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The varieties of high-skilled immigration policies: coalitions and policy outputs in advanced industrial countries

Lucie Cerna

ABSTRACT This paper presents a comparative political economy theoretical framework of high-skilled immigration (HSI) policies in advanced industrial countries. It seeks to explain the differences between countries' policies in terms of HSI openness. I take from the traditional partisanship approach that political parties will pursue policies consistent with the preferences of their major constituencies. I have divided labour and capital into high- and low-skilled sectors. I argue that, despite converging policy goals for more open HSI in order to fill labour market shortages, there continue to be differences between countries' HSI policies. No consistent HSI position between left and right parties exists cross-nationally because different coalitions between sectors of high-skilled labour, low-skilled labour and capital take place. I analyse more open or restrictive HSI outputs by portraying actors' preferences, aggregated in coalitions and intermediated by institutional constraints (labour market organization and electoral system) across advanced industrial countries.

KEY WORDS Advanced industrial countries; coalitions; comparative political economy; high-skilled immigration; public policy.

1. INTRODUCTION

Attracting the 'best and brightest' immigrants has become the priority of many governments across advanced industrial (Organization for Economic Co-operation and Development (OECD))[1] countries. Labour market shortages, but also ageing population, decrease in human capital stock and international competition for innovation, progress and economic growth heighten the perception that governments 'need to act. Removing barriers is a priority: even America still rations the number of highly skilled immigrants it lets in, and Japan and many European countries do far worse' (*The Economist* 2006). Most countries differ in their policies towards high-skilled immigrants. High-skilled workers are usually defined as 'possessing a tertiary level education or its equivalent in experience' (Salt 1997: 5)[2]. Germany and the United Kingdom were similarly hit by labour market shortages, yet their policy responses varied.

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Divergence between advanced industrial countries' high-skilled immigration (HSI)[3] policies continues, even where national governments display converging policy pressures for a more open HSI policy in order to fill labour market shortages at the high-skilled end. A universal trend toward greater HSI liberalization is visible. However, both the pace and the depth of this process vary. No consistent HSI position of left and right parties exists cross-nationally because different coalitions between groups of high-skilled labour, low-skilled labour and capital take place. I argue that coalition-building between actors with varying HSI preferences, mediated by labour market organization and the electoral system, determines cross-national variations in HSI policy outputs. The proposed coalition perspective explores the different issues of importance in the political economy literature, such as the representation of different sectors of labour and capital, the tensions between actors with varying interests, the challenge for governments to respond to changing HSI preferences and the institutional constraints on HSI policies.

2. POLITICAL ECONOMY FRAMEWORK OF HSI POLICY

The theoretical framework draws on a wide array of literature and integrates the politics of immigration policy into the broader literature of comparative politics. Political science is a latecomer to the analysis of immigration, and in particular the area of HSI has been neglected so far. Nonetheless, political economy provides a fruitful approach to the rather 'atheoretical' area of immigration (Freeman 2002: 82). Existing literature, which generally highlights structural economic factors and partisanship, does not sufficiently elucidate HSI policy differences. Besides challenging the notion of increasing convergence between different countries' policies, this paper offers a different account from the varieties of capitalism (VoC) literature.

2.1 Convergence vs. divergence

In the public policy literature, the term convergence means the growing similarity of policies over time (Heichel *et al.* 2005). I have set myself apart from both the sociological and the economic convergence literature: the former argues that countries are converging owing to best practice and efficiency arguments (Cerny 1996), while the latter points to the spread of global culture and the adoption of similar norms (Robertson 1992). In the migration literature, the convergence hypothesis (Cornelius *et al.* 1994) supports the view that there is an increasing similarity among industrialized, labour-importing countries in terms of policies, impacts and public reactions to immigration. Governments in OECD countries have been forced to deregulate and liberalize labour and capital markets in order to compete in the new marketplace (Hollifield 2000). Therefore, countries' immigration policies are converging because of similar domestic pressures from skilled labour shortages. Changes show that convergence does not occur as a result of different domestic political-economic institutions

and coalitions. The proponents of the convergence hypothesis have become more cautious about categorizing similarities as 'examples of true policy convergence' (Cornelius *et al.* 2004: 15).

On the other hand, while the VoC authors (Hall and Soskice 2001) stress continued divergence in countries' economic systems, this literature is limited by focusing only on economic arguments. On closer inspection, not only does variance between the three groups take place, but within-group differences exist as well. In mixed economies, Spain is considered the most restrictive country in terms of HSI, while France and Italy are more in the middle of the Lowell (2005) ranking. A number of countries' categorizations have changed over the years as some initially restrictive countries have become more open towards HSI (e.g. France). Some countries among the co-ordinated market economies (e.g. the Netherlands) target high-skilled immigrants to a greater extent than others (e.g. Austria, Sweden). In the liberal market economy group, Ireland has experienced several policy reforms over the past years, shifting its classification from restrictive to very open. Countries' policies cannot thus be deduced from a simple division into three VoC groups.

I provide a contrasting approach to the VoC literature, considering political processes resulting in different cross-national policy outputs. The existing diversity demonstrates different political configurations and institutional set-ups in the electoral system and the labour market organization. My approach presents a political economy explanation for different HSI policies in OECD countries. This feature is largely missing in the literature.

2.2 Assumptions

I start from the basic assumption that rational actors have preferences which they seek to achieve through the political process. Four actors with particular HSI preferences emerge at the individual level: native high-skilled workers, native low-skilled workers, high-skilled industries and low-skilled industries. The political-economic organization and institutions governing these actors' political participation determine the preferences and behaviour of these actors (Martin and Swank 2004). Preferences interact with institutions and lead to particular policy outputs. 'Preferences' are personal wants and desires of political actors. 'Institutions' are formal and informal rules. 'Outputs'[4] refer to HSI legislative control policies (official HSI legislation on the rules and procedures for the selection and admission of high-skilled immigrants, based on Hammar (1985)). The focus is on temporary primary legal HSI, meant to fill labour shortages in mainly internationally competitive sectors, essential for knowledge economies. See Figure 1.

I will introduce a rational one-dimensional model because I consider economic issues more significant than cultural explanations (Scheve and Slaughter 2001). The small number of high-skilled immigrants is less likely to be linked with a negative feeling of changed cultural identity in the native population than is the case with general immigration (Money and Falstrom 2006).

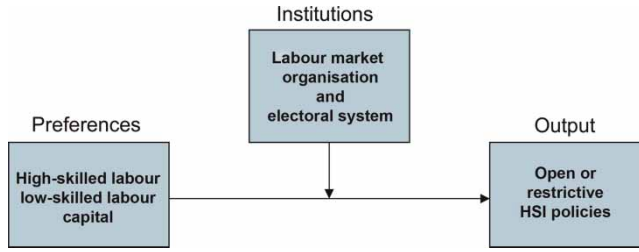

Figure 1 HSI causal schema

Higher earnings and tax payments, less reliance on social benefits and fluency in the receiving country's language ease the integration of high-skilled immigrants.[5] Nevertheless, the national identity literature argues that immigration policies have to be explained through the impact of historical experiences, cultural idioms and social conflicts (Hollifield 1992). Some authors put immigration into a two-dimensional plane, treating both economic and cultural issues (Zolberg 1999). However, this literature mostly applies to (low-skilled) labour immigration and cannot explain the adoption of similar policies at the same time in various countries (Meyers 2000). In agreement with Kessler (1999), I concentrate on the rational economic interests of actors, while neglecting the cultural issues to a large extent.

On the whole, HSI is considered positive for economic growth. The Productivity Commission of Australia (PCA) report shows the likely effects over 20 years of the government increasing the current intake of skilled migrants by 50 per cent. In the Commission's modelling, the economy would grow by 3.5 per cent by 2024–2025 and the average incomes would be $335 higher (2006: 137). More generally, George Borjas assumes that the increase in skills through HSI 'accelerates the rate of scientific discovery', which can bring large benefits for particular groups of the population (2006: 32). However, HSI creates distributional consequences for different sectors of labour and capital, in turn establishing varying preferences for HSI policy.[6] I claim that we cannot deduce HSI policy outputs across countries and political parties from a simple partisanship examination, stating the Left will defend the interests of labour and the Right will represent the preferences of capital (see Alt 1985; Hibbs 1977). We would expect left parties to support more restrictive HSI policies to protect native workers, whereas right parties will favour more open HSI to please their capital constituency. Yet, we do not observe such simple linkage between parties and HSI positions because the focus on the knowledge economy has become important (Driver and Martell 2002). Hence, parties try to combine increased competitiveness of the economy with the traditional protection of workers. We can also notice changes in party competition over recent decades. Deindustralization has forced left parties to seek native high-skilled workers as voters. In addition, new parties have arisen that are able to attract some high-skilled voters (e.g. Green parties). These new parties may become

important actors, especially in countries with proportional representation. As a result, this analysis departs from the traditional consideration of labour and capital and regards them as heterogeneous groups instead. The main question is which parties have a core constituency among (high-skilled) labour and which ones among capital. Then the parties' position can be tested with these hypotheses: (1) If the constituency of a party is strong among native high-skilled workers, I expect this party to be against HSI; (2) If the party's constituency is made up to a large extent of capital, I assume that this party will be more HSI supportive.

In the first case, if native high-skilled workers make up the party's constituency to a large degree, it will adopt a more restrictive HSI position to garner their electoral support. Native high-skilled workers will regard high-skilled immigrants as competitors and take on restrictive policy preferences. In the second case, if a party's constituency is made up to a large extent of capital, the party will seek to acknowledge its open HSI preferences. Complications in the prediction of parties' HSI position arise since parties increasingly represent both capital and labour groups. Capital lobbies for a more open policy while high-skilled workers favour a more restrictive policy. As a result, parties differ in their position on the terms and conditions of immigration, while generally recognizing the necessity of HSI for economic growth.

2.3 Preferences

Following the above assumptions, I will introduce a high-skilled versus low-skilled sectoral division. Table 1 displays predictions of the preferences of owners and workers in industries based on their labour sensitivity to high-skilled workers and the complementarity/substitutability of them with high-skilled immigrants.

2.3.1 *Native high-skilled (HS) labour*

My hypothesis is that native high-skilled workers will oppose open HSI policies because of labour market competition. With the immigration of high-skilled workers, the supply of qualified workers increases, decreasing wages in the

Table 1 Sectoral model of HSI policy preferences

HS immigrants	*Complement (LS workers)*	*Substitute (HS workers)*
High (HS) labour sensitivity (HS sectors)	Owners strongly pro-immigration; workers weakly/moderately so	Owners strongly pro-immigration; workers strongly opposed
Low (HS) labour sensitivity (LS sectors)	Both owners and workers weakly/moderately pro-immigration	Owners low salience, weak support; workers strongly opposed

sector (Borjas 2003). Specifically, Borjas' research has found that the impact of a high-skilled immigrant influx on the wages of Ph.D. graduates in the US was quite substantial between 1993 and 2001. Wage drops have varied according to the sector, ranging from 3.6 per cent for science and engineering doctorates to 10 per cent for computer science and mechanical engineering (Borjas 2006). Native high-skilled workers lose out because they are forced to accept lower wages and/or face unemployment since they have fewer labour mobility opportunities than low-skilled labour. This group has a political and economic incentive to lobby for HSI restriction.

2.3.2 *Native low-skilled (LS) labour*

I assume that low-skilled workers are partially or moderately pro-HSI because of complementarity effects. They may benefit from HSI because of greater productivity and wages through increased demand for labour services (Chiswick 2005). 'Trades people, labourers, transport workers, and production workers could see wages increase slightly [around 1.2 per cent], as new migrants add demand in areas such as housing construction' (PCA 2006: 134). In the long run, economic growth through innovation generated by high-skilled workers could make low-skilled workers better off and increase their standard of living (Crouch *et al.* 2004).

2.3.3 *High-skilled (HS) capital*

Owners/employers in high-skilled sectors (high-tech, engineering) will be strongly in favour of HSI since they may benefit from lower wages and sustained ability for growth. They will be even more supportive in the case of sectoral labour market shortages where outsourcing is not possible. HSI increases the supply of labour, decreasing wages in the sector. Capital can produce at a lower cost and thus become more competitive owing to the fact that it can offer products at lower prices. A larger pool of high-skilled workers permits capital to save the costs of training and skills acquisition and the process of hiring labour to respond to market conditions (PCA 2006). As a result, this group will have a political and economic incentive to lobby for HSI liberalization.

2.3.4 *Low-skilled (LS) capital*

Owners/employers in low-skilled sectors can benefit indirectly from an inflow of high-skilled immigrants by taking advantage of raised sales opportunities and increased output and profit. High-skilled immigrants are consumers of products from low-skilled capital and they can help to improve the production process and decrease production costs in the end (PCA 2006). Therefore, I group high- and low-skilled capital together as 'capital' for the purpose of a simplified framework. Even though it is unlikely that low-skilled capital will devote resources to lobby for more open HSI policies, both capital sectors will largely favour HSI liberalization. The preferences among the labour group are more heterogeneous and will therefore need to be treated separately. The

analysis thus considers only three factors: native high-skilled labour, native low-skilled labour and capital (Chiswick 2005).

2.4 Coalitions between actors

I proceed by examining the coalitions existing between actors for certain HSI policies. My research fits into the political economy literature, and more specifically into the analysis of the coalitions between labour and capital (Gourevitch 1986; Rogowski 1989). In the area of labour migration, Leah Haus (2002) and Julie Watts (2002) have considered similar coalitions between unions and employers. The common assumption is that labour forms a coalition against capital and opposes immigration, and that we hence have an intra-class coalition scenario. As a result of the sectoral division of labour and capital, we are unlikely to see a consistent position of labour pressing for restrictions on HSI and capital lobbying for a more open approach to HSI. However, unusual (i.e. cross-class) coalitions among different groups of capital and labour can play out. Table 2 portrays six possible coalitions between the three actors: native high-skilled (HS) labour, native low-skilled (LS) labour and capital. These coalition pairings depend on the level of organization of workers' and employers' associations, as well as the proportionality levels of the electoral system, which will be explored in more detail in later sections.

Pair A: HS labour + LS labour vs. capitals
A1. High-skilled labour and low-skilled labour form a coalition against capital for more restrictive HSI policies if they agree on a trade-off. HSI restrictiveness is offered in return for the protection of low-skilled labour against low-skilled immigration or for support of their efforts for higher wages. High-skilled labour, a smaller (and often concentrated in sectors, such as engineering) group than low-skilled labour, can more effectively organize and press for its desired output, especially owing to the intensity of its restrictive preferences. The larger low-skilled group will only be weakly/moderately supportive.

Table 2 Political coalitions and HSI policy outputs

Coalitional line-up	*Winner*	*Predicted HSI output*
Pair A:		
1. HS labour + LS labour vs. capital	HS labour + LS labour	Restrictive
2. HS labour + LS labour vs. capital	Capital	Open
Pair B:		
1. HS labour + capital vs. LS labour	HS labour + capital	Restrictive
2. HS labour + capital vs. LS labour	LS labour	Open
Pair C:		
1. LS labour + capital vs. HS labour	LS labour + capital	Open
2. LS labour + capital vs. HS labour	HS labour	Restrictive

While HSI can benefit low-skilled workers, the link is rather indirect and the impact is smaller than for high-skilled workers. As a result, low-skilled workers put less effort and fewer resources into convincing high-skilled workers otherwise and follow the lead of the latter group.

A2. If capital emerges as the winner, the HSI output will be more open policy. This group will benefit much from high-skilled immigrants for the previously examined reasons and will therefore lobby for liberalization.

Pair B: HS labour + capital vs. LS labour

B1. High-skilled labour and capital form a coalition if they strike a bargain and decide on a trade-off on some terms. Native high-skilled workers will be against HSI owing to labour market competition; high-skilled industries will be very much in favour of HSI. Accordingly, they both have opposite preferences. Such a coalition is likely to take place when native high-skilled workers cannot meet the demand in quantity and labour productivity, especially since in many sectors and sub-sectors outsourcing is not an option.[7] If high-skilled industries guarantee the same wages and working conditions for high-skilled immigrants and do not threaten the labour market position of native high-skilled workers, a coalition is possible. The resulting policy can still be considered to be more restrictive (in terms of the agreement and conditions attached to the policy) than in the case of overwhelming HSI support from only high-skilled industries.

B2. Low-skilled labour emerges as the winner, with more open HSI output. The group can benefit from high-skilled immigrants owing to increased employment opportunities. In this case, capital wins as well.

Pair C: LS labour + capital vs. HS labour

C1. Low-skilled labour and capital form a coalition to press for open HSI policies. Both groups benefit from high-skilled immigrants since they are complementary to native high-skilled workers. They are then able to unite against the restrictive HSI efforts of high-skilled labour.

C2. If high-skilled labour wins in the political contest, the output for HSI policies will be more restrictive owing to the labour market competition argument described in the previous section.

In these three cases, two outputs are possible (open or restrictive HSI policy),[8] depending on the strength of the coalition *vis-à-vis* the third actor. The threshold of support for each group in a coalition is absolute majority. Either the coalition wins and achieves its preferred policy or the opponent (third actor) manages to succeed in pressing for its desired policy. The strongest coalition will prevail. Strength comes from political resources, such as votes, lobbying ability or direct action.[9] These can vary across groups, countries and time. Which coalitions are formed and which win in the political arena all depends on the interaction of preferences and institutions, which can constrain the range of possibilities for outputs.

HSI changes occur within a country when preferences or institutions change. If the policy preferences of one or more of the groups of actors alter enough to disrupt the coalition balance, a new alignment may take place; or the political institutions can modify, though this is less common. A shift in HSI preferences can occur when economic conditions change (e.g. the appearance of labour market shortages, the increased influx of high-skilled immigrants, the rise in unemployment rates or the decrease of wages in particular sectors). As preferences vary, each group (and each potential coalition) faces trade-offs in moving from one policy position to another. I will now examine how preferences are manifested in the realm of HSI policy and how they become reduced or strengthened by the institutions.

2.5 Institutional interactions

The idea that institutions matter is a widely accepted conclusion in the literature and applied to different policy areas (see North 1990). In the migration literature, different institutions emerge as important factors for immigration policy-making. For example, Virginie Guiraudon (1997) focuses on the policy venue of actors. National courts and the bureaucracy can implement more liberal policies behind gilded doors, even with restrictive preferences of the public. The question remains as to how much institutions matter for explaining HSI policy outputs. *Ceteris paribus*,[10] this analysis concentrates on labour market organization and the electoral system. They share one common feature: the representation of specific actors and the resulting potential for coalition-building between groups. Institutions affect policy winners in the political contest.

2.5.1 *Labour market organization*

Varying HSI preferences of high- and low-skilled labour and capital can be intensified through their representation by unions and employers' associations. While other interest groups may become engaged in the immigration debate (e.g. independent and governmental analysts, research centres and non-governmental organizations (NGOs)), I will concentrate on unions and employers' associations in this paper since labour market organization is an important indicator for HSI policy outputs and determines the extent to which coalitions matter for explaining HSI outputs. I consider union density and the centralization/co-ordination of unions and employers to be the most important factors. First, it is important to assess the share of high-skilled labour represented by unions, i.e. union density among high-skilled workers. Density is defined as 'union members who work as employees divided by the total number of wage and salary earners' (Wallerstein 1999: 659). If general union density is high, the likelihood of high-skilled workers being union members increases. In Scandinavia, multiple confederations are divided along occupational lines, with separate peak associations for blue-collar, white-collar and university degree workers. The union movement is strong and carries considerable power to influence policy-making. High-skilled workers in affected sectors

gain representation in unions. In other countries, low-skilled workers constitute the main union members and hence display other HSI preferences because they can be positively affected by HSI.

Union density is marked by high union density in Scandinavian countries, and intermediate levels in most European countries, with France and the United States having the lowest density rates (Visser 2006). Overall, peak union confederations tend to behave as encompassing organizations (Olson 1982). Encompassingness is the 'degree to which a peak federation or union encompasses a diversity of interests and constituencies' (Wallerstein *et al.* 1997: 381). According to Mancur Olson (1974), an organization representing all workers (or businesses in a sector) will be less restrictive because it has 'some incentive to make the society in which they operate more prosperous' and take into consideration the (long-term) interests of broad societal groups (Olson 1982: 74). Based on this logic, associations should display more open positions because HSI can lead to more economic growth for the whole society. Since the organization is so encompassing, it cannot neglect the common good because HSI can benefit low-skilled labour owing to increased employment opportunities.

However, Olson's assumption of the solidaristic behaviour of organizations does not hold for highly unionized countries where unions include more high-skilled workers. In this case, separate unions for high-skilled workers adopt more restrictive HSI positions because they consider that the restrictive preferences of high-skilled members protect the union members' wages and employment conditions. Union opposition to HSI has indeed taken place in several countries. On the other hand, if high-skilled workers are less well represented by unions, it is less likely that the unions will adopt a restrictive position.

Second, the extent of associations' power in HSI policy-making depends on the labour market organization across countries, and especially the centralization of unions and employers. Both organized workers and employers have specific HSI preferences and demonstrate different centralization levels across countries. Martin and Swank (2004) classify union and employers' centralization as the score of the presence of national union and employers' federation and the peak federation's powers over members (i.e. appointment power, veto power of collective bargains and lockouts, own conflict funds). I treat centralization/co-ordination as one variable since the outcome of high centralization or high co-ordination levels is often similar (and will hence use them interchangeably from now on).

The most restrictive HSI policies are likely to take place in countries with high union and employer centralization. In Scandinavian countries, skilled/professional unions representing high-skilled workers were against more liberalized HSI policies. Owing to the power of unions and the resulting inability of employers to secure any policy change (both are included in negotiations with the government), the outcome turned out to be HSI restrictive. Only recently have some Scandinavian countries liberalized their HSI policy to a certain extent. This change was possible because of a shift from the previous coalition

between high- and low-skilled labour to a coalition between high-skilled labour and capital. The coalition partners negotiated trade-offs. High-skilled labour agreed to liberalize HSI, but bargained with capital for attaching restrictive conditions to the employment conditions and wages of immigrants.

There are different reasons for the previously described change: (1) Unions have become weaker, i.e. union density and centralization levels have decreased in recent years in some countries. As a result, they are not in such a strong bargaining position *vis-à-vis* employers as they used to be; (2) Unions realized that the domestic economy was suffering because it could not produce native workers in the numbers and with the educational levels desired in such a short period of time. Unions have seen that they harm not only their members (especially low-skilled workers) but also the overall economy; (3) International trade openness has increased, which has led to heightened international competitiveness and pressure to increase productivity. Countries need to respond more urgently to these pressures than they did some years ago.

In highly centralized countries, unions are involved in policy-making and have power to lobby for their interests. In low unionization countries, the restrictive preferences of the high-skilled group are not necessarily discarded. High-skilled workers can be represented by professional associations, i.e. 'interest groups that can exercise economic and political power' (Freidson 1986: 225). These exist for professionals such as engineers, IT specialists, scientists, doctors, lawyers or architects, and serve as occupational cartels for the protection of their high-skilled members from competition by others (Freidson 1986). In the US, professional associations lobbied against H-1B visa increases, but were less organized and less powerful than employers. In the end, the government yielded to the lobbying of the employers who built temporary coalitions and combined their political and financial resources to lobby for more open HSI policies (Hula 1999). Labour market organization plays a significant role in HSI policy outputs.

2.5.2 *Electoral system*

Unions and employers' associations do not cover the interests of workers and employers to the same extent across countries. These groups can signify important constituencies for political parties. For example, interest groups in the US lobby Democrats and Republicans in both Houses of Congress. Nevertheless, these politicians do not always vote according to the highest lobbying expenditures or most intense lobbying since they have to keep in mind the voters in their districts. If voters come from predominantly IT-heavy districts, these politicians are likely to vote for H-1B visa increases. Since the degree of representation differs depending on the electoral system, I take this institutional constraint into account. The electoral system is 'the set of methods for translating the citizens' votes into representatives' seats' (Lijphart 1994: 1). I argue that the electoral system affects the party composition of governments and, as a result, HSI policies. HSI policy outputs broadly indicate that: (1) majoritarian systems have more open policies, and (2) proportional representation (PR) systems

display more restrictive policies. However, a simple division into majoritarian (Australia, the UK) and PR (Austria, Denmark) systems does not adequately portray the intra-group differences. The proportionality level in the electoral system offers a more accurate depiction. The higher the degree of proportionality, the higher the correspondence of a party's share of votes to a party's share of seats. The representation of actors' preferences is greater in proportional than in majoritarian countries, but differences within the two groups are significant.

In Iversen and Soskice's (2006) depiction of proportionality levels, we can detect high proportionality in most European countries (the Netherlands), with the exception of France and the UK. Low proportionality levels prevail in Australia, Canada, the US and New Zealand. The type of electoral system matters for the representation of high-skilled groups in the political system. High-skilled workers can constitute an important constituency for political parties since they tend to earn higher incomes, contribute more in taxes and claim fewer welfare benefits than low-skilled workers. As stated previously, I expect different groups of labour or capital to signify core voters for political parties. The final HSI output will then depend on the type of electoral system: (1) the degree of constituency representation is reflected in parties' HSI position, and (2) the extent of translation of HSI preferences into policies is based on the type of government. This analysis proceeds with the usual assumption in the literature: majoritarian systems tend to go together with two-party systems and single-party majority governments; and PR systems are usually linked with multi-party systems and coalition governments (Duverger 1954). Nevertheless, some PR countries have had single-party governments (Austria, Sweden) and some majoritarian countries have experienced coalition governments, such as Australia (Iversen and Soskice 2006).

Single-party governments in majoritarian systems tend to present themselves as encompassing society's interests (Bawn and Rosenbluth 2003). Coalitions are usually formed before elections since groups have an incentive to join forces to increase their influence. The main parties need to win the support of several groups with various interests because they are seeking an absolute majority of votes. As a result, they are especially concerned about the welfare of the society as a whole and portray HSI as beneficial. The capacity for representation of a specific group is relatively low and policy is likely to be more open as a result. On the other hand, PR systems have low thresholds and large district magnitudes and parties can be elected to parliament by targeting a smaller part of the population (Norris 2004). They present varying preferences and policy positions at the time of election, but groups engage in building coalitions after elections (Gourevitch and Shinn 2005). Parties are not very encompassing and tend to neglect national interest as a whole. Whereas more open HSI can benefit society as a whole, native high-skilled workers will lose out owing to increased competition. Parties with a core constituency among high-skilled labour will be able to support their interests and achieve more restrictive HSI policies in a coalition government. As parties represent different interests

(at least on some terms and conditions of HSI), the final policy will be more restrictive.

Proportionality levels also matter for the degree of policy change. Majoritarian systems exhibit more radical policy changes than PR systems (when considering single versus multi-party governments). They amplify small shifts of preference into larger swings of policy (Gourevitch and Shinn 2005), which the UK case exemplifies. A single-party government can implement its policies and does not need to compromise with other parliamentary parties or societal groups. In a coalition government, at least two parties have to decide on a policy by reaching a compromise. Those representing business interests and those standing behind the preferences of high-skilled workers will have opposing interests in the terms and conditions of HSI policy. They will have to come up with a final policy, which is likely to be more restrictive.

HSI policies have changed cross-nationally over time, even if some countries have experienced more 'drastic' changes than others. Among the majoritarian systems, Ireland and the UK have rapidly reformed their immigration policies and introduced more open conditions for HSI. On the contrary, some PR countries (Austria, Denmark) have only gradually reformed their policies, which still tend to be more restrictive. Political parties representing capital have proposed reforming HSI policies, taking into account the preferences of their constituencies. The electoral system as an institution is less likely to change than preferences, but it can modify or sustain the degree of change in actors' preferences and final policy implementation. The type of electoral system is linked with the form of government. Over time, shifts in HSI policies are the result of: (1) in majoritarian systems, changing political parties in power representing various groups, and (2) in PR systems, shifting coalition governments consisting of different parties with specific HSI preferences.

I expect that the most restrictive countries will be those with PR systems, high union density and high centralization levels of unions' and employers' associations. Examples of these cases could be the Scandinavian countries, as well as Austria and Belgium. On the other hand, the most open ones are likely to be those with majoritarian systems, low union density and low levels of centralization of unions' and employers' associations. Australia, the UK and the US fall into this category. Nevertheless, these policy outputs could change over time. For instance, fairly restrictive Denmark was able to liberalize its policy to a certain extent since high-skilled labour and capital formed a coalition and agreed on different conditions attached to the policy.

3. CONCLUSION

This paper has set out a theoretical framework for analysing differences in countries' HSI policies over time. High-skilled labour immigration remains largely unexplored in political science owing to the lack of controversy it tends to trigger in the overall population. This framework seeks to provide a starting point for a fruitful research path. By portraying a coalitional argument, I have

offered a richer explanation for HSI differences than the existing literature on partisanship and structural economic factors provides. In particular, the paper challenges the common partisanship literature by offering a disaggregation of labour and capital into high and low-skilled sectors. I demonstrate divergence rather than convergence toward a single HSI policy for the following reasons: (1) the preferences of native high-skilled labour, native low-skilled labour and capital differ and shift over time; (2) six different political coalitions are possible; and (3) institutions intermediate between preferences and policy outputs.

The paper illustrates some important points. With increasing labour market shortages, international competition for the 'best and brightest' will continue to be fierce (Mahroum 2001). Some coalitions between actors and political-economic institutions will further impede HSI liberalization in different countries. This raises the question as to whether these countries will fall behind in global economic competition. On the other hand, will political parties neglect the interests of native (high-skilled) labour as they increasingly succumb to the pressure of capital? Since labour market shortages threaten economic growth and progress, governments will have to respond to the demands for more open HSI. Yet they will also have to react to the preferences of high-skilled workers for more restrictive policies. The numbers for HSI are already significant in some countries and they are likely to increase in the future in others. This may heighten tensions within countries between labour and capital over policies. It will be up to the political parties in government to reconcile these. Labour market institutions could also play a larger role in the representation of affected groups. If an increasing number of high-skilled workers organize in professional unions/associations, they may become more powerful actors in lobbying the government. The American Medical Association, for example, is already an important collective actor in the US.

Overall, HSI is expected to remain on governments' agendas owing to the limited alternatives to HSI in the short run (Chiswick and Hatton 2003). The processes and the support of different groups need to be better understood by policy-makers, political parties and voters. Future research should ascertain the proposed framework through quantitative testing of the propositions, which would as certain the proposed explanatory and dependent variables, as well as control for other variables. For this purpose, an HSI policy index would need to be put in place in order to assess the relative openness or restrictiveness of countries' HSI policies. This index should be made up of several sub-categories since, for example, both low admission numbers and strict work protections (e.g. labour market test, minimum wage) can be considered restrictive. Owing to data limitations, detailed case studies should complement the quantitative testing. They could include different typologies, such as PR countries with high centralization/co-ordination (Sweden), PR countries with low centralization/co-ordination (Spain) or majoritarian countries with low centralization/co-ordination (the US). This paper considered national HSI policies, but future research could analyse attempts at other governance levels. In October 2007, the European Union (EU) proposed a Blue Card for high-skilled

immigrants. Owing to the discussed differences in coalitions and institutional factors, an agreement on a single EU policy is questionable. On a global level, advances have been made but with limited success to date. This analysis emphasizes some of the opportunities and challenges that HSI presents for advanced industrial countries, and has offered suggestions for a stimulating debate.

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NOTES

1 I focus on the 'usual suspects': Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States.
2 They can be classified under 'Human Resources in Science and Technology' (HRST), extending to everyone who has successfully completed post-secondary education (or is working in an associated occupation) (OECD 1995: 8). Sectors include information technology (IT), mathematical sciences and engineering, life and physical sciences, and medical sciences.
3 Most European Union (EU) member countries experience labour market shortages. HSI policies increasingly target 'third-country nationals' (from outside the EU).
4 I concentrate on policy outputs ('the policies adopted by a government') to distinguish from the commonly used term 'policy outcome' i.e. 'the actual effects of a policy in terms of goal achievement' (Holzinger and Knill 2005: 776). Thanks to Andrew Geddes for this reference.
5 'On the surface, highly skilled foreign professional and business people present much less of a problem than manual labourers . . . Immigrant scientists, engineers and physicians reinforce the nation's supply of scarce talent and mix easily with the domestic population by becoming dispersed throughout the country' (Portes and Rumbaut 1996: 293). Thanks to Timothy Hatton for this reference.

6 Even though there is no direct evidence to measure the preferences for HSI policies of high- and low-skilled sectors of labour and capital, I work those out deductively by basing them on the distributional consequences for these groups and assuming no cross-national variation of distributional preferences.
7 IT sub-sectors prone to outsourcing are: application maintenance, custom application development and system integration. IT consulting, traditional IT outsourcing and sales and marketing have lower outsourcing potential and constitute about 50 per cent of all sector employment; the overall IT outsourcing potential is unlikely to increase (Farrell *et al.* 2005: 147, 25).
8 'Restrictive' means any limitation of HSI on any or a combination of these dimensions: (1) mechanisms, (2) selection, and (3) rights. 'Open' is defined as the opposite (see Ruhs 2006).
9 Facchini *et al.* indicate that for H-1B visas that 'sectors with 10 per cent higher lobbying expenditures by business groups are associated with a 2.4 per cent larger number of H-1B visas approved by the DHS; while a one per centage point increase in the union membership rate is associated with 4 per cent lower number of visas' (2007: 26).
10 The *ceteris paribus* assumption is necessary since the mentioned institutional interactions are not necessarily the only ones. Other indicators can influence a country's HSI need, such as the unemployment rate in high-skilled sectors, the type of higher education system or the evidence for real shortages in particular sectors.

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