in the country, an immigrant may easily find his or her ethnic group, work in the native language, and/or live close to native culture. European countries need models to learn from in managing immigration. Sweden and the United Kingdom offer contrasting examples, but both have aspects that deserve study, adaptation, and even emulation.

Sweden and the United Kingdom provide two successful yet different examples of how Europe can successfully manage migration. Sweden has the best migration integration policy in the world, according to its MIPEX III ranking.1 For its part, the United Kingdom was able to attract the continent’s second highest share of permanent highly skilled immigrants seeking employment (figure 59).2 Immigrants play an important role in both countries: in 2008 foreign-born accounted for 13.9 percent of the Swedish and 10.8 percent of the British population. The UK enjoyed the third highest inflow of permanent immigrants in Europe, amounting to 347,000 migrants in 2008.3 In Sweden the number of citizenship acquisitions per thousand of nonnationals living in the country was the highest in the EU27.

The UK and Sweden are among the few countries that did not impose any restrictions on labor from new EU member states at accession. According to Eurofound (2007), both countries enjoyed one of the most mobile labor markets in Europe. Finally, both attracted international students. In Sweden the entries of students increased since 1997 by 14 percent a year, while the UK had an annual average of 132,700 international students between 2003 and 2008.

Going to Sweden

Sweden’s being the first in the MIPEX III ranking is no coincidence, as the country has been shaping its integration policy for years (figure 60). Already in 1950 one in five employees of
hotels and restaurants was foreign-born. In the beginning of the 1990s immigrants accounted for around 9–10 percent of the population. In 2008 foreign-born accounted for 13.9 percent of the population, with Iraq, Poland, and Denmark being the top three sending countries. Out of 16,500 work permit applications, 85 percent were accepted, mostly for workers from Asia. Temporary migrants find employment in agriculture, while permanent residents work mostly in the IT sector.

Figure 59: Inflow of migrants in OECD countries (% of permanent immigrants inflow to all OECD countries) and share of foreign-born population with tertiary education (2008)

Migrants in Sweden have one of the most beneficial conditions in Europe. With two years of an initial visa, an immigrant has access to education and job market opportunities identical to those of Swedish citizens and the right to vote in local as well as regional elections. Newcomers can sponsor their family immediately, granted they deliver a proof of sufficient income and housing prior to family’s arrival. Refugees coming to Sweden must attend a course that explains the system and traditions of the country.
Immigrants coming to Sweden can receive a full range of programs targeted at their integration into the labor market, including assistance with recruitment processes or combining language classes and training with a part-time job. Most of the introduction focuses on the language skills that are crucial for a migrant to be successful on the Swedish labor market. Foreigners can also benefit from traditional employment support offered to Swedish citizens. According to Andersson and Wadensjö (2004), the temporary employment agencies, which facilitate short-term employment, seem to have successfully provided immigrants with the necessary professional experience to remain in the workforce. Some municipalities still provide asylum seekers with social assistance in the introduction period, but the government has recommended withdrawing such measures. Even with the best integration policies in the world, Sweden faces certain levels of segregation between native and foreign-born population, fueled by economic downturns, unemployment, and shortage of low-cost housing in bigger cities. According to MIPEX III (2011), the degree to which immigrants are covered by the education system depends on municipalities approach. In 2008 the employment among immigrants stood at 72 percent, compared with OECD average of 75 percent. Part of that can be contributed to the language barriers that do not apply in such a great extent in English-speaking countries. The OECD indicates, however, that language differences do not fully explain the discrepancy in employment and earnings between foreigners and natives. Findings of Behrenz et al. (2007) also suggest that second generation migrants whose parents migrated from Western and Eastern Europe earn more and depend less on the state than those with parents coming from Southern Europe or outside of Europe.

**Going to the UK**

In recent years the UK has been experiencing the highest level of immigration inflows in its history, with Poland, India, and Pakistan being the main sending countries in 2008. The main surge in immigrants came with the new member states joining the EU in 2004. According to HWWI (2007), between May 2004 and September 2007 around 730,000 people migrated to the UK from new member states. The main strength of UK migration is that people come there to work (figure 61). The employment rate among immigrants amounted to 80 percent, 5 percentage points above the OECD average. According to the estimates by the British Treasury, between Q3 2001 and mid-2006 migration contributed to the working-age population growth of 0.5 percent per year and therefore around £6 billion to output in 2006.

**Figure 61: Permanent-type migration by category of entry to selected OECD countries (%) of population, in 2008**

![Graph showing permanent-type migration by category of entry to selected OECD countries](source: OECD (2010)).
Due to large inflows of immigrants and possible threats to social cohesion, the government has been shifting its immigration policy in the past couple of years. By introducing a point-based system, the new coalition wants to focus more on the quality of immigrants. The general priority of the reform became to target the shortage occupations, highly skilled workers as well as workers with higher salaries. The new system consists of five tiers: tier 1 for highly skilled migrants, tier 2 for skilled workers required in certain sectors, tier 3 for low-skilled workers, tier 4 for students, and tier 5 for tourists, athletes, and musicians. A special cap of 21,700 for 2011–12 for non-EU work visas was introduced, limiting the number of economic migrants per year.9

According to MIPEX III (2011), the British immigration policies are not favorable toward integration. Recent changes cost the country 10 points less in the ranking, in comparison to previous edition (MIPEX II). Such a result stems partly from the fact that immigrants are excluded from certain social benefits.10 Family reunions are allowed but sponsors need to be at least 21 years old. The strong points of the British migrant policy are education, with a well-tailored living-in-diversity training, and antidiscrimination regulation, while one of the weakest elements is the substantial level of difficulty in obtaining permanent residence and nationality.

Finding the balance

There are many issues that policy makers in Europe face. In Sweden, high unemployment among migrants triggers social tensions and puts additional burdens on the state’s expenses. In the United Kingdom, the large numbers of migrants gave rise to a nationwide debate on social cohesion and the cost-benefit side of welcoming newcomers. The most basic issues concern the jobs that immigrants could possibly take from the natives. However, an analysis of the US labor market, which also faces migrant issues, does not indicate any large effect of migration on employment and wages for natives (Card 2001, 2007, 2009).

The main challenge of the policy makers remains the same: to create an environment that allows foreigners who do come legally to become members of local communities rather than outcasts. Sweden seems to provide a good example on how to accommodate and integrate newcomers. Its policies allow foreigners to access almost all benefits available to natives and set clear rules on how to obtain citizenship. Be that as it may, a well-tailored policy is not enough. The biggest factor of the United Kingdom’s attractiveness does not come from migration policy. The country managed to receive a high percentage of highly skilled newcomers, willing to work, due to a range of reasons: cultural diversity, metropolitan centers such as London, presence of multinational companies, and low language barriers. If newcomers calculate the probability of obtaining a job, they will most certainly go to a country where the pool is bigger. With the number of minorities already in the country, an immigrant may easily find his or hers ethnic group, work in the native language, and/or live close to native culture.
Sources


Notes

1 MIPEX III assesses migrant policy integration. It covers the following countries: Sweden, Canada, Belgium, Finland, Norway, Portugal, United Kingdom, United States, Luxembourg, Denmark, Netherlands, Estonia, Spain, Switzerland, Austria, Czech Republic, Germany, Italy, Cyprus, France, Poland, Ireland, Slovakia, Slovenia, Romania, Latvia, Lithuania, Malta, Bulgaria, and Hungary.
2 The UK has the second highest share of permanent immigrants with tertiary education, after Ireland.
3 After Italy (424,700) and Spain (391,900).
4 Measured as total inflows of foreigners.
5 The inflows include status changes (persons in the country on a temporary status who obtained the right to stay on a longer-term basis).
6 This applies only to refugees and does not include other types of migrants.
7 Temporary work agencies provide a bridge toward the labor market. They can combine and adjust several part-time jobs into one full-time job. They usually cover the recruitment and training costs and manage temporary employment to lessen the financial and organizational burden borne by companies when hiring inexperienced employees.
8 The introductory period can last in some cases up to three years, which can in effect discourage migrants from joining the labor market.
9 Migrants already in the UK are not subject to the cap. Migrants earning more than £150,000 are also excluded from the cap.
10 Social support for children of migrant parents born in the UK, on the other hand, is relatively strong.