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Reflections on Spelets Regler

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WHAT WE KNOW AND WHAT WE DON'T KNOW ABOUT SWEDISH LABOR MARKET HISTORY: REFLECTIONS ON *SPELETS REGLER*

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*In this paper we reflect upon the state of Swedish labor market history by using Christer Lundh's synthesis *Spelets regler* as a point of departure. In particular, we discuss three main themes: (1) the relationship between economic structures and institutions, (2) power and income distribution, and (3) flexibility and segmentation. In future research we would like to see stronger empirical evidence of links between structural and institutional changes, more elaborated studies of the effects of institutional change on the functional distribution of incomes and increased awareness of how patterns of segmentation and flexibility strategies have evolved over time.*

Introduction

Swedish society as it appeared in the second half of the twentieth century has received much attention for its high ambitions to redistribute resources and create conditions for full employment. The history of labor market institutions is central to understanding many distinctive features of the Swedish Model, some would even say that the labor market institutions are what actually defined the Swedish Model.

One of Christer Lundh's major achievements has been to synthesize the huge and heterogeneous body of literature on industrial relations, labor history, labor economics and general economic history. *Spelets regler* [The Rules of the Game], published in 2002,¹ is to date one of few scholarly presentations of the long-term evolution of the Swedish labor market.² In the book, Lundh presents a comprehensive account that is accessible to students and other non-professional readers as well as providing a starting point for further research. It is a fine example of how narrative history and theoretically driven analysis can be combined. *Spelets regler* came about in an academic environment that was influenced by ideas of cyclical patterns of economic change combined with new institutional economics.³ During this period there was also a lively debate (academic and popular) on whether Sweden was lagging behind other advanced countries (Ekonomikommisionen 1993; Korpi 1993). In this debate, problems related to the labor market, and wage formation in particular, were at the forefront.

¹ In this paper we refer to the revised edition of the book that was published in 2010.

² Svante Nycander's *Makten över arbetsmarknaden* [Power over the Labour Market] (2002) is another book on Swedish labor market history with synthetic ambitions. However, it can hardly be seen as a textbook, as it is written in a journalistic and polemical style with a clear political agenda. Yet another important book in the field is Peter Swenson's *Capitalists against Markets*, also published in 2002. This is a comparison of labor market institutions and welfare arrangements in the US and Sweden with an emphasis on the role of employers. While Lundh refers to Nycander's and Swenson's works, he does not explicitly argue with their interpretations. As an economic historian, Lundh also places greater weight on presenting labor market institutions in the context of economic changes compared to Nycander and Swenson (who both are political scientists).

³ More precisely, the book was written within the research program on Growth and Structural Change at the Department of Economic History, Lund University, led by Lennart Schön.

As former doctoral students of Lundh, with experiences of both researching and teaching labor market issues, we have decided to write this paper as a reflection on *Spelets regler*. Using *Spelets regler* as a point of departure, our aim is to identify puzzles and gaps in the current state of research in Swedish labor market history. Since the book is so comprehensive, we think it is useful for such an enterprise. Thus, we hope to stimulate debate and further research in the field.

This paper starts off with a basic introduction to *Spelets regler*, its theoretical foundations and outline,⁴ before discussing three aspects of the book, namely the relationship between changes in the structure of the economy and labor market institutions, power and income distribution, and flexibility and segmentation of the labor market.

***Spelets Regler* – a Brief Introduction**

Spelets regler is a history of Swedish labor market institutions from about 1850 until today. It has a special focus on wage formation and a central idea is that the institutions involved in wage formation have changed in response to new technological and economic conditions. In the introductory chapter, Lundh declares two main theoretical sources of inspiration: the neo-institutional ideas of Ronald Coase (1937) and Douglass North (1990) and the exit–voice–loyalty framework of Albert Hirschman (1970), respectively. Whereas Coase and North provide Lundh with tools to discuss institutions from an efficiency perspective, Hirschman helps to focus attention on power relationships. Lundh’s application of these theoretical frameworks is not unique, but distinguishes his work from the mainstream Swedish literature on industrial relations and labor history, which is more often inspired by the sociologically oriented power resources approach pioneered by Walter Korpi (1978).⁵ The two theoretical perspectives are seen as

⁴ *Spelets regler* has not been translated into English. However, the core of the book is summarized for an international audience in Lundh (2004).

⁵ In this paper we will not provide an in-depth discussion of Hirschman vs. Korpi, but one difference is that Hirschman put greater

complimentary and applied in the subsequent chapters in chronological order. Each chapter begins with a narrative account of basic features and changes of the economic structure, continues with descriptions of labor market institutions and ends with summarizing discussions that focus on efficiency and power aspects, respectively. Fundamental to Lundh's periodization and disposition is the structural analysis of Lennart Schön (2001). According to Schön, the modern economic history of Sweden can be divided into four structural cycles, each characterized by the spread of new general-purpose technologies or infrastructures and with the years around 1850, 1890, 1930 and 1975 as breaking points. Consequently, *Spelets regler* includes four substantial chapters: "the modern labor market" from 1850 to 1890, "the collective bargaining system" from 1890 to 1930, "the Swedish Model" from 1930 to 1975, and "towards a more flexible wage formation" from 1975 to today.

The Relationship between the Economy and the Institutional Order of the Labor Market

As explained above, the structure of *Spelets regler* is based on Schön's (2001) theory of structural cycles. *Spelets regler* was written at the Department of Economic History in Lund in close collaboration with Schön, and at one point (34) Lundh refers to Schön's book as focusing on capital and goods markets while this book focuses on the labor market: a kind of complimentary approach. (For the presentation in *Spelets regler* see 29-34.) Schön's cyclical model is influenced by the wave analyses of Kondratiev and Schumpeter, and by the Swedish economist Eric Dahmén's concept of "development blocs".⁶ The concept of development blocs is closely related to "general purpose technologies" and denotes a

emphasis on the role of individual agency (exit) whereas Korpi's main focus is on collective agency. As a consequence, Lundh's account of Swedish labour market history pays more attention to labour mobility than mainstream labour historians.

⁶ Lars Herlitz (2002, 608-613) and Rodney Edvinsson (2010) provide insightful discussions of similarities and differences between Schön, Kondratiev and the Schumpeterians.

cluster of innovations which break through at about the same time, make each other more efficient, and change the way the entire economy—not only a specific sector or two—works. Examples are steam power and railways around 1850, electric motors, the combustion engine and modern steel after 1890, general electrification and cars after 1930, and information and communications technology after 1970. In Schön's analysis, every forty-year cycle begins with a structural crisis (1890s, 1930s, 1970s) in the previous development bloc, which leads to a new twenty-year innovation phase in the new development bloc. After twenty years the innovation phase has run its course and the economy transitions to a phase in which the use of the new development bloc is rationalized. When these possibilities have run their course, a structural crisis ensues and the new bloc must enter the scene.

In terms of timing, Schön's periodization of the Swedish economy obviously overlaps in part with other familiar periodizations: so for example the development bloc after 1930 overlaps with the often-used term "Fordism" (cf. Lundh 2010, 139) and the "flexible" labor market regime after 1975 with "post-Fordism" or maybe with "neoliberalism".

However, the periodization in itself is not what we are examining here. What we are interested in instead is the relationship between the alleged structural-cyclical pattern, and the institutions of the labor market, or the "labor market regime" in the parlance of *Spelets regler*. Lundh explains that a fundamental assumption of the book is that "institutional changes come intermittently and follow the pulse of the structural cycles." (15) This sounds rather deterministic and reductionist, and Lundh immediately follows with an assurance that the analysis is not deterministic: "There is no deterministic or one-way causation between economic structural change and institutional renewal, and institutional arrangements are not only a function of the real economy." (15, cf. 36-37) So, on the one hand, institutional change "follows" the structural cycles, but on the other hand it is not "only" a function of these cycles. Where does that leave us for the historical analysis, how is the structural-analytical model used in the analysis of institutional change in the book?

The first relevant structural crisis and transition from one development bloc to another in the book is in the 1890s. So what does *Spelets regler* say here? The first statement is at the most general level: “the structural crisis 1890/95 was followed by the establishment of unions and employer organizations and a collective bargaining system.” (37) Note the language here: institutional change “follows” economic change. This is true in a temporal-descriptive sense: while unions had made some inroads in the 1880s, especially in Stockholm, they grew much stronger in the 1890s and especially after 1900.⁷ But what is the analytical-causal content in the statement? More analytically, Lundh claims that “By the 1890s institutional arrangements no longer corresponded to the actual state of the labor market”. He refers to the fact that the number of workers had grown, that more of them worked in cities and for large companies, and that the rift between workers and employers had widened (106). The analysis in the quote is functionalist: institutions should “correspond to” the state of the labor market.⁸ The functionalist bent of the structural-analytical school has been criticized before: this was one of the main criticisms that eminent economic historian Lars Herlitz (2002) leveled at Schön’s (2001) pathbreaking textbook. Herlitz was unhappy with the way Schön ignored mid-nineteenth century authoritarian liberalism and social conflict in Sweden, and how Schön explained the rise of class cooperation in the late 1930s as a harmony of interests between workers and capitalists. Herlitz, with his Marxist background, was naturally not satisfied; in his opinion, economic

history had to deal with social antagonisms and conflicts unless it was to

⁷ Klas Åmark (1986, 58-59, 65) sees unions as being on the defensive in the 1870s and on the offensive in the 1880s. Then there was a downturn during the recession of the early 1890s, followed by a new wave of organization from the mid-1890s onwards (65-66).

⁸ The institutional change of the 1850s and 1860s, overall liberalization, is also referred to in a comment that the institutional arrangements had become “anachronistic” (*otidsenliga*) due to agricultural expansion and growth of non-agrarian sectors (61).

mutate into a Candide-like historical narrative of constant rational advances to ever higher prosperity.

In our mind, *Spelets regler* does not present overwhelming evidence that Swedish labor market institutions indeed follow the structural cycles described by Schön. On the other hand, when explaining institutional change here Lundh tends to fall back on power relations, in a way that would probably make Herlitz satisfied. While it is true that the “structural crisis” of the early 1890s was “followed” by an expansion of trade unions and collective bargaining, it is not shown in *Spelets regler* that there is any causal link between these two events. It would be an interesting avenue for further research to investigate exactly how collective agreements spread in the Swedish economy around 1880-1920, in the transition to what Lundh calls the “collective bargaining system”. In a recent study of Germany, Thomas Paster (2012, chap. 3) investigates in some detail why some employer organizations in the 1880s and 1890s chose to bargain with workers’ organizations, while others chose repression as a strategy. Paster explores questions such as: was it purely workers’ strength which determined employers’ response—i.e. that in sectors with more unionized workers, employers accepted unions? Was it maybe that heavy industry had a more conservative “master in my house” ideology compared to light industry? How important was the degree and nature of state intervention? These are all largely unexplored issues in Swedish economic history. Strikingly, Lundh’s main reference for the spread of collective agreements is a 1954 legal study by Axel Adlercreutz; there has not been much research on the topic since then. What is even more striking is that in their labor market overviews Lundh and Nycander both rely on Adlercreutz but draw very different conclusions. In *Spelets regler*, as we have seen above, the spread of collective agreements is related to urbanization and the concentration of workers in large companies. But Nycander (2002, 80) cites Adlercreutz to the opposite effect, that it was the lack of collectivization and standardization of wage setting that drove workers in unions with many small work places to extend the collective bargaining system. The divergence in interpretations is remarkable, so the growth of the collective bargaining system in Sweden seems fertile ground for further

empirical research. Overall, it seems that socio-institutional change from about the 1870s until the 1930s is an under-researched theme in Swedish history, given how much emphasis recent international research by scholars such as Peter Lindert (2004) and Thomas Piketty (2014) has placed on socio-economic regime formation during this period.

Spelets regler builds explicitly (14) on two different theoretical conceptions: institutional analysis, and the structural-analytical school. When it comes to the growth of the collective bargaining system, it seems that institutional analysis has more to contribute to our understanding. Lundh says that power aspects—presumably the threat of worker unrest—were the most important factor behind the growth of the collective bargaining system, but that once it was clear that this system was going to happen and going to stay, efficiency aspects became equally important (Lundh 2010, 128, cf. 132). The reasons for workers to organize were (1) that the relationship between employer and individual employees was not equal, and (2) industrialization increased the number of workers and reduced the strength of the patriarchal relationship between worker and employer (128). Now this causal chain can be connected to the structural-analytical school's emphasis on industrialization and so on, but it is difficult to see why for example the structural crisis of the early 1890s should be seen as a watershed for labor market relations. Unions and collective agreements grew in the 1880s and 1900s as well as the 1890s, and 1906, the year in which the main employer organization accepted collective agreements in return for unions' accepting the authority of the employer, seems a more important turning point for the labor market than the early 1890s.⁹

What, then, about the transition of the 1930s? The Swedish labor market was one of the most conflict-laden in the industrialized world in

⁹ Another issue which could be explored is—as pointed out by a referee—why the power dimension should become less important to labour market institutions over time. In a more detailed analysis than that which could be provided in the textbook *Spelets regler*, the power dimension and the efficiency dimension would probably both continue to be important.

the 1920s (cf. Korpi and Shalev 1979), but the 1938 Saltsjöbaden Agreement between employers and unions marked the transition to a peaceful labor market regime of class collaboration which would last until the 1970s-1980s. In *Spelets regler*, waves of strikes during the 1920s and 1930s led to “institutional adjustment” in the shape of 1928 laws on a labor court and collective bargaining, as well as the Saltsjöbaden Agreement (123). Again, the language is rather functionalist —“adjustment”—while the analysis, when one looks at it in detail, is in fact rather rooted in a power and conflict perspective (even if this perspective is rather *ad hoc*). And again it seems that the socioeconomic institutional analysis has more to say about institutional change than the structural-analytical school has. Lundh points—with reference to Schön—to industrial growth in the 1920s being led by engineering, iron and steel, sawmills and paper and pulp (141), and that electrification was important, but he doesn’t really connect these economic-structural changes to the shift in labor market institutions symbolized by the 1938 Saltsjöbaden Agreement. The discussion on the background to Saltsjöbaden focuses on ideological change in a reformist direction on behalf of Social Democrats and unions making class collaboration easier (164-166), but it really is not clear how this connects causally to electrification, engineering industry growth and Taylorism in the 1920s, or the structural crisis of the 1930s (discussed on 141-143 and 148-151).

On the whole, *Spelets regler* does not prove the explanatory power of the structural-analytical school for institutional analysis. The analysis of the two regime shifts of the 1890s and 1930s is partly presented in the functionalist language of the structural-analytical school (institutions are “anachronistic”, institutions must “adjust”), but the causal arguments actually given for these shifts are in fact based on an *ad hoc* power theory of institutions, rather than stringent causal chains built on structural analysis of the real economy.

Power and Income Distribution

While Lundh is a leading wage researcher, with several recent publications on agricultural versus industrial wages as well as regional wage patterns (see Lundh et al. 2014 and Lundh and Prado 2015 for examples), there is relatively little discussion of wages and income distribution in *Spelets regler*, which is striking, given that the book is about labor market institutions, and above all wage bargaining institutions.

Recently, of course, income inequality has come to the fore as a research subject, as reflected in the body of literature on top incomes over the last fifteen years, and the publication of Piketty's famous *Capital in the Twenty-First Century* (2014). This literature shows that inequality is an important topic, since it has consequences for so many aspects of social life, and that through historical research we see that the level of inequality has in fact varied widely over time. The historical approach by Piketty and colleagues invites comparisons with historical labor market studies such as *Spelets regler*, and the approach of Piketty also paves the way for a severely understudied aspect of industrial relations: the distribution of income between employers and employees, or in other words between capital and labor. By now there is a strong case to be made that the capital–labor distribution is of interest to historical labor market studies: if we are concerned with labor market institutions, “the rules of the game”, and employer–employee power relations, then these issues can be connected to wage outcomes and income distribution.

Power and conflict are recurrent themes in the book, but they are rarely connected to outcomes in terms of wage growth or income distribution. In the Swedish industrial relations/labor market literature this is not unique to *Spelets regler*. Nycander's *Makten över arbetsmarknaden* is even more oriented towards power relations between unions and employers, and the conflicts between them, but never presents any systematic information on income distribution. The same is true for the historian Klas Åmark's (1986) ambitious book on union organization and union power from 1890 to 1940: even though union power is his very focus, he does not consider issues of wages or income distribution. In summary, one might say that in Swedish twentieth century labor market

research, there is a rather stark disconnect between research on power and institutions on the one hand, and research on wages and income distribution on the other hand. Even though both aspects are sometimes examined by the same scholar—especially by Lundh—what might often be seen as an independent variable (power relations) and a set of dependent variables (wages and inequality) are not often treated together.

There are several places in the narrative of *Spelets regler* where one could bring up issues of wages and distribution; here we will discuss four specific episodes or specific topics. The first one is the third quarter of the nineteenth century: Lundh writes on this period that “the individual worker was inferior to his employer in terms of power resources. The worker’s possibilities to influence employment conditions were small—he basically had to accept the offered conditions or refrain from employment.” (64) One might then naturally ask the question: did wages lag productivity around this time? Were firms’ profits especially bountiful? While of course we have no modern national accounts data for this period and no systematic wages and profits data, as we have from, say, 1910 onwards, one could surely study some large individual companies with archives from this period to find out. Another approach is to use the existing national wage series and compare them to GDP per capita to find out whether workers’ living standards increased at a pace with overall living standards or not, in line with Jeffrey Williamson’s (1985) approach from the 1980s. One would have to be pragmatic and triangulate different sources, but it would be interesting.

A second interesting episode is the trade union advances pointed to by Lundh (87-89) for the 1880s, especially in Stockholm: did the increased unionization and more frequent strikes drive up wages there? Here a local approach like the one often used in the quantitative social history of the 1970s and 1980s could be used. A third episode is the spread of collective agreements, which is the focus of quite a lot of attention in *Spelets regler*, and rightly so (109-119). Lundh and other researchers (not least Swenson 2002) have devoted a lot of thought to the issues of why collective agreements spread faster in some branches and sectors than others, why employers accepted collective agreements or

not, and so on. Here too it would be fascinating to bring wages and capital–labor distribution into the mix: was employers’ opposition to collective bargaining correlated with an observed effect on profits and wages? This is a subject that has seen no research at all, even though interpretations of the “Swedish Model” rely heavily on views of how the “collective bargaining system” made its breakthrough. A fourth understudied topic relating to wages and distribution in Swedish labor market history is the position of white-collar employees relative to blue-collar workers between 1850 and 1950. We know a lot about relations between these groups after 1950 or so, both organizationally and in terms of wage–salary differences, but there is no social and/or economic history study of Swedish white-collar employees before that akin to the brilliant studies by Kocka (1980; 1981) of their counterparts in Germany and the United States. Existing social history studies of the “middle class” in Sweden before 1900 are either impressionistic and unsystematic (Carlsson 1973; Söderberg 1972), or focus on the petty bourgeoisie (Ericsson 1988), or on specific occupations such as teachers (Florin and Johansson 1993). In other words, a more systematic treatment of wage and salary inequality as well as other work life quality indicators such as stable employment for white-collar workers between 1850 and 1950 would be a supremely welcome addition to our knowledge of Swedish modern social and economic history. Here one might note that white-collar workers do not appear in *Spelets regler* until more than a hundred pages in (101 in the 2010 edition), and then in the guise of their organizations, rather than the work they did, their employment conditions, or their salaries.

Flexibility and Segmentation

A central idea in *Spelets regler* is that the Swedish labor market model of the Fordist era (1950s and 1960s) was relatively free from segmentation, except for the basic blue-collar/white-collar division. Beginning in the 1970s, but accelerating in the 1990s, there is a development towards new forms of segmentation. Whereas differences (for example with regard to wage forms) between blue-collar and white-collar workers become less prominent, differences between economic sectors and forms of employment contracts become more prominent

(Lundh 2010, 256-257). Various descriptions of the new reality have been suggested. One popular version, which Lundh refers to, is that there are three main segments. In the first segment are workers with permanent jobs, in the second segment are workers with temporary contracts, and in the third segment are individuals with loose attachment to the labor market. This description is inspired by John Atkinson's model of the "flexible firm", an empirical generalization based on a study of British firms in the 1980s (Atkinson 1984; Atkinson 1987; Atkinson and Gregory 1986).

In the adaption of Atkinson's model to the Swedish context, which is used by Lundh, Tommy Isidorsson (2001) identifies three basic flexibility strategies: working-time flexibility, numerical flexibility and functional flexibility. Working-time flexibility refers to adjustments in working hours; numerical flexibility to adjustments in the number of workers and functional flexibility to reallocations of workers between jobs. An alternative to these strategies is to use outside contractors, such as temporary work agencies, for tasks that were previously done within the firm (so-called distance flexibility). According to Atkinson, firms apply different flexibility strategies to different groups of workers, which leads to segmentation of the workforce *within* firms. Some workers are offered stable jobs but may be transferred between jobs. Others are hired on temporary terms, while others are hired by external contractors.

Lundh's explanation for the development towards more flexibility centers on the importance of new patterns of global competition and the breakthrough of information technology. His suggested chain of causation can be summarized as follows: (1) newly industrialized countries with low wages enter the global scene (2) facing this challenge, Swedish businesses initially try to stay competitive by rationalizing production within the same basic production framework (Fordism), but are eventually forced to change the way production is organized to achieve high quality, flexible specialization and timely deliveries, (3) this requires more decentralized and flexible organizations, (4) where the importance of human capital increases, and (5) there is a need to design wage and benefit packages in order to attract and retain personnel with key competences. This is why employers

abandon key elements of the Swedish Model, such as central negotiation and solidaristic wage policy.¹⁰

Like Atkinson, Lundh discusses changes in power relations between labor and capital but not as the driving force behind the move towards flexibility.¹¹ Atkinson and Lundh may be seen in contrast to the story told by Guy Standing (2011) and others. Standing also takes globalization as a point of departure, but emphasizes how this process has weakened the bargaining position of workers in previously developed countries and forced them to accept more precarious jobs. The use of temporary or agency workers, serves to further weaken the position of workers. According to Standing (2011, 55), “temporary workers are used to extract concessions from others, who are warned that they will be displaced if they do not adapt”.

The question of timing is fundamental in order to assess the significance of the two explanations given for the development of flexibility and precarious employment. An efficiency-based explanation,

¹⁰ Thus, Lundh’s explanation is not based on technological determinism. Technological change (computerization) is rather important as it provides the opportunities (“möjliggör”, “skapar förutsättningar för”, 240) to change the organization of work.

¹¹ Lundh identifies contradictory tendencies; some factors have enhanced trade unions, other factors have enhanced the strength of employers. The modern firm, characterized by lean production and just-in-time deliveries, has become more vulnerable to conflicts (306-307). This is a factor that has strengthened the trade unions, which have also gained economic strength by merging and forming bigger organizations. Among the factors that favour employers, Lundh mentions the emergence of multi-national firms with loose national identities, a strong inclination to relocate production to other countries (241), a structural shift towards service production (which has tended to reduce union density), and increasing demands to harmonize labour market institutions. On the whole, Lundh considers that the net effect of these changes has been to the advantage of the employers.

emphasizing international competition and technological development, would be more credible if firms adopted new flexibility strategies in the 1980s. If this development took place in the aftermath of the crisis in the 1990s, when there were high and persistent levels of unemployment, a power-centered explanation would appear more valid. Unfortunately, our knowledge of the supposed transition from Fordism to Toyotism is fragmentary. What can be established is that ‘flexibility’ becomes a buzzword in the popular media in the 1980s.¹²

From the late 1980s onwards there is data on the incidence of temporary work contracts, which may be seen as a proxy for numerical flexibility. The development of temporary work in relation to the business cycle has been analyzed by Bertil Holmlund and Donald Storrie (2002). They regard the crisis of the early 1990s as “a major factor behind the rise in temporary work in Sweden”, not only in a short-term perspective but also in the long term. Their argument is based on a shifting balance of bargaining power. As unemployment rises, firms are more inclined to offer fixed-term contracts and workers are more inclined to accept such offers.

This is not the place for an exhaustive assessment of the efficiency-centered and power-centered explanations for the fall of the Swedish model of industrial relations. We can simply establish that more research is needed and that the two views are not mutually exclusive. One way of uniting the two views is to say that Swedish firms’ interest in

becoming more flexible was initiated by the increased pressure from international competitors and the availability of new technologies in the 1980s, but that actual organizational changes were not realized until firms got a stronger bargaining position in the 1990s.

¹² This is clear from a simple search on the use of the word in Swedish daily newspapers. The word ‘flexibility’ is mentioned with increasing frequency from the late 1970s to late 1989, after which its frequency decreases. See <http://tidningar.kb.se/>. Of course, this does not necessarily mean that the pace of organizational changes slows down, rather that the focus of the popular debate shifted.

Another question when reading Lundh's account of the development towards increased flexibility is to what extent this represents something fundamentally new, or just the return of previous employment practices. It is obvious that the word 'flexibility' in relation to firms and employment is relatively new. This is also more or less implicit in Atkinson's model of the flexible firm. He briefly mentions that the patterns he observes in Britain may have appeared earlier in the United States and Japan, but does not provide a more comprehensive historical account. It is therefore significant that Lundh discusses flexibility strategies with reference to development in recent decades, but not in relation to previous history. For us, the question of how firms made labor adjustments in the past is hanging in the air when we re-read *Spelets regler*.

Within-firm segmentation, an outcome of Atkinson's model, is a familiar phenomenon in labor history. Big farmers in the nineteenth and early twentieth centuries hired day laborers during busy seasons to supplement farm hands and maids on annual contracts. Textile manufacturers in the early-modern period, as well as later garment factories, maintained relationships with independent producers along with directly employed factory workers. Rural mills in pre- and early-industrial society offered more permanent (or long-term) contracts to some key occupational groups and relied on temporary workers to cope with production peaks. In the shipbuilding industry of the inter-war period there was a clear distinction between core workers and peripheral workers.

Thus, it would be tempting to say that the flexible firm of the 1980s is the reappearance of an old phenomenon in a new guise. Here, we have to be cautious. There is a danger of resorting to functionalism. Even though within-firm segmentation in many cases may have facilitated labor adjustments, we cannot be sure that this was the original cause of the practices. There are other reasons why different kinds of employment contracts exist side by side in the same organizations.

In the Scandinavian stone-cutting industry during the inter-war period, Annette Thörnquist (2011) describes the practice of outsourcing tasks to independent contractors. In this case, outsourcing was used as a way for firms to circumvent collectively agreed wages. In the wake of the

Great Depression, an old form of work contract, in-between wage employment and self-employment, reappeared. The practice allowed the firms involved to cut costs and the workers to escape unemployment, but was highly controversial at the time. The stonecutters' unions sought to establish cross-national and cross-class alliances against "disguised, dependent and ambiguous forms of employment" (Thörnquist 2011, 115). This was possible to achieve since the employers' organizations regarded the use of atypical forms of employment as "a serious obstacle for the structural rationalization and economic development of the industry" (Thörnquist 2011, 115). Thörnquist regards the episode as "an early example of the Swedish (and Scandinavian) model for cooperation and class compromise aimed at promoting economic progress and sharing productivity gains" (Thörnquist 2011, 115).

Segmentation can also arise in settings characterized by shortage of labor, where employers become dependent on labor intermediaries, such as is the case in present-day healthcare. An interesting historical example of this phenomenon is found in the Swedish shipbuilding industry in its heyday in the 1960s and 1970s (see Bohlin 1989 and Karlsson 2015).

The transition from riveting to welding, combined with a trend towards building bigger ships, led in the 1940s to greater demand for welders and sheet-metal workers. These were occupations with a mix of general and industry-specific skills. To secure the supply of skilled workers, shipyards invested in training, and a couple of them even established formal company schools. But these efforts were insufficient. While welders and sheet-metal workers trained in shipbuilding were attractive in other industries, the shipyards could not hire welders and sheet-metal workers from other industries without further training, due to the different scale of machines and equipment in shipbuilding. Moreover, the solidaristic wage policy did not allow shipyards to set wages that could secure the long-term retention of the workers they trained. There was a substantial leakage of labor from shipbuilding to construction and other industries. To keep up production, the shipyards turned to small- and medium-scale contractors who acted as labor intermediaries and supplied skilled welders and sheet-metal workers. These workers, often but not exclusively Norwegians and Finns, were formally hired by the contractors

but performed the same jobs as directly hired shipbuilding workers. In the late 1960s and early 1970s, the so-called grey workforce amounted to about 20 percent of the total number of workers in the shipbuilding industry.

The practice was highly controversial, and most likely illegal. The Metal Workers' Union sought and won support from sister organizations, top-level employers' organizations and government authorities. Common Nordic trade union conferences, as well as the engineering employers' association, *Verkstadsföreningen*, urged the shipyards to put an end to the use of labor intermediaries. The Labor Market Authority hired a special investigator to monitor the issue and made several reports to the police. Eventually, the use of grey workers in the shipbuilding industry forced politicians to sharpen the existing ban on the private intermediation of labor in 1971.

The stone-cutting industry of the inter-war period and the shipbuilding industry of the post-war years are interesting as contrasts to more general patterns in the labor market. Both cases also had wider implications for the development of industrial relations and labor law. These cases are just two examples. There are probably more to be found in the abundant literature on Swedish labor history and in future research.

Concluding Remarks

The Swedish labor market, being known for its high degree of organization, has attracted a lot of scholarly attention. There are numerous studies on individual organizations, workplaces, occupations and events, emanating from a range of different disciplines. Christer Lundh's book *Spelets regler* represents an ambitious attempt to overview the rich and diverse literature.

About 15 years have passed since the original publication of the book. New institutional economics and structural analysis continue to influence Swedish economic historians, but are not as uncontested as starting points for research as they used to be. Looking at *Spelets regler* with hindsight, we find that the links between changes in the economic structure and institutional changes sometimes have weak empirical support. What was

the real relationship between the suggested structural crisis around 1890 and the establishment of trade unions and employers' organizations?

In this paper we also bring up a couple of themes that have attracted a lot of attention in recent years, within academia, as well as outside. One of these themes is the question of the functional distribution between capital and labor, popularized by Piketty and others. We argue that this is a discussion that could fruitfully be related and applied to Swedish labor market history, for example with regard to the wave of union formation and organization in the 1880s and the subsequent spread of collective agreements. Did collective agreements have any effect on the distribution of incomes between employers and wage earners? Another theme concerns the patterns of segmentation and employers' strategies to achieve flexibility. This theme is certainly not neglected in *Spelets regler*, but is mainly discussed in relation to developments from the 1970s onwards. One avenue for future research would be to look closer at the Swedish labor market of previous decades to find out how patterns of segmentation and flexibility have developed in various sectors over time.

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