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Title: Internal migration and regional wages in Sweden, 1865-1945

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ABSTRACT: The object of this paper is to study the relationship between regional wages and internal migration in Sweden between 1865 and 1945, an era which captures the breakthrough of industrialization and urbanization as well as the first globalization boom at the end of the nineteenth century and the more inward looking interwar years. The long-term tendency was wage convergence and an increase in long-distance internal migration. However, there were sub-periods in which wages diverged and population movements were substantially reduced.

We have identified three potential drivers of regional wage convergence: trade, migration and the establishment of collective wage bargaining. The paper is a first step in a forthcoming series of attempts to explore the impact of these parameters on the convergence of regional wages. We use county-level wage series of workers in agriculture and industry which have been extracted from the Swedish official statistics, monographs and public investigation. In this first and explorative attempt, the coefficient of variation is used as a measure of wage dispersion and the influence of different parameters on the movement of wage convergence is estimated within an econometric framework (OLS).

Our preliminary results may be summarized as follows: Regional consumer price convergence, attributed to expanding trade and commodity market integration, cannot fully explain the occurrence of convergence in regional nominal wages. Convergence was real. Migration had an impact on wage convergence, especially in the latter half of the 19th century, since migrations flows went from low to high wage regions. However, it is also clear that migration went from backward regions to more dynamic – more industrial and urban – ones. Finally, in the interwar period, an additional factor propelling wage convergence forward was the collective bargaining system, established in the wake of increasing unionization. In the 1920s, the bulk of industrial workers was union members and/or covered by national collective agreement that standardized employment conditions and wages at branch level.