

Immigration, the Welfare State and Working Life – the Case of Norway

GRETE BROCHMANN

Department of Sociology, University of Oslo, Norway. E-mail:
grete.brochmann@sosgeo.uio.no

Today Western European welfare states find themselves in a paradoxical situation: parts of working life are in need of labour that is difficult to find nationally – and internationally. While this is partly due to inflexible policies, it is also due to competition for labour among Western countries. At the same time, asylum seekers are constantly arriving, often to be joined by family members. The authorities are confronted with a mismatch between the supply of, and demand for, immigrants. The receiving countries do not get the labour they want, while many of those who actually come cannot be incorporated productively for various reasons. This situation illustrates the squeeze facing today's welfare states – in this article exemplified with the Norwegian case – between the logic of humanitarian responsibilities and the concerns of the national economy.

Norway is not a member of the European Union, but for most of the matters I will deal with here, the EEA agreement places Norway on a par with member countries. Consequently, I will speak in terms of the EU instead of differentiating throughout this article. The intention to have a 'limited and controlled' immigration to Norway in the years since 1975 has been based on the welfare state as a key premise. In an international context, Norway has been a country characterised by egalitarian income structures, maintained through collective bargaining and a tradition of social insurance systems that aim to ensure financial security for all citizens. The prevalent level of social regulation, in combination with the welfare state, by and large explains the main approach to Norway's immigration policy. It is believed that control over access to the realm – the first gateway to the territory – is a precondition for maintaining a well-organised society. The universal character of the welfare state model, which in principle is

inclusive, but at the same time also a scarce commodity, necessitates selection and delimitation in relation to potential members arriving from the outside. When the danger of an increase in unemployment was announced in the early 1970s, the vulnerability of the welfare state came into sharper focus.

In Norway, the welfare argument was mobilised in relation to labour immigrants, whom people feared were to become redundant during recessions. This is part of the background to the introduction of the so-called Norwegian 'immigration stop' in 1975. The stop, however, became no stop. Neither was it intended to be an absolute ban, but rather a more selective and strict regulatory system, with the aim of limiting the inflow of unskilled labour from poor countries, while simultaneously ensuring access to particular niches of the labour market, such as the rapidly expanding oil sector. The authorities succeeded to a large extent in this effort. What was not foreseen was that comprehensive immigration soon was to enter through another gateway – a humanitarian one this time, dominated by family reunifications and refugees.

Labour immigration could be managed – and was managed – in light of economic considerations through the immigration regulations enacted in 1975. Other parts of the flow of immigration – asylum seekers, refugees and family members – should, by definition, not be subject to the same regulatory premises.

These groups, which because of the strict labour immigration policy became the dominant ones during the 1980s onward, should be accepted on the basis of humanitarian concerns, and this field involved considerable costs for the welfare state, at least in the short term. Even though the authorities attempted to forestall burdens to the welfare state through limitations on labour immigration during the 1970s, then the costs arrived through a different gateway. However, the welfare state argument could not be invoked in the same manner in relation to immigration that was taking place on a humanitarian basis. Obligations imposed by international treaties had to entail a cost, but the criteria for acceptance and the conditions along the way were political issues. In this manner, the scarce commodities of the welfare state were turned (implicitly and explicitly) into a topic in relation to asylum seekers, refugees and family immigrants.

Immigration policy in the period since 1975 has been based on the underlying assumption that newcomers will constitute a potential burden for the state, i.e. that they will be dependent on net contributions from the social security budgets. The actual immigration that has taken place has confirmed this assumption and has, in all likelihood, tainted popular opinion towards immigration in general. As long as the domestic labour force could satisfy market demand, restrictions on labour immigration were natural, in the eyes of both the state and the labour unions. However, in a situation such as the current one, when demand for labour cannot be covered domestically, it is natural to reassess the welfare state premise. Around the turn of the century, the assumption previously made was turned on its

head; scarcity of labour caused by demographic development and inherent features of the labour market has re-focused on immigrants as potential producers of welfare.

Both these approaches – immigration as a burden upon, or as the salvation of, the welfare state – are relevant in the current context. Different categories of immigrants are involved, as are various fields of policy development. Neither can it be taken for granted that an immigrant who arrives as a producer (i.e. enters paid employment immediately) will remain in this role indefinitely. Labour immigration cannot be separated from other categories of immigration, and neither can (or should) one overlook social and political aspects (related to public opinion) of the various options Norway is currently facing. And Norway in the first decade of the 21st century must also definitively be analysed in an international context.

As for the rest of the population, the balance between contribution and consumption will vary over a lifetime, but if the authorities are to formulate a policy for labour immigration beyond the obligations set forth by the EEA regulations, they have the opportunity – and the right – to calculate the relationship between costs and benefits in the development of these arrangements. However, this field is still characterised by uncertainty, and as in previous periods of history, surprises may occur. The welfare state, the labour market and immigration stand, and must be in a mutual relationship, calling for the reconciliation of many conflicting concerns. What I would like to term the main challenge is a tall order: how is undesirable immigration to be limited, while at the same time observing humanitarian obligations and acquiring foreign skills that are required for the maintenance of economic growth and freedom of action?

Among those termed ‘The Big Three’ by the OECD – the three main groups of immigrants: refugees and asylum seekers, family immigrants and labour migrants – the first two groups have dominated since the 1970s until the EU enlargement in 2004. This is part of the reason why Norway, at the turn of the last century, was facing the seemingly paradoxical situation of having an increasing need for foreign labour, combined with a disproportionately low rate of labour market participation among parts of its immigrant population. This situation is not unique to Norway. All of Western Europe experienced the same situation to some extent. The market craves labour, which can be difficult to find even internationally, partly because of rigid legislation, but also partly because of competition among the OECD countries. Business and industry have called for more liberal and flexible labour immigration policies. At the same time, the inflow of asylum seekers and subsequent family reunifications continue in a number of host countries. And even if the labour market is, in principle, irrelevant for the processing of applications for asylum by the authorities, it will be decisive in the long term as to the ability to integrate those refugees that have already been admitted directly into the labour market – for their

own good as well as for that of society. However, existing qualifications and experience are not always easy to convert for use in a demanding – and in some instances excluding – Norwegian labour market. On the other hand, those asylum seekers that have succeeded in finding jobs, but have had their asylum applications rejected, are to be deported from the country for reasons of immigration policy. The asylum gateway is not to be abused as a channel for job hunting. A third category – the unregistered immigrants who are in the country illegally – may be fully employed, but in the black market. If they are detected, in principle, they are also to be deported.

We are facing a situation in which national legislation and international migration mechanisms address each other in contradictory ways, and no simple methods for solving these entanglements are available. First, many of those that arrive through legal channels – the asylum seekers – have a legitimate entitlement to protection from violence and persecution according to international conventions. If the gates were opened for labour immigration in accordance with the demands of the market, it cannot be taken for granted that the inflow of asylum seekers and illegal immigration would abate, as has been argued. It is true that the strict immigration policies in the EU create illegal flows by definition, in that people who under different and more liberal regimes would have arrived as labour migrants are being ‘pressured into becoming criminals’, as argued by some. At the same time, it is unrealistic to assume that a liberalisation in Europe would exhaust the need to emigrate from current countries of origin outside the OECD. The strong demand for ‘cheap’ labour – often ‘cheap’ because it is illegal – in the host countries would be unlikely to diminish in the event of different immigration policies.

The challenges in the Norwegian context have to be addressed on many fronts at the same time. Today, it is claimed that in the future it will be more urgent to find people for jobs, rather than jobs for people. This may well be, but integration of the 700,000 that are on various welfare schemes in Norway is also likely to be a challenge in the coming years, and increasing labour immigration may complicate the inclusion of already vulnerable groups present in the country. The Norwegian authorities – and business and industry – must both facilitate the supply of labour *now*, but also plan for the long term, with a view to the overall situation in the labour market and with regard to immigration. It is unlikely that immigration has the potential to solve Norway’s long-term needs for labour, but it can be an important contribution in the short and medium term, if it takes place in an orderly manner.

The comprehensive labour immigration to Norway from the new EU member states in Central and Eastern Europe since 2004, has indeed contributed to loosening some bottlenecks in the economy, and has contributed strongly to the sustained growth seen in Norway today. This immigration has mainly consisted

of unskilled and skilled manual labour. The previous as well as the current governments, however, have acknowledged that Norway to an increasing extent also needs a supply of more highly educated labour from abroad. The current red-green coalition government is planning a parliamentary proposal on labour migration, and is already indicating that the government will look beyond the EU area. Immigration from the EU area is not deemed to become sufficient – maybe their numbers will be too low, and maybe their qualifications will be too limited – in the short, but more particularly, the long term. If we take the government's word for it, a host of questions arises. We are currently in a period of change in the functioning of the labour market – both with regard to the further development of the Nordic labour market model and in terms of the multicultural challenges posed to government and society. Does the government have mainly highly skilled labour in mind? If so, what steps should be taken to facilitate recruitment of this attractive labour force?

As an aside, we can observe that the Norwegian authorities still have not succeeded in filling an established quota for various skilled labour from third countries. In other words, what can Norway do in order to be competitive in the international market, and to ensure that labour immigration to Norway goes beyond diversity at the bottom? If the pattern of importing labour observed in recent years prevails, this might point to a 'Kuwaitisation' of the economy, meaning that a growing proportion of the unskilled and low-pay jobs are performed by foreign service providers, while the increasingly important skill-intensive parts of the labour market are characterised by Norwegian inbreeding, thus benefiting relatively less from international impulses and knowledge than competing high-cost countries. On the other hand, if highly skilled labour is to be recruited from countries in the South and East, what should be done to prevent this recruitment from turning into a bloodletting of the economies of the countries of origin in question and their stock of human resources? Even though the 'brain drain' theories, prevalent in the 1970s and 1980s, have been countered in later years, and even though actors in the North have enthusiastically exchanged this concept for the newer one of 'brain gain' or 'brain circulation', there are still grounds for caution in this respect. As before, theories remain controversial, and it also remains a fact that this type of migration causes very disparate effects in the countries of origin – depending on the specific circumstances in those very countries.

If lower skilled labour is also to be included, the experience from the 1970s will unavoidably creep in through the back door. And this is perhaps the most essential question of all: does one have in mind permanent or temporary immigration, or possibly service mobility? And in conjunction with this, what rights are intended to be associated to this immigration? Post-war immigration to Western Europe was assumed to be temporary, and immigrants were often referred to as 'guest workers'. When the recession started in the early 1970s, this

labour group was expected to return home. This happened only to a minor extent and gave rise to the saying: 'Nothing is more permanent than temporary immigration'. The guest workers had achieved social rights and chose to remain when immigration bans became widespread in national legislations in Western European countries. The political lesson of this event was reflected in a selective and restrictive attitude to immigration as such: most of those who were able to enter would succeed in staying – one way or another – and accordingly the safest option was to ensure that as few as possible arrived in the first place.

For the last few decades there has reigned widespread scepticism towards temporary recruitment of foreign labour in many Western European countries, and particularly in Scandinavia, even though opportunities have gradually been provided for seasonal labour and short-term contracts. This scepticism is partly based on the experience from the labour immigration policies of the 1970s, partly on more ideological attitudes; one does not want to promote a mentality that views foreign nationals as expendable, and the so-called 'principle of equal treatment' has been firmly established by international law. In practice, however, recent years have seen an increasing trend towards recruitment of people on a short-term basis in large areas of Western Europe, just as Norway is currently doing, for example, in relation to the Poles, as covered by the transitional arrangement. The Global Commission for International Migration, upon delivering its report in 2005, even recommended temporary labour migration as one among several solutions to global inequality, and claimed that such arrangements contributed to establishing a win-win situation that would provide benefits to both the South and North. However, the global commission did not deliberate the problems related to welfare state policies, nor did it reflect on the experience from the 1970s.

Recent development trends in Western Europe, where both demographic and economic factors pull in the same direction, have served to change the perceptions of labour immigration. The role of immigrants as producers of welfare has been brought into sharper focus. At the same time, concerns for increased consumption of welfare state services simmer just below the surface – particularly regarding low-skilled labour. Immigrants also involve a burden of care, and a demand for public services that many people fear will offset the benefits that immigrants bring to social production. The volume and type of costs will depend on a number of factors: the size of the family, the time of arrival of the family, language training requirements, administrative costs related to recruitment, etc. This type of concern has induced a number of EU countries to impose limitations on the rights that are extended to this type of third country labour. It appears desirable to introduce a flexibility that allows the host countries to terminate the employment and the residence permit when the assignment or the demand ends. Limitations are applied to family reunifications so that the integration argument cannot be used when this kind of situation arises. Western

governments will, to an increasing extent attempt to safeguard themselves against the phenomenon discovered in Norway: labour migrants from the 1970s abandon employment activity sooner than others, thus turning into net consumers of public welfare services. Here, interests will clash, depending on the nature of the labour in question. So far, the demand for foreign labour in Western Europe has been concentrated at the top and at the bottom of the market: highly qualified managers and highly skilled experts at one end of the spectrum, and low-skilled service and construction workers at the other. The former category is already established as temporary labour in most contexts (often according to the migrants' own wishes), while the low-skilled labour has often gained entry illegally, and has therefore often (involuntarily) stayed only temporarily too (unless the host countries have granted a permanent amnesty).

Low-skilled labour is more vulnerable to exploitation, and can therefore be pressured by the employers to work for low pay and in miserable conditions, unless the authorities impose clear rules and implement effective monitoring. If the government opens the door to increased labour immigration from third countries, some aspects need clarification: Does one foresee temporary work and residence permits, or increased labour import through service mobility? And should this be undertaken under the same conditions that prevail within the EU, or with more restrictive terms?

A strict enforcement of temporary labour immigration will be a demanding task in terms of monitoring and follow-up. Norway is not only a welfare state, it is also a constitutional state. Established rights – national as well as international – complicate the enforcement of a guest-worker system. Many will want to stay, and for constitutional nations it is quite simply impractical and morally untenable to force temporary labour to leave the country as demand decreases. On the other hand, temporary labour mobility is, in itself, not an immoral matter, as illustrated by, for example, the recommendations of the global commission. Trends also indicate that this may be preferable for the migrants themselves. Contracts valid for a specific time may simplify recruitment, and make the system more efficient for all parties. Arrangements that allow for a gradual acquisition of rights over a period of time can be established, for example, by using a system of point scores, as has been developed in some countries. Nevertheless, this field is characterised by vulnerability and controversy, and pitfalls abound. Defection into illegality, exploitation by employers and the threat of social dumping are clearly the most evident pitfalls; problems that already exist in Norwegian working life. Norwegian governmental traditions call for caution in the approach to these reforms, and for the establishment of buffers and monitoring arrangements. And, not least – basic incentives for return to the countries of origin are necessary for the labour migrants themselves (e.g. in the form of renewable work permits, contracts for further training, opportunities to maintain any pension claims and

other welfare benefits from the host country, etc). The most important incentive, however, is international economic equalisation that gives migrants a better situation to which they can return, as when Southern Italians and Portuguese workers as of the 1970s went back home, often after many years of contractual work in Northern Europe. Without this kind of development, one is not likely to succeed – unless governments are willing to make use of enforced return on a comprehensive scale. This chapter in the history of labour migration has barely begun.

It remains to be seen whether the experience from EU immigration will result in a liberalisation with regard to labour from more removed locations. Before such steps are undertaken, one should give due attention to the challenges that this kind of regime will entail (e.g. with regard to experience from previous periods of labour immigration, ethical issues in relation to third countries and, not least, labour conditions, equal treatment and rights associated with the existing welfare state). Regardless, labour immigration is a topic that undoubtedly will be prominent in public debate and working life in the years to come.

About the Author

Grete Brochmann is professor of sociology at the University of Oslo. She has published several books and articles on international migration; sending- and receiving-country perspectives, EU policies, welfare state dilemmas as well as historical studies on immigration. She has also been involved in a number of International research projects and evaluations. She has been lecturing internationally for many years, and has served as a visiting scholar in Bruxelles (Louvain la neuve), at the University of Berkeley, California, and at Boston College, Boston. In 2002 she held a visiting professorship in honour of Willy Brandt in Malmo, Sweden.