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Trade Union Power and Welfare Equality between Foreign and Native Workers in Advanced Democracies

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### **ABSTRACT:**

What is the link between trade union power and more inclusive socio-economic rights for foreign workers? In many advanced Western democracies, labour migration has played a crucial role in the post-1945 rebuilding of the economy, influencing key aspects of the industrial relations. However, there are still important aspect of trade unions and the socio-economic rights of foreign workers that have not been fully explored. More specifically, we do not know to what extent different dynamics of trade union power resources systematically influence the extent to which socio-economic rights are shared equally with foreign workers. In this paper, we use longitudinal data from 1960 to 2010 for from 19 developed democracies and estimate two-way fixed effects models with panel corrected standard errors and rolling regressions to evaluate the relationship between the changing dynamics of two different trade union power resources characteristics, i.e., associational and institutional powers, and the extent to which they relate to the socio-economic rights policy for foreign workers. Our analyses show that trade unions can leverage stronger membership bases and their institutional embeddedness in the decision-making for better socio-economic rights outcomes for foreigners. Thus, in this way, our analyses are in line with the arguments developed in earlier case studies concerning the intersection of industrial relations and the politics of immigration. However, our findings diverge and provide a more complex picture of the influence of trade unions' power, especially in the decades that follow the 1980s. Overall, the paper contributes to the comparative political economy of immigrants' rights and the fields of industrial relations and contemporary migration policy regimes.

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#### Introduction

In many advanced Western democracies, labour migration has played a crucial role in the post-1945 rebuilding of the economy. Since the start of such foreign worker recruitment efforts, the social question of these immigration flows has been scrutinised by academics and civil society actors alike (Sainsbury, 2012; Ruhs, 2010; Koning, 2019; Lafleur and Vintila, 2020). However, there are still important aspects of the link between the characteristics of industrial relations and socio-economic rights of foreign workers that have not been fully explored. More specifically, we do not know how trade union power and its dynamics systematically influence the extent to which socio-economic rights are shared equally between foreign and native workers. Despite a widespread decline in union membership rates across advanced democracies from the second half of the twentieth century onwards (Scruggs and Lange, 2002; Visser, 2012), trade unions remain influential actors in the decision-making of labour market and social policies in Europe (Rasmussen and Pontusson, 2018; Baccaro, 2008). Importantly, this has also been true in immigration and immigrant rights policymaking (Wrench, 2004; Menz, 2009; Afonso et al., 2020).

Nevertheless, earlier studies of union power and its impact on immigration and integration policymaking have documented largely ambivalent positions of unions and country-specific idiosyncrasies in the link between trade unions and the making of labour recruitment and diversity management policies (Marino et al., 2017). Moreover, while extant work has shed light on several dilemmas unions face regarding foreign workers (Penninx and Roosblad, 2000), we know relatively little about how the power resources available to trade unions impact the social rights of foreign workers. In this paper, we identify three shortcomings in extant work on the political economy of migration, industrial relations, and migration policy literatures where we aim to contribute to.

First, while there has been considerable case study evidence documenting the position and influence of unions on immigration policy, relatively scant attention has been paid to their impact in the domain of socio-economic rights for foreign workers more precisely. This is important as,

first and foremost, trade unions have a mandate and mission to unite and advocate for all wageearners to improve their employment and working lives (Webb and Webb, 1920). Thus, the intersection of a so-called "immigration-welfare" nexus is ostensibly related to trade union action in advanced democracies (Knotz et al., 2020).

Second, the literature on industrial relations and the politics of immigration have relied chiefly on case studies and small-N comparative designs (Connolly et al., 2019; Marino and Roosblad, 2008; Wrench, 2004; Watts, 1998). Consequently, there is rich evidence and discussion on the processes behind how trade unions position themselves vis-à-vis new immigration and the strategies they use to exert influence in the decision-making surrounding immigration policies. Yet, such approaches are less helpful in making sense of the variation and systematic patterns in the relationship between trade union power and welfare equality over time. Indeed, except for few notable exceptions (Boräng et al., 2020), comparative large-N longitudinal studies that focus on migrants rights and various characteristics of potential channels of trade union influence are relatively scarce.

Finally, in either qualitative or quantitative accounts on the link between trade union power and migrants' social rights, existing research has concentrated primarily on the associational power of unions, i.e., union density, with only some notable exceptions incorporating other channels of trade union power such as institutional or political power (Afonso et al., 2020; Gumbrell-McCormick et al., 2017; Boräng and Cerna, 2019). Despite this, earlier evidence shows that trade unions impact policymaking not just because of their membership-based power but also because of their political role as a social partner in bargaining processes and their role in the policymaking process, which is heavily institutionalized in some countries and periods but not in others (Rasmussen and Pontusson, 2018; Hyman, 2001). Taking stock of these earlier studies, we distinguish two dimensions of union power whose effect on welfare equality across citizenship status we explore in this paper. A first dimension concerns trade unions' *associational power*, which is based on the degree to which unions organize employees in any given country and time. We label the second dimension *institutional power* and think of it as a measure of trade unions'

political power based on unions' role in political concertation and wage bargaining. The second dimension captures the extent to which unions have (if any) political power in bargaining with the government and employers on socio-economic policy issues (Afonso et al., 2020). We test the influence of the two trade union power on the equality of foreign workers' rights in host societies over time and to what extent host societies' socio-economic and labour market conditions may condition the effects of this relationship.

Empirically, we use longitudinal data from 1960 to 2010 for 19 developed democracies. We estimate linear two-way fixed effects models with panel corrected standard errors to evaluate the relationship between different dimensions of trade union power and welfare equality between foreign and native workers over time while considering potential structural period differences. Our main finding, across both the associational and institutional power dimensions, is that trade union power is linked to national policy outcomes that are more solidaristic with the foreign workforce. This overarching result, however, comes with two critical nuances. The first concerns temporal variation. We find that union density's positive influence on welfare equality remains strong up until the 1980s, whereas institutional power continues to have an equalizing effect into the 1990s. Second, we find that trade union power's positive effect on rights equality is conditioned by the extent to which foreigners may pose a threat to native workers' wage and working conditions. We find that unions' equivalising effects are more substantial in contexts of expansive welfare spending and high competition with foreign workers. Overall, the paper contributes to the comparative political economy of immigrants' rights and the fields of industrial relations and contemporary migration policy regimes.

#### State of the Art on Trade Unions and Immigrant Social Rights

#### Trade unions and the politics of immigration

Since the 2000s, there has been increasing interest in trade unions' position and influence on the politics of immigration (Connolly et al., 2019; Marino et al., 2017; Wrench, 2004; Donnelly, 2016). In their highly influential edited volume focusing on the link between trade unions and immigration policymaking in Europe, Penninx and Roosblad have paved the way for research in

this field by identifying three dilemmas (2000). The first one of these challenges concerns union positions and bargaining strategy in foreign recruitment policies that began in the 1950s in Western Europe. Contributions in this first volume and its follow-up study focusing on the period from 1990 onwards (Marino et al., 2017) have shown a great deal of variation in trade union action and positions between countries resulting in a mixed bag of results when it comes to the relationship between trade unions and the politics of immigration. Nevertheless, much of the case study analyses seem to agree that unions with little power in the policymaking process have been reactive rather than cooperative when it came to foreign recruitment and immigration policies (Penninx and Roosblad, 2000: 186-191; Marino et al., 2017). Scholars have drawn similar conclusions when concentrating on EU enlargement periods and the increasing volume and pace of EU worker mobility (Krings, 2009; Meardi, 2012; Wrench, 2004; Dolvik and Visser).

Importantly, evidence focusing on the past two decades or so has pointed to various trade-offs and strategies that trade unions had to take on to preserve their influence and protect the native workforce, leading to paradoxically non-solidaristic policies in the case of immigrant workers (Marino and Roosblad, 2008; Pajares, 2008; Avci and McDonald, 2000; Watts, 2002). Yet, surprisingly, while earlier studies have shed much-needed light on trade unions' role in the fields of foreign labour recruitment, we still do not know to what extent trade union characteristics and powers relate to more inclusive socio-economic rights for foreign workers (such as access and entitlement to social benefits, non-discrimination in the labour market and so on). Indeed, there is little systematic comparative evidence over time that looks at not just the levels but also the dynamics of trade union power and how it relates to the extent to which more equal and solidaristic socio-economic rights are given to immigrants.

Next, the second broad area of inquiry in the literature has concentrated on the extent to which foreign workers could and should be incorporated into the ranks of national unions as members (Milkman, 2000). This strand of the literature shows a strong path-dependency in membership rates among foreign works that strongly correlate with native workers' membership rates in many Northern Europe countries (Gorodzeisky and Richards, 2013). Likewise, scholars focusing

on the micro level and socialisation within unions have also shown trade unions' role in shaping members' attitudes towards immigration, revealing more positive reactions towards immigration among union members in the US and Europe (Donnelly, 2016; Frymer and Grumbach, 2020). Focusing on the UK, Ireland, and Southern Europe, an important finding in this cluster of studies revealed that the decreasing structural power of trade unions and declining membership rates have also changed unions' perspective on immigration. Particularly from the 1990s onwards, immigrant workers presented an opportunity for unions to recruit new members, incentivising them to advocate more decisively for their rights and socio-economic protection (Fitzgerald and Hardy, 2010). Accordingly, such earlier studies point to dynamic aspects in how trade union power and unions' subsequent strategies and influence in the domain of socio-economic rights for foreign workers vary across periods.

Finally, the third cluster of research has tackled whether national trade union actions should consider immigrant rights and interests as an integral part of their activity. This area of study has opened up questions regarding the extent to which unions should advocate for the unique needs of immigrants and demand equal rights for native and foreign workers or privileging the rights of native workers above the rest of the workforce (Penninx and Roosblad, 2000: 10-11). As discussed above, this dimension of trade unions' role in welfare equality between native and foreign workers has been one of the most understudied aspects in the literature, with few notable and recent exceptions (Scalise and Burroni, 2020; Boräng et al., 2020; Afonso et al., 2020). Importantly, there is still relatively little research on the precise intersection of welfare policy access for foreigners and trade union characteristics. We thus propose here to specifically focus on this aspect and take stock of earlier findings in the next section while also situating our study in extant literature.

#### Trade union power in the context of immigrant socio-economic rights

From the 1950s until the mid-1970s, European labour markets were open to a specific set of foreign labour recruitment, which was understood as largely temporary. Research on this period has shown that wherever unions had a strong position as social partners, such as in Austria,

Germany, Sweden, and the Netherlands, they coupled their influence over recruitment with demands to ensure that such supply of foreign labour would not eradicate existing working conditions, norms, wages, and social rights in the national labour market (Marino and Roosblad, 2008; Penninx and Roosblad, 2000). This meant that there was some link between contexts in which trade unions were stronger and the equal treatment of immigrants in host societies, which lasted until the 1990s. Conversely, from the start of the twenty-first century onwards, case study evidence from Europe reveals two significant simultaneous trends that weakened the positive relationship between trade union power and welfare equality between foreign and native workers: the decline in trade unions' power and political standing and the increasing loss of direct state control over foreign labour inflows (Marino et al., 2015). While the former has impacted solidaristic policymaking by putting trade unions in a defensive position, the latter relates to the marketisation, globalisation, and overall decline of state power in managing the selection and admittance of immigrant workers.

Faced with this double tension, trade unions have found themselves forming coalitions with and making concessions to various business actors and capital interests to preserve their position in policymaking (Watts, 1998; Watts, 2002; Boräng and Cerna, 2019). Studies focusing on West European trade unions facing an inflow of workers from EU accession countries show how unions had to make concessions in the extent to which immigrant workers would enjoy equal rights in the labour market (Fitzgerald and Hardy, 2010). In fact, such deliberations on how to avoid social dumping and social protection inequality between foreign and native labour have led to considerable debates in the literature on migration studies (Afonso et al., 2020; Krings, 2009; Ruhs, 2013). On the whole, such debates point to the necessity of studying how trade union power relates to socio-economic rights equality and to pay attention to the dynamics of union power and the period under observation.

Previous evidence on the impact of trade union power on foreigners' working conditions come primarily from case studies and rich qualitative analyses. Extant work has, for instance, demonstrated precisely how, and if so, why, trade unions have prioritised immigrant rights and

has also discussed how this strategy is rooted in union identity and power as well as local and national economic and political conditions (Connolly et al., 2019; Marino et al., 2015). While these works have added to what we know about the processes we are interested in, earlier evidence has left certain essential questions open. Many of them have to do with the absence of large-N analyses that we lack because of the relative dearth of comparative data on the level of migrant socio-economic rights with adequate temporal and geographical coverage. In fact, to the best of our knowledge, Boräng, Kalm, and Lindvall's (2020) recent historical longitudinal analysis of the covariance of union density with immigrant rights policies from 1900 to 2010 is the first large-N study explicitly investigating the relationship between union power and rights of immigrants. The authors demonstrate that the presence of strong unions (in terms of associational membership rates) led to a wider gap in rights equality between immigrants and natives during the development stage of welfare states. Yet, over time, differences between countries with strong and weak unions diminished and even flipped: After 1980, there seems to be, on average, more equality in the social rights access of immigrants where unions are stronger (Boräng et al., 2020: 565).

While Boräng and colleagues enlighten us about historical trends and highlight the importance of period effects when looking at the relationship between trade unions and migrant social rights, they concentrate less on the mechanisms of why changes in the relationship occur and whether different dimensions of trade union power have an impact. Even though growing internationalisation and competition have tightened trade unions' room for bargaining – also in the domain of native workers – there is variation in how such dynamics have unfolded in different countries and which aspects of trade union power have been the most affected (Scruggs and Lange, 2002; Schnabel, 2013). For instance, while it is generally agreed upon that union density is declining in many advanced democracies, this decline has not been uniform across countries. Furthermore, there is still considerable cross-national variation in the extent to which trade unions play a role in government decision-making (Rasmussen and Pontusson, 2018).

Trade unions' bargaining power and influence over socio-economic policy rely on several dimensions of power resources, going beyond their membership-based power resources (Ebbinghaus, 2003; Gumbrell-McCormick and Hyman, 2013). For example, the political impact of unions may vary depending on their organisational structures and political culture, but also the particular welfare state model in which they are embedded (Hoffmann and Hoffmann, 2009). Indeed, institutional analyses of trade union power have argued that type and degree of power resources available to individual unions and union movements greatly influence their ideological orientation and ability to work effectively on the issue of migration (Gumbrell-McCormick et al., 2017; Hyman, 2001). Importantly, unions have been shown to retain their coordinating and agenda-setting abilities in the political arena when it comes to immigration policy despite declines in membership rates (Afonso et al., 2020).

#### Theoretical Framework: Trade Union Power and Welfare Equality

In this paper, we are interested in exploring the effect of trade union power on migrant socioeconomic rights policy. It is therefore essential to provide two conceptual clarifications. First, we focus on the socio-economic rights policies for migrants, and, more precisely, how (un)equal these rights are when compared to the rights of native workers. This means that we are interested neither in looking at the openness or closure of recruitment policy nor citizenship rights concerning naturalisation and integration policy measures in the long run. Instead, we concentrate on foreign workers' social policy and welfare access, such as social benefit entitlements.<sup>1</sup> Second, taking stock of the previous literature, we focus on two dimensions of union power: (1) associational power linked to membership and (2) institutional power related to involvement in and organisation of political decision-making and collective bargaining. What we mean by "power" or "power resources" thus refers to the idea that trade unions' power of mobilisation and political influence depends on various human, economic, political, and social resources that they have access to, as well as their ability to unite workers around collective action (Korpi, 2006; Gumbrell-McCormick and Hyman, 2013).

<sup>&</sup>lt;sup>1</sup> Our choice here is also motivated by the relatively ample research already being conducted on the relationship between recruitment and labour market policies for foreign workers and the positioning and influence of trade unions.

We begin by discussing how the *associational power* of trade unions can influence equality in socio-economic rights between immigrants and natives. Considering recent large-N evidence (Boräng et al., 2020), it is straightforward to argue that increasing associational power ameliorates the inclusivity of social policy for foreigners. As the Boräng et al. argue: If unions have a large stock of members to mobilise, it is plausible that such a resource gives them a vital bargaining advantage when pushing forward for equality of rights. Importantly, from a strategic standpoint, if more workers are already members of trade unions and have a uniform and strong voice in the social and immigration policy fields, this would incite less fear from the inclusion of foreign workers in welfare states. However, this straightforward logic can be challenged when considering some mechanisms and earlier evidence related to this relationship.

Notably, it is challenging to disentangle to what extent we observe a mere by-product of institutional path-dependency in more universal welfare systems when seeing the link between strong unions and more inclusive rights (Boräng, 2015; Sainsbury, 2006; Kolbe and Kayran, 2019). Put differently, while existing evidence shows a strong correlation between higher union density and more inclusive migrant rights (Boräng et al., 2020), the theoretical mechanisms behind this relationship remain unclear, especially when considering the post-1980s period of increasing globalisation, heterogeneity of immigrant workers, and loss of structural power of unions in Western democracies. Next, especially the post-2000 period necessitates a closer look because case study evidence points to a reversal of union influence on foreigners' welfare rights as they found themselves in an increasingly defensive position. Importantly, Wrench (2004) argues that racial equality has been emphasised by British trade unions trying to appeal to foreign workers as members once their membership numbers declined. Similar conclusions have also been drawn from the cases of Ireland, Netherlands, Spain, and Italy (Krings, 2009), pointing to a potentially reverse relationship between associational power and the dynamics of migrant rights in the twenty-first century.

The second dimension we look at is *institutional power*, which is interested in union access to political decision-making processes and their standing in collective bargaining schemes. Afonso and co-authors have recently demonstrated that such power is a critical and separate dimension from associational power when it comes to understanding union positioning and its eventual impact on immigrant policymaking (2020). Most notably, the study showed that by the 2000s, even though the German trade unions found themselves in a relatively weaker position of associational power, they had nevertheless been able to negotiate more equal rights for migrant workers and prevention measures against wage dumping (Afonso et al., 2020). This was related to their high degree of political power and involvement in bargaining. Indeed, the evidence from the case studies on trade union activities from the 1950s until the 1990s also supports this more recent study's conclusions linking political power with more solidaristic immigrant social rights provision (Penninx and Roosblad, 2000).

Yet, studies have also reported a more recent decline in trade union solidarity with immigrants such as their support for forced return policy for the unemployed foreigners, exclusionary social benefit programs, and excluding immigrant workers from work councils – even where trade unions have been able to preserve considerable political power such as in Austria and Switzerland despite the declining power of social partnerships (Marino et al., 2017: 5-6). These observations point towards a union strategy that prioritises native workforce interests at times of the structural weakening of the union influence, which has not yet been systematically assessed in a large comparative design. While it is true that the political power of unions is heavily path-dependent and rarely vary over time (Checchi and Visser 2005), dynamics of political power at different periods merit further study in testing whether the positive relationship between political power resource and more inclusive migrant social rights holds up over time.

Thus, in line with previous work, while we generally expect union power to be positively related to welfare equality across citizenship status, we also acknowledge heterogeneity in the policy goals of unions when it comes to inclusionary socio-economic rights for foreign workers. As discussed above, we expect unions to be less solidaristic with migrants in times of union decline

and a structural weakening of their influence. Yet, how can we explain and understand the variation of such weakening influence in different countries when it comes to the extent to which unions would influence the equality of rights of foreign workers. Put differently, based on which characteristics of the county's economic and demographic structure, can we expect a difference in the effects of unions, especially when considering a potentially wavering influence in pushing for equal rights for all workers in the labour market.

We propose that, in such periods, unions might focus on benefits for their current (native) members over benefits for foreign workers, similarly to what has been observed with labour market dualization. Labour market dualization refers to the implementation of policies that "increasingly differentiate rights, entitlements, and services provided to different categories [of workers]" (Emmenegger et al., 2012: 10) and separates labour market insiders, i.e. persons in standard employment, from labour market outsiders, i.e. unemployed or atypically employed persons. In dualized labour markets, unions oppose measures that endanger the position of insiders but are willing to accept policies that deteriorate the position of outsiders. This line of argumentation, as expressed by, e.g., Rueda (2007) or Palier and Thelen (2012), reflects the membership composition hypothesis first developed in the economic "insider-outsider-model" by Lindbeck and Snower: (a) Labour turnover costs and employment protection legislation guard insiders against job loss, (b) unions only organize insiders and (c) unions' main goal is therefore to maintain or increase insiders' privileges (1988). However, trade union focusing solely on their core members, natives and/or insiders, might be less likely when overall levels of social spending is high because improvements for *all* categories of workers seem more likely in such settings. In high spending contexts, inclusion of "outsiders", especially in this case of potentially less costly foreign workers, could provide a way of preventing social dumping, which, in turn, functions to protect the existing privileges of insiders, i.e., native workers.

Next, we also expect heterogeneity in the effect of union power in as far as unions' advocacy for migrants' rights might vary with the degree to which their (native) members are exposed to competition from foreign workers on the labour market since one of the fundamental objectives of unions is to set the floor for the competition on the labour market. In a context of competition, e.g., when unemployment rates are high or the stock of foreign workers is large, foreign workers directly challenge the position of native workers if foreign work is cheaper, i.e., less costly in terms of wages and employer contributions on social benefits. Similar to the case of expansionary social protection cases, in the context of economic competition, unions may care about welfare equality and migrant rights because it is in the interest of the natives that they would organize to do so to prevent the undermining of wages and working conditions. From a pragmatic perspective of preserving the level of wages and working conditions in the workforce, a seemingly "solidaristic" coverage of foreign worker rights in case of increasing economic competition in the labour markets could function for the economic interests of the native workforce.

Overall, we expect that trade unions' stronger associational and institutional power will positively influence the equality of the rights for foreign workers in advanced host democracies. However, we put forward that, considering the systematic and structural changes in the production systems and the industrial relations in the decades that follow the maturation of the welfare states, especially since the 1980s onwards, it is reasonable to expect a decline in such an effect of unions. Lastly, we suggest that existing levels of social spending and potential economic competition in the host country could explain the changing influence of trade unions on achieving equality of socio-economic rights of foreign workers.

#### Data & Method

To assess the relationship between our two dimensions of trade union power and migrant rights, we focus on 19 rich democracies from 1960 to 2010. The sample includes Northern, Western, and Southern Europe, Northern America, and the Pacific. The cases in our analysis are as follows; Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany (West Germany pre-1990), Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Spain (included post-1977), Sweden, Switzerland, USA; United Kingdom.<sup>2</sup> The dataset comprises country-year observations with uninterrupted periods of democratic governance, ensuring that trade union influence over immigration and immigrant policymaking can be assumed to exist. Descriptive summary statistics and the correlation matrix of the variables used in the analysis are available in appendices A and B, respectively.

#### Measuring socio-economic rights of foreign workers

The data we use to measure our outcome variable comes from the immigration policy dataset initially developed by Peters (2015), extended by Shin (2019; 2017) and Boräng and co-authors (2020). The indicators we use allow us to focus on the extent to which immigrants have equal (or unequal) rights relative to the socio-economic rights of the native citizens. This makes the dataset uniquely fitting for our study, where we concentrate neither specifically on the rights of natives nor the rights of immigrants but are interested in the principles of equality within a host society when it comes to the treatment of *immigrants vs citizens*. While several other data collection efforts are focusing on the immigration policy in various dimensions (Helbling et al., 2017; DEMIG, 2015; Solano and Huddleston, 2020), thus far, no such alternative comparative data over a long period is available, focusing mainly on the equality of socio-economic rights between native and foreign workers (Koning, 2020; Koning, 2019).<sup>3</sup>

Our dependent variable is operationalised by an indicator concerned with social policy and equality focusing on access to welfare benefits and other rights such as freedom of movement, property rights, anti-discrimination legislation, etc. This item ranges from 1 to 5, where higher

<sup>&</sup>lt;sup>2</sup> The temporal coverage up to 2010 is largely constrained by the availability of the comparative cross-national data on immigrant socio-economic rights.

<sup>&</sup>lt;sup>3</sup> One exception to this is Koning's new data project, i.e., the IESPI, which exclusively focuses on the extent to which immigrants are excluded or included in the social policy regimes in host countries. The drawback of this resources is the fact that the data is collected only in five distinct time-points starting from 1990. Therefore, concerning the temporal coverage and the frequency of data points needed in our research design, we measure our dependent variable following Boräng et.al. (2020)'s strategy instead.

values indicate more equality, see Appendix C for the details of the coding of this indicator. <sup>4</sup> Figure 1 visualizes the trends of rights equality for foreigners in each country over time.



Figure 1: Dimensions of socio-economic rights policy equality over time, 1960-2010

When looking at Figure 1, Canada and Spain emerge as cases with the highest level of equality in the socio-economic rights domain over the whole period. In contrast, Austria, Belgium, and Japan seem to be the most unequal. Furthermore, while in some cases, such as Canada, Spain, New Zealand, and the UK, where changes over time have been modest, there is considerable variation in both more equality and exclusion in our observations dimension providing substantial empirical variation overtime in cases such as Australia, Belgium, Germany, Finland, Ireland, and

<sup>&</sup>lt;sup>4</sup> In the data that we use, there is another indicator concerned with the labour market dimension of economic rights, focusing on which occupations immigrants are allowed to be excluded from work, the requirements and quotas that govern such access, and whether there are constraints on sectors or firms when it comes to the employment of foreigners. While these items are highly correlated and that the exclusion of immigrants from certain jobs can have implications on their access to social protection. In the period that we observe, the indicators do show differential trends within countries (see Appendix C). Furthermore, there can be similar concerns raised regarding recruitment policies being sufficiently different from social rights that foreigners receive once living and working in the host country.

the USA. It is crucial to note that the measure used here captures the relative rights access for foreigners compared with the natives in the country and it is not informative of the absolute socio-economic rights levels for either group. For instance, countries with generous levels of social rights such as Finland or Norway, do not necessarily rank high amongst those with equal rights. In our empirical analyses, to have a more intuitive interpretation of our coefficient estimates, we normalize our dependent variable additive index to vary from 0 to 1.

Measuring of core explanatory variables: associational and institutional power of trade unions We concentrate on two dimensions of union power as our main independent variables, following our theoretical framework. For data, we rely on the Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS) database (Visser, 2019) to measure our concepts of interest. The database contains information on different aspects of union development for various OECD and EU countries from 1960 onwards, providing coverage for the substantive interests in our paper. To explore the relationships between unions' associational and institutional powers, we use the following items from the ICTWSS data to measure these aspects distinctly.

We measure *associational power* linked to the resources that unions derive based on their membership through union density. Following earlier work, such union density is measured by calculating the union membership numbers as a proportion of all wage and salary earners in employment (Ebbinghaus and Visser, 2000; Visser 2006). It indicates the share percentage of union member workers in a given country each year.

Next, to measure the *institutional power* of trade unions, we create an index combining two different indicators from the ICTWSS, focusing on the political concertation and the wage bargaining coordination in each context in a given year. On the one hand, to capture the extent to which unions have (if any) *political power* in bargaining with the government on socio-economic policy issues, we use an item indicative of whether unions have a routine involvement in the government's policy decisions following earlier work (Afonso et al., 2020). The variable is

coded in three categories where 0 indicates rare or no involvement: 1 indicates partial and irregular participation of social actors in decision-making, and 2 means full concertation with social partners with regular and frequent participation. On the other hand, we use coordination of wage-setting measure, which codes each context based on 5 categories (1=fragmented wage bargaining, confined largely to individual firms or plants/no coordination; 5=centralised bargaining by the central union and employers' associations with binding norms), see appendix A for the details of each potential category on the bargaining indicator and Figure A for the visualisation of each item over time across the country cases. Figure 2 below plots these two dimensions of trade union powers, i.e., associational and institutional, across our sample.

Looking at Figure 2, we observe two general trends in our sample. First, as well documented in earlier work (Schnabel, 2013), although there are variations in its extent, there is a decline in membership rates among these advanced democracies, with notable exceptions in Northern Europe and Belgium. Such resilience of membership among these exceptionally high union density cases is unsurprising considering the experience and legacy of the Ghent system (Rasmussen and Pontusson, 2018). Particularly of note for many European cases in our sample, this decline in union density, and subsequent associational power resources, of trade unions are also linked to the changes in the labour market, such as Europeanization processes, new forms of work, and other technological and demographic factors that shape the production regimes. Second, in addition to the decline of associational power, the institutional power of trade unions as social partners in socio-economic policymaking through concertation and bargaining also seems to be relatively volatile within our observation period. While it remained relatively strong in cases such as Switzer-



Figure 2: Association and institutional power resources over time, 1960-2010

land, Austria, Denmark, and Germany, unions' institutional power has faced significant shifts in capabilities in Spain, Finland, France, and a notable decline in the 1980s onwards in the United Kingdom.

Moreover, considering these two power resources together, when looking at Figure 2, we can see three broad clusters, very much in line with the previous discussions of the varieties of capitalism and industrial relations in earlier work (Menz, 2011; Hall and Soskice, 2001). The first cluster consists of the Northern European cases of universal welfare systems which carry on strong Ghent system traditions: Sweden, Denmark, Norway, and to a lesser extent Finland, where high associational power, around 60 to 80 per cent union density, accompanied by strong political involvement in decision-making. The second cluster consists of countries in the opposite direction with voluntarist industrial relations and liberal capitalist democracies such as the Anglo-Saxon and Pacific countries, i.e., Canada, Japan, New Zealand, the UK, Ireland and the US. This

group is identified by lower associational power and, most remarkably, little and declining political power of trade unions. The third group consists of the corporatist central and western European countries such as Austria, Belgium, Switzerland, Germany, and the Netherlands. Despite the low, and in many cases declining, associational power, there still seems to be an intimate relationship between politics and industrial action. Perhaps a mixed sub-group within this cluster can also be considered. The Southern/Mediterranean European countries (such as Italy, Spain, and France) carry on less (and oscillating) political power with far lower associational power relative to such bargaining influence.



Figure 3: Trade union powers and foreign worker rights, 1960 & 2010

Finally, Figure 3 plots the relationship between each trade union power; association power (the top two plots) and institutional power (the lower two plots) and socio-economic rights equality in the first and last time points in our sample. Here, we also see that the clusters we observe on the basis of the trade union powers do indeed move together and seem to be closer in the level

of rights equality. This is perhaps the most evident in simultaneously high associational and institutional power cases. However, the low/low cases of both trade union power in the liberal economies also provide some leverage to a linkage between the union power levels and the availability of equal rights for foreign workers. The plots also visualise a considerable degree of dispersion and variation when looking at the relationship in 1960 and 2010.

#### **Empirical Strategy**

To examine the relationship between trade union powers and rights equality for immigrants, we estimate a series of ordinary least squares (OLS) specifications with panel corrected standard errors (PCSE) and two-way (country and year) fixed effects. Following previous work, we use PCSEs to fit linear cross-sectional time-series models where the disturbances are not assumed to be independent and identically distributed (Beck and Katz, 1995; Shin, 2019; Boräng, 2015). Our models are estimated with the inclusion of time and year fixed effects of isolating the within-country changes over time and reducing confounding.<sup>5</sup> This means that the fixed effects models that we report control for all differences between countries and exclusively focus on over-time variation. Unmodelled country-specific factors can be a serious cause of bias in such analyses. Thus, our coefficients are interpreted as the effect of a unit change in each covariate on the migrant socio-economic rights policy equality (not based on differences *between* countries).<sup>6</sup>

In addition, for all our main models, we also include time-variant country-level factors that influence our outcome of interest (Armingeon et al., 2020). Importantly, we capture the social spending levels in the host country using a variable measuring the share percentage of the social transfer expenditure in each country at a given year, indicative of the absolute level of socio-economic rights present for workers. Next, to account for the potential economic competition present in the labour markets, we use the unemployment rate for each country-year observation

<sup>&</sup>lt;sup>5</sup> To further alleviate concerns regarding a potential risk of reverse causality and time-ordering, we replicate our models with all explanatory variables being lagged by one-year.

<sup>&</sup>lt;sup>6</sup> We also additionally estimate our models accounting for within-panel heteroskedastic errors that adjust our standard errors revealing no substantive changes to our main findings.

and data from the World Bank on the percentage share of foreign-born residents in host societies (WB, 2019).<sup>7</sup> Lastly, as a control variable, we add the host economy's economic performance, measured through the annual GDP (logged) in our models.

We conduct our empirical analyses in two steps following our theoretical framework. In the **first** step, we estimate the overall coefficients of associational and institutional powers of trade unions using our full sample from 1960 to 2010. Then, we observe these relationships in each 10year decade periods (1960-1969, 1970-1979, 1980-1989, 1990-1999, 2000-2010). This allows us, on the one hand, to estimate the overall effect of union characteristics on rights equality, and, on the other, to have an idea of the extent to which the predictiveness and the influence of such powers change in different time periods. Given that analysing such temporal variation in the effects of unions by each decade is somewhat arbitrary, as noted in previous work (Kwon and Pontusson 2010), we re-estimate our models for each consecutive 10-year periods, starting from 1960, dropping the first year and then adding the next year to construct 10-year "windows" in rolling regressions. To illustrate, this means that we estimate our coefficients for the period of 1960-1969, then 1961-1970, then 1962-1971, and so on. The rolling regressions method is a powerful tool for our analysis here because it removes the need for making cut-off choices in the periods as we observe the effects of union powers on rights equality over time. The second step of our analysis concentrates on evaluating our expectations regarding the factors that may be changing the impact of union powers, namely social spending and labour market competition. To test this, we estimate interactions with the unemployment rate, the share of immigrants, and social transfers with each of the union powers we examine, respectively.

<sup>&</sup>lt;sup>7</sup> We use this particular data source and operationalisation strategy to maximise the temporal and geographical coverage and to avoid missingness.

#### Findings

#### Step 1: The evolution of trade union effects

Table 1 presents the results that we obtain when we estimate our main models to examine the relationships between the trade union powers and socio-economic rights for foreign workers in host societies. While the column 1 of Table 1 shows the results from the data for the entire period 1960-2010, the following five columns present the results that we obtain from our estimations in each decade. All models are estimated with the country and year specific fixed effects (not shown here). To provide an easier interpretation of the central relationships we are interested in at different period estimations, we plot the average marginal effects of each explanatory variable in Figure 4 using the models in Table 1.

	Full sample			By decade		
	1960-2010	1960-1969	1970-1979	1980-1989	1990-1999	2000-2010
Associational power	0.003***	0.002	0.001	-0.004**	0.001	-0.008***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)
Institutional power	0.099***	0.038	0.021	-0.013	0.087**	-0.035
	(0.016)	(0.025)	(0.027)	(0.015)	(0.033)	(0.044)
Unemployment rate (%)	0.006***	0.000	0.015t	-0.007*	0.004*	-0.002
	(0.002)	(0.004)	(0.008)	(0.003)	(0.002)	(0.003)
Immigration stock share (%)	0.002	-0.012t	0.003	0.032***	-0.038***	-0.015**
	(0.002)	(0.006)	(0.002)	(0.003)	(0.010)	(0.005)
Social security transfers (%)	0.002	-0.007*	0.001	0.009	-0.000	-0.002
	(0.002)	(0.003)	(0.005)	(0.007)	(0.002)	(0.005)
GDP (logged)	0.014	-0.035	-0.395***	-0.207	-0.042	0.315*
	(0.030)	(0.035)	(0.087)	(0.132)	(0.075)	(0.126)
Constant	-0.290	0.636	4.145***	2.251	0.953	-3.073*
	(0.285)	(0.426)	(0.935)	(1.425)	(0.934)	(1.513)
Observations	908	159	173	177	190	209
Number of Countries	19	16	18	18	19	19
R-squared	0.816	0.986	0.934	0.969	0.964	0.935
RMSE	0.0958	0.0310	0.0627	0.0438	0.0415	0.0481

Table 1: Trade union power resources and immigrant rights, direct effects

*Note*: \*\*\* p<0.001, \*\* p<0.01, \* p<0.05, t p<0.1

When looking at our fully specified results from the entire observation period, the coefficient of the associational power in column 1 shows that a one percentage increase in union density leads to a 0.003-unit point increase in the inclusiveness of socio-economic rights policy for immigrants. More substantively, about one standard deviation higher in union density (18% in the sample) has an influence of about 0.05 units difference in our DV. While this effect size seems small, considering that our dependent variable varies from 0 to 1 (with a standard deviation of 0.5), it is nevertheless a non-negligible influence over a relatively slow-moving outcome. Furthermore, changes in union density within each country cases in our sample, such as in France and Germany, demonstrate considerable variation well above a one percentage change, indicative of a more substantive effect of associational power. Next, consistent with our expectations, the positive effect of union density as a form of associational power on increasing equality in foreign rights does not seem to be uniformly predictive and in the same direction when we look at different decades. The results in Table 1 demonstrate that in the 1980s and the 2000s, there has been a statistically significant shift in the relationship between contexts in which unions are strong membership-wise but that such strength does not translate into increasing equality for foreigners. Importantly, the relationship does not seem to be predictive in several decades at conventional levels of statistical significance (the 60s, 70s, and 90s).

Turning to the effect of institutional power, a unit increase in our index measure of political concertation and bargaining power correlates with a 0.01 unit increase in the socio-economic policy equality for immigrants. Similar to the changing coefficient of the union density, while increasing institutional power has a positive and significant effect on policy equality for immigrants (at p<0.001 level) when looking at the whole period, estimations from specific decades show that the coefficient is not predictive except for the 90s. Furthermore, while remaining below conventional levels of statistical significance, the 80s and the 2000s seem to parallel our results for union density, demonstrating a negative relationship between union power and rights equality.



**Figure 4**: Predicted socio-economic rights policy across union power resource dimensions with 95% confidence intervals

Putting these together, we tentatively conclude that while, <u>overall</u>, increasing union density and institutional power is correlated with increasing equality for immigrants, such influence of union power oscillates and becomes weaker from the 1980s onwards and oscillates widely when it comes to predictiveness of dynamics of foreign workers rights.

Next, we present the results of our "moving window analysis" estimated using rolling regressions. Theoretically, we suggested that considering the structural changes in industrial relations, the economic growth and unemployment crises, as well as the increasing pace and diversity of immigration flows, potential period effects can obscure or condition some of the systematic relationships that we study. Our results, above, already demonstrated that if we only look at our results only from the entire temporal period 1960-2010, we would conclude that both increasing union density and institutional power of trade unions were correlated with increasing equality

for foreigners. Yet, it has been evidenced in our period specific estimations that the trade union influence as a positive effect on increasing equality has been more important in the earlier decades up to 1980s and then faced a decline from the periods onwards. To analyse such temporal changes more accurately, we present the results of our rolling regression for the coefficients of union density (see Figure 5) and institutional power (see Figure 6) estimated using 10-year windows based on the same fixed effects PCSE models as above.

Two important results are emerging from Figure 5 and Figure 6. First, the trends of the effect of both union density and institutional power are in line with the conclusion that from 1960 up to the early 1990s, there is some evidence for an argument regarding a positive influence of union power resources pushing forward for better rights equality for all workers. However, such a claim is difficult to reconcile with the findings concerning the periods following the mid-1990s. Second, when looking at the effect of union density in the post-1990s (Figure 5), there seems to be a wide oscillation in the relationship. The influence of associational power declines as we move our regression window towards the 1990s and onwards. While there are peaks in the positive relationship at specific windows even in this period, the trend, especially from 2005 onwards, demonstrates a declining effect of the link between increasing associational power and more equality for foreigners. Next, when looking at the same period for the impact of institutional power's influence, trade union effects seem to be similar in a declining trend from 2005 onwards. There is, however, one crucial distinction in the trends of the impact that we obtain for associational and institutional power. We find that while the decline and oscillation of the effect of union density start around the 1990s, the positive relationship between institutional power of unions and foreign rights equality seems to hold, albeit with a widening confidence interval, all the way into the 2000s. This demonstrates a more resilient dimension of trade union power when it comes to the policies that provide more equal rights for foreigners in the labour markets.



Figure 5: Rolling regression results of the effects of union density

*Note*: The plots show point estimates and 95% confidence intervals. The x-axis refers to the last year of each moving window; for instance, 1990 refers to the 1981-1990 window's results.



Figure 6: Rolling regression results of the effects of institutional power



#### Step 2: Conditional effects of trade union power on right equality

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Our core proposition implied that the emerging studies, pointing towards a conclusion that considers trade unions as an equalising force for foreigners' rights, need to be looked at with more attention to the periods and systemic shifts that take place in the labour markets. Next, we present our results from a series of interaction models, following our theoretical expectations, regarding how two potential crucial contextual factors, labour market competition and social spending, may shape the union effects on rights equality. We suggested that higher spending and increasing potential competition conditions could be environments in which union powers may be mobilised for more equal rights for foreign workers to present wage and social dumping. Table 2 reports the results of our model estimations, testing these conditioning effects. Columns 1 and 2 show the coefficients we obtain for the interactions with unemployment rates, Columns

3 and 4 for the interactions with immigration share, and Columns 5 and 6 present the results for the social transfers.

$\begin{array}{c c c c c c c c c c c c c c c c c c c $							
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$		(1)	(2)	(3)	(4)	(5)	(6)
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$							
Institutional power (IP)       0.111***       -0.046       0.097***       -0.013       0.106***       0.043         Unemployment rate       -0.010***       -0.003t       (0.016)       (0.026)       (0.016)       (0.043)         Unemployment rate       -0.01***       -0.003t       0.006***       0.002**       0.007***       0.007***         Immigration share       0.002       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)         Social security transfers       0.000       0.001       0.002       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.002)       (0.003)       (0.002)       (0.002)       (0.003)       (0.003)       (0.003)       (0.003)       (0.003)       (0.003)       (0.003)       (0.004)       (0.006)       (0.003)       (0.004)       (0.006)       (0.003)       (0.003)       (0.004)       (0.006)       (0.003)       (0.004)       (0.006)       (0.003)       (0.006)       (0.006)       (0.003) <td>Associational power (AP)</td> <td>-0.000</td> <td>0.003***</td> <td>0.002*</td> <td>0.002***</td> <td></td> <td>0.003***</td>	Associational power (AP)	-0.000	0.003***	0.002*	0.002***		0.003***
$\begin{array}{cccccccccccccccccccccccccccccccccccc$		• •		• •			
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	Institutional power (IP)	0.111***	-0.046	0.097***	-0.013	0.106***	0.043
$\begin{array}{cccccccccccccccccccccccccccccccccccc$		(0.017)	(0.028)	(0.016)	(0.026)	(0.016)	(0.043)
$\begin{array}{ c c c c c } \mmigration share & 0.002 & 0.002 & -0.002 & -0.009^{***} & 0.001 & 0.003 \\ (0.002) & (0.002) & (0.003) & (0.002) & (0.002) & (0.002) \\ \label{eq:construct} transfers & 0.000 & 0.001 & 0.002 & 0.005^{**} & -0.007 & -0.001 \\ (0.002) & (0.002) & (0.002) & (0.002) & (0.005) & (0.003) \\ \end{tabular}$	Unemployment rate	-0.010***	-0.003t	0.006***	0.005**	0.007***	0.007***
C       (0.002)       (0.002)       (0.003)       (0.002)       (0.002)       (0.003)         Social security transfers       0.000       0.001       0.002       0.005**       -0.007       -0.001         AP*Unemployment rate       0.000***       (0.002)       (0.002)       (0.002)       (0.002)       (0.005)       (0.003)         AP*Unemployment rate       0.001***       (0.003)       0.000t		(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Social security transfers       0.000       0.001       0.002       0.005**       -0.007       -0.001         AP*Unemployment rate       0.000***       (0.002)       (0.002)       (0.002)       (0.002)       (0.003)         AP*Unemployment rate       0.000***       (0.003)       (0.002)       (0.002)       (0.003)       (0.003)         AP*Unemployment rate       0.021***       (0.003)       (0.001)       (0.002)       (0.002)       (0.005)       (0.003)         AP*Inmigration       0.021***       0.000t       (0.000)       (0.002)       (0.004***       (0.002)       (0.004****       (0.002)       (0.005)       (0.005)       (0.005)       (0.005)       (0.005)       (0.005)       (0.005)       (0.005)       (0.005)       (0.007)       (0.005)       (0.007)       (0.005)       (0.007)       (0.003)<	Immigration share	0.002	0.002	-0.002	-0.009***	0.001	0.003
AP*Unemployment rate       (0.002) 0.000*** (0.000)       (0.002)       (0.002)       (0.002)       (0.005)       (0.003)         IP*Unemployment rate       0.021*** (0.003)       0.000t		(0.002)	(0.002)	(0.003)	(0.002)	(0.002)	(0.002)
AP*Unemployment rate     0.000***     1 <th1< td=""><td>Social security transfers</td><td>0.000</td><td>0.001</td><td>0.002</td><td>0.005**</td><td>-0.007</td><td>-0.001</td></th1<>	Social security transfers	0.000	0.001	0.002	0.005**	-0.007	-0.001
IP*Unemployment rate       0.021*** (0.003)         AP*Inmigration       0.000t (0.000)         IP*Inmigration       0.014*** (0.002)         AP*Social transfers       0.000* (0.002)         AP*Social transfers       0.000* (0.000)         IP*Social transfers       0.000* (0.000)         IP*Social transfers       0.000* (0.003)         GDP (logged)       0.009       0.051       0.009       0.026       0.006       0.027         GDS (0.032)       (0.033)       (0.029)       (0.030)       (0.033)       (0.029)       (0.030)       (0.033)         GObservations       908       908       908       908       908       908       908         R-squared       0.826       0.825       0.817       0.823       0.818       0.816		(0.002)	(0.002)	(0.002)	(0.002)	(0.005)	(0.003)
IP*Unemployment rate     0.021*** (0.003)       AP*Inmigration     0.000t (0.000)       IP*Inmigration     0.014*** (0.002)       AP*Social transfers     0.000* (0.002)       AP*Social transfers     0.000* (0.002)       IP*Social transfers     0.009       IP*Social transfers	AP*Unemployment rate	0.000***					
AP*Immigration     0.000t (0.000)       IP*Immigration     0.014*** (0.002)       AP*Social transfers     0.000* (0.000)       IP*Social transfers     0.000* (0.000)       IP*Social transfers     0.009       GDP (logged)     0.009     0.051     0.009     0.026     0.006     0.027       GDP (logged)     0.009     0.051     0.009     0.026     0.006     0.027       G0.302)     (0.033)     (0.029)     (0.030)     (0.033)       Constant     -0.082     -0.494     -0.209     -0.350     -0.073     -0.381       (0.309)     (0.312)     (0.276)     (0.298)     (0.306)       Observations     908     908     908     908     908       R-squared     0.826     0.825     0.817     0.823     0.818     0.816       Number of Country     19     19     19     19     19     19     19		(0.000)					
AP*Inmigration     0.000t (0.000)       IP*Inmigration     0.014*** (0.002)       AP*Social transfers     0.000* (0.000)       IP*Social transfers     0.000* (0.000)       IP*Social transfers     0.0009       (0.000)     0.009       IP*Social transfers     0.0009       (0.002)     0.0008       IP*Social transfers     0.0007       (0.002)     0.009       IP*Social transfers     0.0008       (0.009)     0.051     0.009     0.026       GDP (logged)     0.009     0.051     0.009     0.026       (0.032)     (0.033)     (0.029)     (0.030)     (0.033)       Constant     -0.082     -0.494     -0.209     -0.350     -0.073     -0.381       (0.309)     (0.312)     (0.276)     (0.298)     (0.306)       Observations     908     908     908     908     908       R-squared     0.826     0.825     0.817     0.823     0.818     0.816       Number of Country     19     19     19     19     19     19	IP*Unemployment rate		0.021***				
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AP*Social transfers     0.000* (0.000)       IP*Social transfers     0.009       GDP (logged)     0.009     0.051     0.009     0.026     0.006     0.027       GDP (logged)     0.032)     (0.033)     (0.029)     (0.030)     (0.033)       Constant     -0.082     -0.494     -0.209     -0.350     -0.073     -0.381       (0.309)     (0.312)     (0.276)     (0.298)     (0.306)       Observations     908     908     908     908     908       R-squared     0.826     0.825     0.817     0.823     0.818     0.816       Number of Country     19     19     19     19     19     19     19     19	IP*Immigration				0.014***		
IP*Social transfers     0.009     0.051     0.009     0.026     0.006     0.027       GDP (logged)     0.032)     (0.033)     (0.029)     (0.030)     (0.033)       Constant     -0.082     -0.494     -0.209     -0.350     -0.073     -0.381       (0.309)     (0.312)     (0.276)     (0.276)     (0.298)     (0.306)       Observations     908     908     908     908     908     908       R-squared     0.826     0.825     0.817     0.823     0.818     0.816       Number of Country     19     19     19     19     19     19     19     19					(0.002)		
IP*Social transfers     0.005       GDP (logged)     0.009     0.051     0.009     0.026     0.006     0.027       (0.032)     (0.033)     (0.029)     (0.029)     (0.030)     (0.033)       Constant     -0.082     -0.494     -0.209     -0.350     -0.073     -0.381       (0.309)     (0.312)     (0.276)     (0.298)     (0.306)       Observations     908     908     908     908     908       R-squared     0.826     0.825     0.817     0.823     0.818     0.816       Number of Country     19     19     19     19     19     19     19	AP*Social transfers					0.000*	
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Constant-0.082 (0.309)-0.494 (0.312)-0.209 (0.276)-0.350 (0.276)-0.073 (0.298)-0.381 (0.306)Observations908 908908 908908 908908 908908 908908 908908 908R-squared0.826 190.825 190.817 190.823 190.818 190.816 19	GDP (logged)	0.009	0.051	0.009	0.026	0.006	0.027
(0.309)(0.312)(0.276)(0.276)(0.298)(0.306)Observations908908908908908908R-squared0.8260.8250.8170.8230.8180.816Number of Country191919191919		(0.032)	(0.033)	(0.029)	(0.029)	(0.030)	(0.033)
Observations908908908908908908R-squared0.8260.8250.8170.8230.8180.816Number of Country191919191919	Constant	-0.082	-0.494	-0.209	-0.350	-0.073	-0.381
R-squared0.8260.8250.8170.8230.8180.816Number of Country191919191919		(0.309)	(0.312)	(0.276)	(0.276)	(0.298)	(0.306)
Number of Country       19       19       19       19       19	Observations	908	908	908	908	908	908
	R-squared	0.826	0.825	0.817	0.823	0.818	0.816
RMSE       0.0931       0.0934       0.0956       0.0940       0.0954       0.0957	Number of Country	19	19	19	19	19	19
	RMSE	0.0931	0.0934	0.0956	0.0940	0.0954	0.0957

Table 2: Trade union power resources and immigrant rights, interaction effects

*Note*: \*\*\* p<0.001, \*\* p<0.01, \* p<0.05, t p<0.1

For a more intuitive interpretation of our findings from the conditioning effects, we plot the marginal effects of associational and institutional power over the unemployment rate (Figure 7), the share of immigration (Figure 8), and social transfers (Figure 9), respectively. All in all, when

considering the conditioning effect of the potential labour market competition, we find results consistent with our theoretical expectations. In both cases of higher unemployment rates and share of the immigrant population in the host country, there is a stronger effect of increasing trade union power on equal rights for foreign workers. Figure 7 visualizes that as we go from lower to higher unemployment conditions, the positive effect of increasing union density is larger on increasing equality. Likewise, as we go from lower to higher unemployment, the effect of institutional power also seems to be stronger on increasing equality. We obtain substantively similar results for the conditions of higher immigrant population (see Figure 8). It is important to emphasize, here, that our measure captures existing immigration in the country. While the two are highly correlated, our results do not inform a potential conditioning effect of incoming flows per year. Thus, it is not to be interpreted with a view of the permissiveness or closure of immigration policies at a given time in the country context.



Figure 7: Effects of union power conditional on unemployment rate



Figure 8: Effects of union power conditional on immigration share in the

Lastly, we also find that as we go from lower to higher spending contexts, the effects of increasing union density and institutional power on rights equality are stronger. This seems to be consistent with our argument that expansiveness of the welfare states also leads unions to be more supportive of migrant inclusion. We made sense of such a result through a potential explanatory logic of preserving social protection conditions for the "insider" native workers who could, otherwise become more expensive and, thus, lose competitiveness in the host labour market – in line with our results from the conditioning effects of higher unemployment rates and larger share of immigration in the host country.



Figure 9: Effects of union power conditional on the social transfer spending

#### Summary of Results

What is the link between trade union power and more inclusive socio-economic rights for foreign workers? Building on the wealth of existing research on the role of trade unions in the politics of immigration, our analyses show that trade unions can leverage stronger membership bases and their institutional embeddedness in the decision-making for better socio-economic rights outcomes for foreigners. Thus, in this way, our analyses have been in line with the arguments developed in earlier case studies concerning the intersection of industrial relations and the politics of immigration. However, our findings diverge and provide a more complex picture of the influence of trade unions' power, especially in the decades that follow the 1980s.

Concerning associational power, we corroborate the recent evidence from Boräng et al. and show that the positive relationship between union density and migrant rights equality is robust when looking at the overall period between 1960 to 2010 and up to 1980 (2020). However, this comes with an important caveat that our results suggest a potential reversal of the membership rate dynamics and social rights for immigrants from the 2000s onwards and a weakening of the predictive relationship between union density and foreign worker rights. The same positive relationship also seems to hold when we look at union power from an institutional perspective. While the decline of the influence of such political concertation and bargaining mechanisms comes later in our observation period, there is considerable time variation in the extent to which we can confidently link the increasing institutional power of unions with better rights for foreign workers, especially from the 2000s onwards.

In addition to looking at the temporal variation of union effects, to explain the changing trade union effects on immigrant socio-economic rights, we explored social welfare spending and potential labour market competition. We find that higher spending, higher unemployment, and a larger share of immigrant population conditions (respectively) amplify the impact of unions' positive influence on more equality in the socio-economic domain. Tentatively, here, we argued that such a result points to the self-interested motivation of trade unions to protect their core membership base's rights, i.e., native workers, from potential wage and social dumping by raising the costs of foreign worker employment.

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#### APPENDICES

Variable	N	Mean	Std. Dev.	Min	Max
Socio-economic rights equality	908	3.979934	.5238983	2.85	4.875
Rescaled DV	908	.6040547	.213836	.1428571	.9693878
Union density	908	40.7631	19.07013	7.794476	86.59768
Institutional power	908	.5954326	.3844263	0	1
Political power					
No concertation	908	.3997797	.4901229	0	1
Partial concertation	908	.2136564	.4101129	0	1
Full concertation	908	.3865639	.4872306	0	1
Bargaining coverage					
Fragmented	908	.188326	.3911877	0	1
Some coordination	908	.1420705	.3493148	0	1
Procedural coordination	908	.1277533	.3339989	0	1
Non-binding coordination	908	.3160793	.4652005	0	1
Binding coordination	908	.2257709	.4183194	0	1
Logged GDP	908	12.17566	1.658372	8.104129	16.486
Unemployment rate	908	5.633922	3.875642	.0027563	24.1
Immigration stock	908	8.766068	6.37626	.687111	26.54431
Social transfers (share % GDP)	908	12.47015	4.033495	3.475219	23.40068

Appendix A: Descriptive Summary of Variables Used



#### Figure A: Coordination of wage setting and political concertation over time

*Note*: These two indicators are used to create our measure of institutional power.

#### Coding of the coordination of wage-setting variable (ICTWSS variable code "Coord")

5 = Binding norms regarding maximum or minimum wage rates or wage increases issued as a result of a) centralized bargaining by the central union and employers' associations, with or without government involvement, or b) unilateral government imposition of wage schedule/freeze, with or without prior consultation and negotiations with unions and/or employers' associations.

4 = Non-binding norms and/or guidelines (recommendations on maximum or minimum wage rates or wage increases) issued by a) the government or government agency, and/or the central union and employers' associations (together or alone), or b) resulting from an extensive, regularized pattern setting coupled with high degree of union concentration and authority.

3 = Procedural negotiation guidelines (recommendations on, for instance, wage demand formula relating to productivity or inflation) issued by a) the government or government agency, and/or the central union and employers' associations (together or alone), or b) resulting from an extensive, regularized pattern setting coupled with high degree of union concentration and authority.

2 = Some coordination of wage setting, based on pattern setting by major companies, sectors, government wage policies in the public sector, judicial awards, or minimum wage policies.

1 = Fragmented wage bargaining, confined largely to individual firms or plants, no coordination

#### Appendix B: Correlation Matrix

	DV	Union density	Institut. power	Social transfers	GDP		y Immigrati e on stock
Right equality (DV)	1.0000						
Union density	-0.1523	1.0000					
Institutional power	-0.3336	0.4627	1.0000				
Social transfers	-0.1784	0.2221	0.2662	1.0000			
GDP	0.3324	-0.5630	-0.3688	0.1444	1.0000		
Unemployment rate	0.3762	-0.1230	-0.2866	0.3757	0.3735	1.0000	
Immigration stock	0.1190	-0.2367	-0.0974	-0.1548	0.0696	-0.0748	1.0000

#### Appendix C: Coding Details of Migrant Rights Indicator Variables

The data we use is taken from publicly available data from Peters (2015) and Shin's earlier work (2019; 2017). The case of Italy and several time points are obtained from the coding of the work by Boräng and co-authors (Boräng et al. 2020). Below, we present the coding rules and categories as defined and used in construction the socio-economic rights item we used in this research – as well as the labour market equality indicator referred to in the manuscript.

#### **#1 Immigrant Social Policy Rights Dimension (RIGHTSCODE)**:

Does the law mention what rights do immigrants have once in the state? Are there racial/ national origin discriminations? Does the government try to integrate immigrants, or does it just expect them to assimilate? How easy is it to get permanent residency? Can immigrants access the social welfare system?

<u>A score of 1 indicates few legal rights</u>: immigrants had to be registered; they had to go through invasive health checks; they do not have the right to marry nationals; they could only live in specific locations; they could only work for specific employers; they have no access to the welfare state; they cannot own land; they are discriminated against and they cannot gain permanent residency. In countries coded as 1, immigrants can basically only work the job in which they were hired for and cannot leave the housing provided for them by their employer.

<u>A score of 5 indicates parity to citizens</u>: complete access to the welfare state; voting rights; no restrictions in where they can live or work; no restrictions in property rights and a robust antidiscrimination program.

1 Almost no legal rights; immigrants must leave state if they leave their job; cannot own property; cannot access the welfare state; they have to register, no freedom of religion, no permanent residency, etc.

2 Some rights but land ownership and ownership of companies restricted; limited access to the welfare state.

3 Ability to change jobs freely, some ownership of real property or companies; some access to the welfare state, some racial discrimination in laws.

4 Access to most welfare policies; few restrictions on ownership of property or firms.

5 Total access to welfare state, voting rights without citizenship, no restrictions in property ownership, integration policies, no racial discrimination, few years to permanent residency.

#### #2 Immigrant Labour Market Access and Work Prohibitions Dimension (LABCODE)

Can immigrants work in all occupations? Are there requirements to have a certain number of native workers in an occupation/ firm or that foreign workers can only make up a certain percentage of workers? Do the rules cover all occupations? Just certain industries? Are there racially based policies?

<u>A score of 1 means that immigrants are not allowed to work in any industry</u>. This is not the case for any of the states in this sample. <u>A score of 5 means that there are no restrictions</u> or that the only restrictions are in highly sensitive national security positions.

1 Immigrants completely blocked from the labour market.

2 Immigrants restricted from many occupations: less than 30% of the workers in a given occupation/ firm can be immigrants (covering most or all of occupations).

3 Immigrants restricted from some occupations: 30-50% of workers in given occupation/ firm can be immigrants (covers some occupations).

4 Immigrants cannot hold public sector positions: 50% or more of the workers in a given occupation/ firm can be immigrants (covers some occupations).

5 Immigrants can hold any position (except for highly sensitive national security positions); no restrictions on the number of immigrant workers in a given occupation/ firm.



#### Figure C: Socio-economic and labour market rights equality indicators over time

*Note*: The average is calculated through a simple additive index of the two different variables for illustration here.