

## **Comment on Lena Schröder: From problematic objects to resourceful subjects**

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Lena Schröder has written an interesting survey of the Swedish immigration experience both regarding the composition of the migration flows and regarding the immigrants' encounter with the Swedish labour market. I will add some information on the subject here.

### **1. Migration history**

Sweden was an emigration country up to the early 1920s. Many left for overseas destinations but also for the neighbouring countries Denmark, Germany and Norway. In the 1930s, more people immigrated to than emigrated from Sweden but the immigrants were mainly return migrants. They returned home due to harsh economic conditions during the depression of the 1930s in the countries of destination.

The real start for Sweden as a destination for migrants on a large scale took place during World War II. Many refugees arrived from various European countries, especially from some of the neighbouring countries—from Denmark and Norway but also from Estonia. It was easy for the refugees to find jobs. The demand for labour was high and a large part of the male population in Sweden was in military service.

After the war, most refugees returned but some remained in Sweden, for example most of the refugees from Estonia. The Swedish economy was intact after the war and the demand for the products of the Swedish industry was strong. Unemployment was very low and the number of job vacancies high. A period of large-scale labour migration started. Restrictions regarding labour migration from the Nordic countries were abolished already in the 1940s and this policy was formalised with the founding of the Common Nordic Labour

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Market in 1954.<sup>1</sup> Recruitment of labour from non-Nordic countries started already in the 1940s. Such labour recruitment developed and expanded in the 1950s and the 1960s. Many arrived from Central and Southern Europe and also from Turkey. In the same period, refugees arrived from Eastern Europe, mainly from Hungary, Poland, and Czechoslovakia. The labour migrants were recruited to jobs or found jobs on arrival and it was also easy for them to find new jobs if they were laid off. The refugees were placed in jobs by the Swedish Labour Market Administration on arrival. Labour force participation and the employment rate were high for immigrants in this period, even higher than for natives.

The educational and occupational composition of immigrants differed from that of natives. Unskilled workers were overrepresented among the immigrants in this period but also those with higher education were overrepresented among the immigrants. This can be seen from the census in 1960 for example. The underrepresented group was those with neither low nor high education—at that time it mainly meant those with secondary school as their highest education. It is not a new phenomenon that immigrants are overrepresented among those with higher education.

The immigration policy changed in the late 1960s. The rules regarding labour migration became stricter. The Common Nordic Labour Market was still in force and in 1970, the migration from Finland to Sweden was larger than ever. However, the Swedish economy entered a period with lower growth and higher unemployment and labour migration as a large scale phenomenon ended. Fewer migrants came from the other Nordic countries and very few people from outside those countries got a work permit.

Already in the 1970s a new form of migration started. Refugees started to come on a larger scale than before. In the 1970s, they mainly came from South America. In the mid-1980s the number started to increase and increased even more in the 1990s. The refugees came from Iran, the Middle East, Africa and former Yugoslavia. In the present decade many are coming from Iraq. To refugee migration should be added family reunion and marriage migration. Such migration has gradually increased and is now the largest category of newly arrived immigrants in most years. Labour migration has been

<sup>1</sup> For an account of the history of the Common Nordic Labour Market, see Pedersen, Røed and Wadensjö (2007).

on a small scale since the early 1970s, but it is now increasing again. Labour migrants mainly come from the other Nordic countries and other European Union member states, but also to some extent from other countries. Immigration from the new EU-member states, countries in Central and Eastern Europe, is increasing. Refugee migration in recent decades and family-related migration do not constitute migration directly to the labour market. The new immigrants on average have a high educational level and are, just as before 1970, overrepresented among both those with high education and among those with low education. But the Swedish labour market has changed and is not absorbing the immigrants in the same way as up to 1970.

I have stressed in this overview that Sweden has had a long history of immigration. The composition of immigrants has changed but even more important is that the Swedish labour market has changed. The unemployment rate has become higher and the job vacancy rate lower. Even more important may have been the changes in the structure of the Swedish economy. The jobs of the 2000s are not the same as those of the 1960s.

## **2. The development of employment and wages**

In the period from World War II up to 1970, the employment rate was higher for immigrants than for natives. Most of the immigrants were labour migrants who arrived and immediately took up a job or easily found one. Also the refugees had jobs even if they to some extent had jobs that did not correspond to their qualifications. In the 1970s and 1980s the situation worsened. This can to some extent be explained by a generally worsened situation in the labour market but the development continued also in the 1980s when unemployment gradually declined, reaching very low levels in 1989 and 1990. The explanation has to be found in other places, both on the demand side and the supply side of the labour market.

In the early 1990s, the employment situation of the immigrants worsened drastically with the crisis in the Swedish economy. At the trough of the business cycle, large groups of refugees arrived from Former Yugoslavia (mainly from Bosnia-Herzegovina and Kosovo) without any prospects of getting jobs in the near future. The gradual improvement of the economic situation led to an improvement of the employment situation of the immigrants. But the situation is still seri-

ous, not least for recently arrived refugees from Iraq and Somalia for example.

The employment rate is lower for both immigrant men and immigrant women compared to native men and native women. That is the opposite to the situation in the 1960s. For women, the reversal is partially a result of native women working to a much higher extent than before but the main explanation is that immigrant women are employed to a much lower extent than in the 1960s. For men, the reversal has happened despite the employment rate of native men having declined. Changes in the type of migration from labour migration to refugee migration and family union/marriage migration constitute, as mentioned, one explanatory factor, while changes in the functioning of the labour market constitute another.

The major worry is the immigrant employment situation. But it is also important to study the wages of immigrants compared to those of natives. Studies show that there were no or small differences in the 1960s and 1970s when comparing those in the same workplaces or occupations. Mincer equation estimates for the same period also show no significant effect of being born outside Sweden. A wage difference has gradually evolved. It has been increasing over time but is still rather small. The male-female wage gap is, for example, larger than the native-immigrant wage gap. The difference is mainly to be explained by immigrants less often being in the occupation they are trained for.

### **3. Demand and supply factors**

There is no single factor explaining that the labour market situation is worse for immigrants than for natives. On the supply side, the candidates are that the lack of knowledge of Swedish and to some extent also English may make it difficult to get a job. The education of immigrants may also be a factor making it more difficult to get a job. The average educational level of immigrants is not low but the share with very short education is higher among immigrants than among natives. In some instances, there may also be problems with the quality of the education or the transferability or applicability of their education in Sweden.

On the demand side discrimination is one factor. Those discriminating may be employers, employees, consumers, financial institutions and authorities. To have a job you need to be hired (or start your own

company). In recent years many researchers have become interested in the hiring process. As Lena Schröder mentioned, studies have shown that there is discrimination in the hiring process. These studies, however, cover only part of the hiring taking place. Most hiring takes place without a formal process of that type. Quite common is that those hiring are using their networks as a cost efficient method. A problem with that method for immigrants is that the majority of those hiring people are natives and that the majority of those in their networks are also natives.

**Table 1. The employees of the self-employed (the employees distributed according to the origin of the self-employed)**

		Self-employed		
		Natives	Western immigrants	Non-Western immigrants
Employees	Natives	94.3%	75.7%	34.4%
	Western immigrants	2.9%	15.7%	3.4%
	Non-Western immigrants	2.8%	8.6%	62.2%
	No of workplaces	41394	2159	2874
	No of employees	165590	8790	8324
	Average no of employees	4.0	4.1	2.9

*Note:* Only self-employed who are the only owner of the business are included.  
*Source:* Andersson and Wadensjö (2007a).

We do not generally have any information on those who are hiring. One exception is the self-employed. Self-employed with few employees are most likely to make the hiring decisions themselves and as we have information on the country of origin for both the self-employed and their employees, we can get some understanding of the importance of who is making the hiring decision.<sup>2</sup> The table shows that the large majority of the employees of the native self-employed are also natives. The overrepresentation is very strong. In the same way, there is an overrepresentation of immigrant employees among those employed by self-employed immigrants. As immigrants are most likely underrepresented among those who are hiring in other workplaces than those of the self-employed, this indicates that the hiring process

<sup>2</sup> For information on the study, see Andersson and Wadensjö (2007a,b).

may be an important explanation for the immigrants' dismal labour market situation.

#### **4. The institutions**

Lena Schröder mentions the importance of the institutions. I would like to underline this and especially mention the change in immigration reception policy. From World War II, the Labour Market Administration was in charge of the reception of refugees and also other new migrants. In the 1980s this changed to a special authority. The policy changed from placing people in jobs as soon as possible after arrival to preparing people for work and for Swedish society. The policy shift was well intended but most likely inefficient.

In this field, the evaluation of different forms of integration policy and integration measures, there are only a few studies. Is work or training the best start? Do the results vary depending on the characteristics of the individuals? More and better evaluations (experiments) are needed.

#### **5. Conclusions**

It is important to understand that there are several types of immigration and that the composition changes between countries and over time. The reason for migration may influence the integration process. Labour migrants do in many cases have a job on arrival. Migrants from one and the same country may in the same period arrive for very different reasons: labour migrants, family related migration, refugees and students.

The composition of immigrants has changed over time. Part of this change is due to changes in the demand for labour in Sweden; part is due to changes in the regulation of migration; and part is due to changes in the world outside Sweden. The rapid economic development in the other Nordic countries has led to a strong decline in migration from those countries to Sweden. Changes in the political situation in different parts of the world lead to new inflows of refugees such as those from former Yugoslavia in the 1990s and from Iraq at present.

Regarding the labour market situation of immigrants in Sweden, we need more research on the occurrence and the effects of discrimination and also on the networks, especially their importance in the recruitment process. We also need evaluations of institutions and pol-

icy measures. Many programs have been tried but they also need to be carefully evaluated.

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