Protection of insiders and exclusion of outsiders – Union action and strategies in the Swedish construction labour market

Henrik Lindberg*
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Abstract

The Insider-Outsider theory is an attempt, through the Labour Turnover Costs (LTC), to explain the clash of interests between different employees – insiders and outsiders. My claim is that the most important factor that has shaped the insider and outsider status among construction employees at the Swedish labour market is union action and strategies in different phases of the political process. The strategies included attempts to impose, interpret or modify regulations on the labour market in such way that occupation, educational requirements, employment status, union membership, and even citizenship, shaped the insiderness of different categories of employees and workers. Those excluded came to be outsiders.

**JEL** J51, J 58

**Keywords**: Insiderness, Employee, Construction industry, Insider-Outsider, Labour Turnover Costs, Union strategies, Immigration.

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1 I wish to thank for valuable comments from Nils Karlson at the Ratio Institute, participants at the at the IIRA, European Congress in June 2010 in Copenhagen and participants at the UCLS-conference in Krusenberg October 2010.
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Literature and references
1. Introduction

What do unions do? The traditional view, in accordance with the union literature (Freeman & Medoff 1984; Oswald 1985; Aidt & Tzannatos 2001) has been that trade unions define, promote and fight for the collective interests and rights of workers, particularly but not only in relation to employers, and also in relation to the state. Unions therefore organize workers (white or blue collar) employed at workplaces in order to articulate and enhance common interests such as wages and employment.

Concerning the effects of unions, one could argue that unions to a large extent act as monopolists and the economic effects are a raise of member’s wages, at the expense of both business and unorganized labour as well as making the economy function less well. But this is only one side of the story. As Richard B. Freeman and others have stated unions perform multiple economically valuable functions which reach far beyond their role in wage bargaining. By serving as an institution of collective voice, unions also contribute to a higher level of job satisfaction and improve workers' loyalty to the firm which may raise productivity by giving the workers a collective voice and inducing management to perform its duty more efficient. These both sides of union’s actions are often labeled Monopoly and Voice/Response – i.e. the two faces of unionism (Freeman & Medoff 1984; Freeman & Rogers 1999).

We can assume that the purpose of unions should be to fight for workers interests and rights. However, we also know that the collective interests of employees are not evenly distributed. Employees can be divided in several subgroups that may have diametrically opposed interests. The Insider-Outsider theory is one of the more interesting theories about opposing interests among the employees.

The established labour market literature has often treated insiders and outsiders as a phenomenon based on the clash of interest among employees. It is widely agreed that the labour turnover costs (LTC), which include costs of firing and hiring but also threats of non-cooperation and harassment from the insiders, are substantial. This gives insider workers market power that they can take advantage of. Insiders have market power that enables them to raise wages above the equilibrium wage and that protect them from underbidding by the unemployed outsiders (Lindbeck & Snower 1988; Sanfey 1995).

The insiders are then the ‘incumbent’ employees whose positions are protected by various employment-preserving devices due to their seniority. It is costly for an employer to dismiss them and replace them with someone else for several reasons. Not only because of employment protection regulations, but also the strength of their unions and the fact that they are experienced collaborators. The outsiders are those who lack such advantages. They
are either unemployed or get work only temporarily or – in some societies – have jobs in the ‘informal’ sector.

However, we should also expect insiders to push for legislation that enhance their bargaining power, for instance laws to increase the costs of firing workers, laws to facilitate industrial action and laws that extend collective bargaining agreements to firms without organized workers (Saint Paul 1996). These so called rent-related costs resulted from pressure from insiders’ interest groups rent seeking activities (Lindbeck & Snower 2002).

We also know that organized interests, unions for instance, have considerable influence in labour market policy, especially when core interests such as employment and wages are to be protected. Capture theory claims that organizations or institutions that are responsible for policies tend to be owned by organized groups that form the policy for their own interests. (Levine & Forrence 1990; Laffont & Tirole 1991) Traditional interest group or capture theory (Peltzman 1976) however, has been interested in how organized groups claim a stake that benefits their members as a whole, or the organization.

But many labour market regulations tend to favour some employees at the expense of others. The most discussed and well-known example is the employment protection. This institutional regulation of the labour market tend to give those who are already employed in regular jobs more job security whereas those unemployed are left with fewer job opportunities. Various studies, see Skedinger (2008; 2010) for example, of the effects of employment protection have been published, but this is only one of the many types of regulations and rules that set one group in front of the other at the labour market.

1.1. Purpose and outline

The central idea and purpose of this paper is simple: To systematically investigate the attempts of one Swedish union between 1970 and 2005 to shape and form the insiderness of different categories of employees and workers, whereas those excluded came to be outsiders. Five different dimensions of insiderness are explored: Occupation, Education, Employment status, Union membership, and Citizenship. I will point at several actions to impose, interpret or modify regulations at the labour market that defined the insiderness of different workers in the construction sector.

It should be mentioned that these actions could be interpreted in another way than a deliberate union strategy of inclusion or exclusion. Often the actions of unions are motivated in one way, but could also be interpreted in another. This will be seen in some occasions when different interpretations are possible. At some points there is no evidence to label the union actions as strategies – which would presume that there was a purpose in their actions. Then it would rather be a case of unintended consequences.

This article will focus on the strategies and actions of BWU, but it should be noted that the employers also are in a position to promote their interests. Sometimes they were in agreement, sometimes not. In some of the cases it is evident that at least some of the
employers had mutual interests with the unions. For instance in the Vaxholm-issue 2004-2005, about controlling the influx of foreign labour (Svenska Byggnadsarbetareförbundet, 2004)

The sources for this study are wide and ranges from interviews with the former chairman Ove Bengtsberg, via archival sources of the organizational actions and strategies, labour court judgments and newspaper articles, mainly from the union in question.

The working-paper is organized as follows: The next section (2) shortly discuss the main features of the Swedish labour market, the concept insiderness at the labour market and how it is interpreted in this article. Section 3 takes on empirical examples from different fields of how unions determine insiderness by influencing the laws and rules of the Swedish construction labour market. Section 4 concludes and summarizes the argument.

2. Insiderness at the Swedish labour market

Basically there are several characteristics that define insider and outsider status and some of them are affected by the laws and rules at the labour market. In Sweden many of the rules concerning labour market or labour legislation have been handled by the two dominating bargaining parties LO (Landsorganisationen) which is the blue-collar trade union confederation and SAF (Svenska Arbetsgivareföreningen) which was the former private employers' organization. But their respective affiliate organizations have also been very active in lobbying for changes in rules and regulations at their respective field. The case in this paper comes from Swedish Building Workers Union (BWU), but this example of a wide range of actions is most certainly not an exception.

In Sweden collective bargaining and collective agreements have been the dominating form of regulation since the early 1900s. (Lundh 2010; Karlson & Lindberg 2008) The Swedish labour market model was shaped in the early 1900s from the December compromise 1906 until the famous Saltsjöbaden agreement 1938 that cemented the social norm that the two bargaining parties shall conclude agreements without interference by government.

The right to bargain collectively was recognized by employers associations in 1906 and collective agreements at industrial level was moreover an employer strategy so both parties (or cartels) attempted and succeeded in spreading collective bargaining. From early on, one of the pillars of the Swedish model was the principle of non-intervention from the government and the primate of agreements instead of legislation. In general the interest organizations, LO and SAF first and foremost, were allowed to form their own rules in this field. (Karlson & Lindberg 2008; Nycander 2008)

In some aspects the Swedish labour market was also characterized by corporatism. This was an institutionalized collusion between government and some NGOs, where the state and some organizations shared and integrated duties and functions. It is important to note that all interest groups were not given the same status: i.e. representative monopoly. Some were
selected by the state to serve in the Labour Court, uphold regulations and have their collective agreements recognized by the government, whereas others lacked those rights (Rothstein 1992; Lindberg 2008; Karlson & Lindberg 2008).

In the 1970s this principle on non-intervention in the labour market was abolished. It was replaced with a vast legislative offensive, led by the Social Democratic Party and LO although the non socialist parties were often also interventionist. LO had until then prioritized good relations with SAF and attempted to have solutions based on bargaining and negotiations, but in the 1970s this changed in favor of a radical agenda, implemented with the help of legislation. The purpose of the interventionist state was to strengthen the unions and employees at the expense of business and employers interests. A possibly non-intended consequence was that insiders at the labour market were favored at the expense of the outsiders. It should also be noticed that the new legislation in this field did not give the employees as such that much more influence but rather the unions which also made the employees more dependent on their representatives (Åmark 1993; Lindbeck 1998; Karlson & Lindberg 2008).

2.1. Insiders, Outsiders and insiderness
The concepts insiders and outsiders have already been touched upon and are well known in earlier literature. The concept Insiderness is however not properly studied. Nonetheless, it was noticed in Lindbeck & Snower (2002) that the difference between insiders and outsiders is a matter of degree rather than of kind. The distinction between outsiders and insiders could be made along a variety of dimensions. They mention employed vs. unemployed, people with “good” and “bad” jobs, high vs. low seniority, permanent and temporary contracts, unionized vs. non unionized and so forth.

The question is what role unions have in this process. In what way do they shape the insider and outsider status – or insiderness – for different kind of workers? You would expect that insider groups, that not only are invited to, but also have privileged access to the policy process, should attempt to influence the outcome of the allocation process at the labour market. This phenomenon is also known from the housing market where insider groups of local people, existing tenants and employees were represented whereas the disadvantage outsiders were excluded (Ball 2009).

As we will see, there is much evidence that the Swedish Builders Union acted in order to reserve the jobs in the construction industry to the insiders as well as protecting insider’s incomes, at the expense of outsiders if necessary. In general, the insiders are interpreted as workers already established in the firm, while outsiders are unemployed or working in temporary, low-security jobs. In this case of union actions and strategies towards outsiders there are other dimensions of the distinction between the two groups. In this article I use the concepts insider and outsider status in a couple of dimensions to define those groups. This means that the difference between insiders and outsiders is more a matter of degree than of kind since there are no homogenous groups of insiders or outsiders. Lindbeck &
Snower (2002) makes a point that there are various distinctions between insiders and outsiders such as employed vs. unemployed, unionized vs. non unionized, primary vs secondary sector employed and so on. My claim is that these insider-outsider distinctions are often interconnected and to a large extent shaped by union strategies.

### Table 1. Insider and Outsider status

<table>
<thead>
<tr>
<th></th>
<th>Insider status</th>
<th>Outsider status</th>
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<tbody>
<tr>
<td><strong>Education</strong></td>
<td>Educated construction worker</td>
<td>Worker without proper education</td>
</tr>
<tr>
<td><strong>Occupation/skills</strong></td>
<td>Full time construction worker</td>
<td>Part time non-construction worker</td>
</tr>
<tr>
<td><strong>Union membership</strong></td>
<td>BWU membership</td>
<td>SAC- or non membership</td>
</tr>
<tr>
<td><strong>Citizenship</strong></td>
<td>Swedish</td>
<td>Non Swedish</td>
</tr>
<tr>
<td><strong>Employment type</strong></td>
<td>Employee/worker</td>
<td>Entrepreneur</td>
</tr>
</tbody>
</table>

It seems that unions have a central role in lobbying for rules and regulations that can strengthen some groups of employees at the expense of others. Numerous strategies are used for that purpose and this is therefore a fundamental mechanism in the cleavage between insiders and outsiders at the labour market. Unions also provide new tools of rent-seeking, such as strikes, work-to-rule activities and picket lines, which tend to be more effective when workers act in unison (Åmark 1993; Freeman & Medoff 1984). Moreover, unions act as interest groups in the political process, lobbying for job security legislation and other sources of labor turnover costs. Unions, of course, also fulfill other important social functions, such as protecting individual workers against arbitrary treatment by employers, transmitting information about the production process and needs of the employees, thereby serving as the employee’s collective voice.

From the established literature it is often noted that an important objective of a union is to achieve consensus and unity among the employees in a certain industry. With many unorganized in the industry, or if there are more unions than one competing for members, there is the risk that collective agreements don’t become normative in the industry, but also that collective action is not sufficiently active (Åmark 1989:85). A task will therefore be to strengthen the organization: develop strategies to increase the membership and union density, but also to prevent competing union organizations from operating. High unionization rates and high bargaining coverage can maintain and enhance the representative monopoly pursued.

### 2.2. Swedish Building Workers union (BWU) at the construction labour market

In this paper I will study the Swedish Building Workers union (BWU), its actions and strategies in order to set rules from around 1970 until 2005. BWU was one of the most influential affiliated unions by then. Its political strength, with a couple of MP:s representing the Social Democrats, was considerable. Moreover the chairman of the BWU was both MP

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2 SAC (Svenska Arbetares Centralorganisation) is the syndicalist trade union federation in Sweden.
and member of both LO’s and the party’s different central decision making boards. Furthermore, BWU controlled one of the largest construction companies in the industry, BPA, at that time. Finally BWU had vast financial resources because of the system with piece work and the fees tolled from measurement and examination. (Lindberg 2008; Gråbacke 2002:371)

From previous research by Gråbacke (2002) we know that the Swedish Builders Union had a long-term strategy to minimize the influence from the market and to decrease the role of small scale private enterprises inside the industry. In BWUs opinion, government should therefore be in charge of financing as well as planning via quotas and guaranteeing the volumes of building and construction. The municipalities should have a monopoly on land ownership and allocate this on a leasehold basis. And finally there should be a thorough structural rationalization inside the industry with the help of governmental steering. (Gråbacke 2002:228-229)

3. Union strategies and insiders’ interests.
The usual union goals are often condensed into two: raised real wages and higher employment. (Aidt & Tzannatos 2001; Björklund et al 2006) This may be affected by the union official’s values and interests, but it could also be motivated from what determines the welfare of the individual union members. With high or full employment there is a low risk of unemployment and the potential of higher expected wages increase. But who should be granted work in the construction sector? This question of promoting some employees’ interests at the expense of others is the core in this study.

3.1. Different union arenas to promote insiders
It is well known that the trade union movement has a great deal of political influence in Sweden. LO influenced and continues to influence the Social democratic party, and this partnership between “the two arms of the Labor movement” is often described as the center of Swedish policy from the 1930s and onwards. (Bergström & Misgeld 1989) But below the confederation LO, the other trade unions in different fields have also influenced their respective industry. Union action is moreover not only directed towards the legislative arena, but for example also via the Labour Court in the judicial interpretation of laws and collective agreements in the labour market field. Moreover, there is also an economic arena since the BWU was in control of some corporations (Riksbyggen and BPA) inside the construction industry.

So, there are different arenas and, as we will see, many methods to adjust the rules and regulations inside the construction industry. Many of these were however not intended to segment the labour force between insiders and outsiders. Some of the actions were aimed at the housing sector as such with proposals of subsidies and state financing housing programs. Other actions were taken in order to transform the market oriented building industry into a state led, centralized and planned sector with few large actors. Such
interventionist strategies were according to Gråbacke (2002) also promoted by the unions in the late 1960s and 1970s. Surely a couple of actions and policies have been performed in order to achieve other goals than to create insiders and outsiders at the construction labour market. Actions and strategies to achieve such goals will however not be studied in this paper.

The next sections will deal with different dimensions of the insider-outsider status, namely: citizenship, union membership, seniority, educational background and occupation, and employment type. It will be clear that unions in the construction sector – foremost BWU – have acted in these issues. My interpretation is that these were attempts to promote the interests of some employees at the expense of others, although there are also cases where different interpretations are possible.

### 3.2. Citizenship: The dilemma of the immigrants

For unions, the question of immigration is a dilemma. There is a fundamental cleavage between union’s non-national solidarity appeal and the role they have as interest groups in the national labour market. In general they have tended to enforce a restrictive immigration policy; however the varieties have been large (Thorud 1982).

LO has historically influenced the immigration policy vastly in Sweden. Its connection to and influence on the Social Democratic party is well known and unions have also influenced the actual implementation of the immigration policy (Lundquist 2006; Johansson 2009; Yalcin 2010). Unions were, for example, authorized as referral body in cases of applications for permission to work for foreigners already in 1919. After the Second World War the influx of foreign labour increased vastly. According to the rules and regulations unions always took part in the decision-making as referral bodies and could thereby ensure that their interests were safeguarded (Nelhans 1973; Lundh & Ohlsson 1999).

In 1967 and 1968 the non organized immigration of job seekers from abroad was restricted because of union demands. Also in 1972 when the non Nordic labour immigration was stopped, unions were ultimately the decision makers after LO choose to oppose further influx in their role as referral body. (LO-cirkulär 1972:19) At various times LO, as the encompassing confederation, choose different policies depending on the risks of unemployment – as of the decision to curb the influx 1972 – but also on other grounds (Lundh & Ohlsson 1999; Lundqvist 2006).

Trade union politics regarding immigration and immigrants had been covered by Yalcin (2010) and more precisely of LO as the central trade union organization. Yalcin claims that LO, had as primary mission to protect the wage level and social conditions for its members, and had restriction of competition as an overriding strategy. Until, at least the late 1980s, LO did use its position to block foreign influx of labour in order to limit the competition for jobs.

What about BWU then? Have they also tried to safeguard the interests of the domestic workers at the construction labour market? There seems to be evidence in that direction.
Even in periods of rapid economic growth the BWU seems to have been unwilling to advocate recruitment of foreign labour. Examples from the early 1950s indicate that with the exception of some Nordic bricklayers, foreign labour in the construction sector was rare. (LO 1953) Since the construction sector in Sweden was influenced by strong labour unions that during the 1970s and 1980s could stop or at least limit foreign workers, the numbers of foreigners in this industry was comparatively low in Sweden, at least compared to other European countries (Schierup & Hansen & Castles 2006:115-117; Frank 2005).

But this was about to change in the late 1980s and early 1990s. From the late 1940s the Nordic countries had a common labour market where no permission to work was necessary. At the end of the 1980s the state of the market differed in the construction sector between the Nordic countries and this bolstered a movement of foreign labour, particularly between Norway/Denmark and Sweden (SPK 1992:182).

What methods were then used by BWU in order to protect the domestic workers from competition and exclude the foreign workers? At that time the usual way was to use the legal conflict weapons and thereby persuade foreign companies to pay wages and other benefits in accordance with the stipulated agreement, and to furthermore deposit different fees to the local union in order to avoid industrial action such as blockades (SPK 1992:40-43). Such conflicts are noticed in, for example, the BWU-paper Byggnadsarbetaren as early as in 1972, no 17, when some Finnish companies with Finnish workers tried to penetrate the Swedish market. In the late 1980s the foreign companies that wanted to enter the construction market felt hindered by BWU who blocked their entry. The Swedish competition authority (KKV) noticed this and criticized the attempt to discriminate against foreign labour and foreign companies.

The same type of conflicts occurred again in the late 1990s and early 2000s, but this time directed against migrant workers and craftsmen from Poland and the Baltic States (Lindberg 2008; Frank 2008). Unauthorized migrants from Eastern Europe started to penetrate the Swedish construction labour market during the 1990s and, because of the slump, more frequently in the late 1990s. By then, restrictions had been relaxed when visas were no longer necessary from Poland (1991) and the Baltic countries (1997) Workers from non-EU/EFTA-countries were however compelled to have work permits and therefore the often unauthorized migrants from Eastern Europe were handled with judicial methods.

During earlier periods, before 1990, unions could influence labour migration by accepting or rejecting work permits after a formal application. When these possibilities gradually disappeared, new strategies emerged to stop the influx of outsiders that could hurt the insiders’ job possibilities and protect their wages. Legal labour migration and temporary posting of workers was handled with strikes and blockades while non-legal migration was controlled via collaboration with police. The strategy was to stop or block competition from unorganized foreign workers – even if these workers were organized in a foreign union, for example a Polish union for construction workers (Lindberg 2008:62 ff).
The most widely known case of industrial action in this issue is probably the internationally well-noticed Vaxholm dispute 2004. The SBU, assisted by other LO-unions, launched a boycott of the Latvian company Laval’s Swedish activities, arguing that the wages of the Latvian builders working there were too low. This case was settled after 2005, but it is a clear case of the dominant union strategy of limiting competition and protecting insiders, domestic workers, from foreign construction workers (Yalcin 2009:12; Lindberg 2008:62 ff).

The study by Frank (2008:70-75) indicates that the influx of immigrants during the 1990s and early 2000s also lead to new actions and strategies in BWU. The BWU representatives started to visit the workplaces more frequently and, if necessary, reported the unauthorized to the local police.

An illustration of corporatist exchange in this sector, when authorities delegate their functions to interest organizations is also evident. The local police in Skåne and the Stockholm area included representatives from BWU to plan and carry out raids towards unauthorized workers. In effect BWU were involved in direct government functions. As Frank (2008:81) notes this could be attributed to the large influence that Swedish unions traditionally have had in immigration policy from at least the 1960s and onwards. This exercise of authority is however not an unknown feature of the Swedish labour market model (Lindberg 2008; Karlson & Lindberg 2008).

I have earlier discussed the different arenas for unions. In the case with transitional rules for foreign workers from the new members of the European Union, it is evident that BWU acted in order to limit the influx of labour. Within the blue-collar union, LO, there were divisions since a couple of the union affiliates in the formerly sheltered private sector mainly BWU and Swedish Transport Workers' Union (Svenska Transportarbetareförbundet) especially demanding such transitional rules. It seems that the efforts of BWU and others were important when the Social Democratic Party, via its party chairman Göran Persson, turned around and in November 2003 settled for transitional rules.

At first LO also sought transitional rules, but changed position in favour of having stricter rules at the labour market such as stiffer regulations towards temporary work agencies and the establishment of new companies. In the end however, the Swedish parliament in 2004 rejected the Social Democratic government proposals that would have limited the free movement of workers from the eight new EU Member States in eastern and central Europe for a transitional period. (Yalzin 2009, Eurofound 2004, Persson 2006)

Conflicts concerning migration of foreign workers and temporary posting of companies and workers are often interpreted as a struggle from the domestic unions to protect foreign workers from being exploited. However, from a cartel perspective and partly supported by the documents, a more likely explanation is that unions try to protect domestic workers at the expense of foreign with exercise of some sort of public authority – mostly those unions with members that have attractive and well-paid jobs. What differ are the methods: It goes
from immigration control at the referral bodies to strikes and conflicts in order to block entry to Sweden and cooperation with the police to identify illegal unauthorized workers.

3.3. Union membership: To be or not to be a member

The strategy to reserve jobs for the unionized part of the labour force is often claimed to be an Anglo-Saxon characteristic in the union literature (Hanson & Jackson & Miller 1982; Dunn & Gennard 1984). This strategy, the strictest one called closed shop, is a form of union security agreement under which the employer agrees to only hire union members, and employees must remain members of the union in order to remain employed. A milder form of this phenomenon is union shop where all non-union employees must become union members within a specified period of time or lose their jobs. Naturally this could also affect the Insider- Outsider status of different workers. It illustrates the dimension of union vs non union members. These procedures set a major obstacle for non-unionized workers, but also workers with the “wrong” union affiliation.

In Sweden this method of only permitting those with the right union membership to be employed was never established broadly since the principle of freedom for employers to freely hire and fire workers was upheld in the SAF/LO-area (Lundh 2010). Despite this principle, historic sources indicate that organization clauses were applied in local agreements between employers and unions (Bengtsson 2006:115-121).

It is evident that BWU used these organizational clauses to some extent also in the 1970s and 1980s. In collective agreements with employers that did not belong to an employer’s organization there were clauses that provided non-organized companies to give unemployed members from BWU preference over others, for example SAC-members or non-unionized. (Byggnadsarbetaren 1970:29; Svenska Byggnadsarbetareförbundet 1972:2) Moreover, BPA which in effect was controlled by union interests, had clauses inside their collective agreements that would give BWU-members preference (Byggnadsarbetaren 1970:4, 1978:2).

Cases from the Swedish Labour Court also bear witness of the fact that BWU defended their right to have such clauses in their agreements. (AD 1969:25, 1977:38, 1986:10) The organization clause in these cases had a milder character inside companies with separate local collective agreement. In these cases the organization clause was formulated in a way that gave BWU-members within 10 kilometers from the working place priority over non-members. These clauses were also motivated with the purpose of checking the “back-door recruitment” as will be examined in part 3.4, to limit the number of construction workers (Svenska Byggnadsarbetareförbundet 1972:2).

There are also some peculiar cases from the Labour Court of Sweden in the 1970s where BWU furthermore promoted union-members interests at the expense of non-members and SAC members. By then BWU had a monopoly on measurement and examination fees. These fees were part of the piecework system and they were tolled from companies with collective
agreement in the sector, and BWU received this fee also for non-members. This was questioned in some legal cases during the 1970s. The main issue was whether the measurement and examination fees would be paid also for non-organized workers, or SAC member whose collective agreements did not allow those fees and competed with BWU. In both cases, the union representatives got support from employer’s representatives in the Labour Court and got it their way (AD 1977:14; 1977: 222; SOU 1975:1 p. 251-253.).

3.4. Qualifying by occupation and educational background

Other ways of limiting the influx of employees to the industry and thereby protecting the insiders was tried in the 1970s and 1980s when the question of “adequate educational background” was lifted. The question of licenses, examinas and demands for some specific sort of educational background is often used by professional unions and others that can claim some sort of exclusivity in their profession (Åmark 1993; Torstendahl 1997).

This strategy of limiting employees without right educational background can be traced back to the 1970s and 1980s. At that time the phenomena “side recruitment” or “backdoor recruitment” were heavily discussed in the construction sector (Svenska Byggnadsarbetareförbundet 1979). The unions claimed that the skilled blue collar workers were threatened by recruitment from untrained and unskilled workers that might work for a lower salary than the collective agreements stipulate. And this is also the most important mechanism for outsiders to outcompete insiders, which gives unions two choices. The first and most often used at the Swedish labour market is to push for increased wages for the uneducated and unskilled labour in order to benefit the job possibilities for those with education and skills. In this case BWU also tried the other strategy. The union attempted to push for restrictions and legislation to block the free recruitment of labour in the construction sector.

After conflicts and disagreements between the employers and unions, special legislation was implemented. The first attempt found was from the official report Immigrant Report (Invandrarutredningen) in 1970 when representatives for BWU argued against the principle of open employment agencies and instead argued for a selective recruitment process. Employers should be compelled to use already educated and experienced construction workers, despite the risk of a guildlike system that would limit the free movement of labour (YK 2554, 1970).

But this proposal had originated from demands in negotiations with the employers in the 1960s. In the bargaining round 1971, BWU again tried to push for changes in the existing agreement with the building employers (Byggförbundet) to stop workers without vocational training or experience from being employed, if there were skilled but unemployed workers nearby. When this attempt failed, BWU turned to the Government for assistance. An investigation was formed with Bertil Olsson, the head of the Swedish National Labour Market Board (AMS) as chairman and the bargaining parties as participants. (Svenska Bygnadsarbetareförbundet 1972:1, 1973:2)
In 1973 Parliament passed a law, slightly modified, that prescribed special requirements for recruitment of construction workers. (Prop 1973:39) Companies were allowed to hire unqualified labour only if qualified construction workers were not available and if the recruitment was done via the official Employment Service. Qualification meant vocational training or at least one year of experience from construction work. The law however gave some room for negotiations between unions and employers, despite the fact that the employers had refused such an agreement. The regulations of recruitment to the construction sector gave more authority to the Employment Service. But it first and foremost gave unions more influence and it also helped shape the insiderness of those with right experiences from construction work and adequate education.

In comments from BWU about the new legislation, it was explicitly mentioned that the recruitment law helped the “real” construction workers to keep their jobs at the expense of the untrained and unskilled (Svenska Byggnadsarbetareförbundet 1973:2). Lateron, the collective agreements had formulations concerning qualifications, seniority and proper education where the sentences were directly copied from the law from 1973 (Byggförbundet 1984).

It is interesting to note that this law in 1973 was implemented before the Employment Protection Act (LAS) was introduced in 1974. Later on, in the Bygg 80-commission, several of the recommendations had similar implications. The stated objective was to give unions influence over the recruitment process and also possibilities to stop some types of employees from vocational training and or job in the construction sector (Svenska Byggnadsarbetareförbundet 1979). With limitations to both education and future jobs the insiderness of those already employed in the construction industry would be greatly enhanced. However, all of the proposals in the Bygg 80-commission were not implemented.

It should be mentioned that there might be other motives for these attempts by BWU. There was also a strategy from BWU to enhance competitiveness and attractiveness in the business with education and moreover to protect construction workers from unemployment with a broader vocational training (Svenska Byggnadsarbetareförbundet 1978:3).

But in documents and debates in the BWU-paper “Byggnadsarbetaren” during the 1970s, it is clear that the goal was to have full time workers with vocational training employed in the sector. Moreover, all the other employees in the industry were seen as intruders who limited job possibilities for the regular employees. Sometimes it is even mentioned that the construction works should “not be more numerous than necessary”, with reference to the issue of side recruitment meaning those without proper skills, experience and education (Svenska Byggnadsarbetareförbundet 1972:2, 1978:3).

Interestingly, there is a clear intention from BWU in the 1970s and 80s to not emphasize the divisions among the workers in the industry. Such divisions were formerly based on old sectioning of workers such as bricklayers and woodworkers. The aim of these decades was
rather to create more of an identity as pure construction workers (Svenska Byggnadsarbetareförbundet 1979:2). Thereby the bonds between different kinds of construction workers could and should be strengthened. At the same time, BWU attempted to close the gates for others to enter the working force by creating and shaping insiderness based on skills and education

3.5. Strategies towards entrepreneurs
Among the probably lesser known dimensions of the insiders and outsiders at the Swedish labour market, there is the employee/entrepreneur dimension. The issue was mostly about how to guarantee permanent employment for full time employees in the industry instead of recruiting small-scale entrepreneurs that would reduce job opportunities for employees in the industry. This issue of “Grey Workforce” was also important as a union strategy to reserve jobs to employees and hinder employees to become entrepreneurs. Different types of measures were proposed in order to achieve this goal.

In different forms BWU returned again and again to the question of control of entrepreneurs. In 1970 the Sheet Metal Workers’ Union – that later merged into BWU – argued against “the grey workforce” inside the central joint bodies for the construction industry. (Byggnadsarbetaren 1970:21) This time the employers did not wish to participate in the struggle. However, the Sheet Metal Workers' Union did finish with that proposal. At their congress in 1970 the Sheet Metal Worker’s called for establishment control in the sector. (Byggnadsarbetaren 1970:26) The same method was used by BWU, namely attempts to reduce the use of entrepreneurs using agreements with the employers (Svenska Byggnadsarbetareförbundet 1972:1; 1973:1) But the attempts to regulate this issue, by law, were always a second method that could be used if the collective agreements did not fulfil the purpose.

In the great investigation "Bygg 1970" BWU called for fewer entrepreneurs and fewer small enterprises in the sector. Instead, the jobs should be distributed to well educated construction workers in larger companies. This proposal returns in numerous documents and reports from BWU, for example in Bygg 80, and also in congress claims during the 1970s and 80s. Investigations were also appointed in this issue (Svenska Byggnadsarbetareförbundet 1976:1). What differed was the ways to control the entrepreneurs, but usually some type of administrative restrictions were proposed in order to stop the smallest companies.

The arguments for these measures are interesting. The recurring argument was that the construction industry had distinctive features that made it hard for entrepreneurs to have an efficient production of construction services of different kinds. That feature and others made the entrepreneurs financially weak and in turn made it hard for them to pay or uphold salary according to the contractual (collective) agreement. Such companies were branded as “irresponsible” (Svenska Byggnadsarbetareförbundet 1984:2; Byggnadsarbetaren 1970:21,26).
Instead of establishment controls, a kind of substitute was implemented in 1977 when the Co-Determination Act (MBL) came into force, which gave veto rights for unions like BWU directed against entrepreneurs. In this particular case, BWU argued within LO in a referral in order to make the proposal from SOU (1975:1) stricter considering “the entrepreneur problem”. However, their referral to LO also mentioned establishment controls as a better alternative to finally solve the issue (Svenska Byggnadsarbetareförbundet 1975; 1976:4; 1977:3)

At the LO-congress and assemblies BWU – as well as other unions – often proposed establishment controls. In this case LO was more reluctant to these proposals than the affiliate organizations and more focused on the importance of free entry and free exit in a market economy (LO 1981; 1986; Bergström 2007:223). Sometimes, the arguments for establishment control were financial. Government lost huge sums when these small newly established firms could not pay their taxes. At other occasions they argued that these firms took employment opportunities from members of BWU. In that case the entrepreneur was also a threat to the insiders in the business. Therefore, these small companies had to be made outsiders with the help of financial and technical competence requirements.

Former chairman of BWU, Ove Bengtsberg, confirms in an interview that they worked hard with this issue, however without getting so much success. From a union perspective these small-scale companies often had less experience and competence of the construction business and could therefore create problems. BWU wanted a kind of license to start a business, which according to their view, would regulate the business better and avoid economic crimes and exploitation of workers (Bengtsberg 2008).

4. Conclusion

This paper started with the classic question: What do unions do? Do they fight and promote the collective interests and rights of all employees? According to Insider- Outsider theory interest may differ between different groups of employees and some groups may have reason to enhance bargaining power at the expense of others. My argument was that a fair share of what unions do could be interpreted as different ways of splitting the employees into insiders and outsiders. All in all, a couple of different dimensions of insiderness were explored: Occupation, Education, Employment status, Union membership, and Citizenship. Some of them were interlinked. The strategies, or actions, since we cannot always distinguish their motives properly, included attempts to impose, interpret or modify regulations on the labour market.

If we summarize the investigation of BWU actions and policies from 1970 until 2005, some striking features appear. Firstly, that the policies or strategies are enduring and last for decades. The attempt to limit the possibilities for uneducated, unskilled and foreign employees to work in the construction industry is one such long lasting issue. In one sense
this could mean that the union strategies have failed because they try over and over again, but it could also be that these strategies goes beyond time and place.

Secondly, there are many different arenas and issues covered in this study that could and probably should be interpreted in an insider-outsider dimension. A pattern seems to be that BWU at first attempt to push through their proposals by negotiations with the employers. If such negotiations fail to give desired results, BWU attempts to legislate. Moreover, the multitude of methods used to achieve the goals of the organization is also striking. The results from their actions are however mixed.

Then what about the often mentioned common interests between the employees in the same industry? This study has indicated that unions in much of their actions strive to reduce possibilities for some groups of employees, or that it became a consequence from their actions. It seems as BWU in many aspects shaped insiders and outsiders in the industry and did so via different methods. On the other hand, this study has not focused on more than such issues and strategies that was interesting in an insider-outsider dimension. Therefore there may be many other issues where unions fight for all employees in the same industry and don't shape insiderness via its actions and strategies.
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Interview with Ove Bengtsberg via phone 2008-01-15. E-mail with completing information.

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