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‘A decision for the individual or the collective? Membership in sickness insurance funds in Swedish manufacturing, c.1900’

Industrialization brought significant economic and social changes. As a response, the birth of modern industrial society came with social movements that addressed that progress, prosperity and well-being did not benefit all equally. Mutual aid societies gained momentum from the mid-nineteenth century onwards as a way for individuals to handle risks associated with industrial wage work. In this paper, we study micro-level determinants of membership in sickness insurance funds among male workers in Swedish manufacturing, circa 1900. We analyze the individual decision to join sickness insurance funds by drawing on a cost-benefit framework factoring in industry-specific risk. We use matched employer-employee data compiled from archival records, based on surveys of industrial workers (> 25,000) in the tobacco industry, printing, and mechanical engineering. The data cover all workers (i.e. members and non-members) and firms in a specific year. Such data are extremely rare for the period but vital for the purpose of our study. We focus on male workers directly involved in industrial production. After describing selection patterns into sickness insurance funds according to industry, we analyze membership determinants, exploiting variation at both individual and firm level. We also consider the composition of co-workers (at the firm) and how they behaved because this could be important for the individual’s decision to join a fund. We find that there was positive rather than negative selection into sickness insurance funds. In general, individual characteristics like age and experience were not important for membership. Having breadwinner responsibilities, however, mattered for male workers’ membership in sickness insurance funds, and so did tenure but for contractual rather than economic reasons. The results hold up for within-firm estimates. Of note, membership determinants were similar irrespective of whether sickness funds were compulsory or voluntary. Workers who joined sickness insurance funds in Sweden around the turn of the last century were slightly positively selected, but most importantly forward-looking, which indicates ‘propitious selection’ and that sickness insurance funds attracted conscious workers at the turn of the last century.