1. Introduction

This paper addresses political conflict over the organisation of public services in Sweden at the turn of the century, c. 1900. It’s part of a research project where we analyse similar discussions from the mid-seventeenth to the late twentieth century (Hallenberg & Linnarsson, 2016). Our starting point is that the organisation of public services is a political as well as an economical problem.

In the paper we will demonstrate how the commercial restructuring of urban space challenged conservative notions of the common good as well as modern views of social reform and publicness. The modernization of public transport and telecommunications offered new possibilities for urban planning and extending the public sphere. The paper argues that political decisions played a vital role in shaping the management of public services. Discussions over who has the right to organise the common good has remained a leading trope in European history to this day, which makes it all the more important to see how political discourse on this subject have developed and changed over time.

The paper presents political debates about two important public services in the early twentieth century: tramways and telecommunications. Our case is Sweden, and the subject of investigation the organisation of those two businesses in Stockholm, c. 1900–1920. By the turn of the twentieth century, Stockholm had started to harvest the benefits of industrial modernization. Private enterprise was burgeoning and the population, especially the urban
working class, was growing rapidly. This was an era of economic growth and optimistic ideas of progress, but also one of rising social conflict. An important aspect of this development was the introduction of new forms of infrastructure: Gas, electricity, telephone networks and public tramways (Toninelli, 2000; Millward, 2005; Kaijser et al., 2016). Such innovations were often introduced by private entrepreneurs and resulted in a profound transformation of urban space. Telephone wires and tramway rails, constructed and operated by private business firms, soon came to dominate the Stockholm streetscape. However, the development of these technological systems raised new questions about urban community and the organization of space. Both the Swedish riksdag and the city council of Stockholm debated whether these systems should be operated as public services rather than private profit-making enterprises.

The expansion of infrastructure in the beginning of the 1900s represented a major challenge for state and municipal authorities; i.e. the construction of water and wastewater facilities, establishing new communication networks, erecting public buildings and more (Nilsson & Forsell, 2013, p. 18). The debates about tramways and telecommunications represent public services under fierce scrutiny at the turn of the century, and in both cases generated widespread political debates.

Both the tramways and the telephones were introduced in Sweden in the 1870s, and in both cases, the public authorities showed little interest in the beginning. Private operators therefore drove the initial development, and following a period of unregulated establishment, tramways and telephones became a matter for public concern in the beginning of the new century. This development coincide whit an all-European trajectory and in the fields of economic history and history of technology, both businesses have been described as having natural monopoly characteristics (e.g. Millward, 2009, p. 546). However, given the development in the period 1900–1920, the Swedish case must also be discussed from a political perspective.

2. Tramways in Stockholm

Public tramways were introduced to Stockholm in the 1870s, by private initiative. In 1876, the city council granted a concession for The Stockholm New Tramway Company (sw: Stockholms Nya Spårvägsaktiebolag) to operate tramways in the northern part of the city for the next forty years. In 1887 a competing organisation, the Stockholm Southern Tramway Company (sw: Stockholms Södra Spårvägsaktiebolag), was launched to provide transport in the southern part of the city. The situation with two rivalling companies meant that travelling from south to north (and vice versa) posed major obstacles for the people of Stockholm. In 1898 a proposal was made for electrification of the Southern Company’s tramway lines, a
plan implemented in 1901 thanks to funding by the private investment bank *Enskilda banken*. This prompted the Northern Company to apply for a similar arrangement (Holmberg, 1960, p. 4–11).

The discussion in the Stockholm city council initiated from a proposal forwarded by G.E. Westermark in February 1900. Westermark claimed that the city should enter into negotiations with the Northern company, in order to secure a communal takeover by 1905.¹ This started a chain of reactions from the municipal bodies. Some argued that the company should be granted a longer concession period in order to make the necessary investment for electrification, while others insisted that a municipal takeover was a better solution. Eventually the Advisory committee (sw: *Beredningsutskottet*) presented a compromise proposal in November 1902. The committee suggested that the tramway company should remain in operation, although the concession period must remain fixed until 31 December 1916. There were also specific demands on the company for opening new tramway lines to make the transport system more effective. In compensation, the city council would guarantee low prices on electric power and renounce all claims for a share in the company’s profit.²

The city councillors started debating on 26 November 1902. The discussants can be roughly divided into three more or less distinctive camps: The proponents of public organisation argued that the tramway system was a matter of public interest and should therefore be managed directly by municipal bodies. Their opponents maintained that private companies were far more effective in running business operations, and that communalisation would cost the city’s taxpayers dear. A third party recognised that the Tramway system should indeed be controlled by public interest, but that the timing might not yet be right; better let the company bear the full cost for electrification, the city may then move in and take over the operations at a later stage.³

Gustav Harald Lundbergh started the debate by declaring the advisory board’s proposal unsatisfactory, while the city must have full guarantee that new tramway lines would soon be extended to the city limits. He also insisted that prices must be kept low to guarantee that the

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¹ *Stockholms stadsarkiv* (SSA), *Stockholms Stadsfullmäktiges handlingar* (SSF), *Beredningsutskottets utlåtanden och memorial* (BU) 1903, bihang 31, G.E. Westermarks proposal, 1 February 1900.
² SSA, SSF, Report no. 182 from the Advisory committee, 13 November 1902.
³ A general relation of the discussion is found in the official minutes, *Stockholms Stadsfullmäktiges protokoll med tillhörande yttranden samt motioner* (SSF minutes) 1902, P139 and following pages. This study mainly focuses on the statements from individual members, recorded in the same volume.
less fortunate citizens may still use the tramways. Lundbergh set the tone for the following discussion by focusing on two important topics. The council must have full control over the planning and construction of new lines so that the city would be able to prosper and grow in the future. The council members must also see the concern of the working population, to ensure that public transport was available for everyone. Emil Hammarlund expressed similar concerns; he argued that the city should convince the company to surrender all their claims and assign the tramway system to the municipal bodies. He also referred to public opinion: “The tramways are made for the greater public, and the greater public knows where the rub is”.5

Their opponents claimed that private management in general had proven more effective, and that a decision in favour of communalization would only serve to delay the necessary transition to electric power. Knut A. Wallenberg, director of the city’s most important investment bank, rallied against the wave of ‘municipalisation’ and insisted that the city was not competent at handling industrial enterprise. Wallenberg advocated a prolongation of the company’s concession up to 1926, which he claimed would guarantee all citizens the benefit of modern transport.6 He received support from Charles de Champs, who warned that management by the municipality would mean increasing expenditure on the tramway staff: salaries, sickness compensations, vacations etcetera. The objective must be to run the operation in the cheapest way, and it would surely not be harmful to the municipality if some of its members made a profit of industrial enterprise.7

The councillors had quite different standpoints on what made an effective organization. The proponents of communalization, mainly liberals and social-democrats, argued that a communal take-over would make public transport accessible for a larger group of citizens. Members of the conservative majority claimed that management by the city would only result in higher taxes. The majority was divided on the issue however, and there were also members who argued for a compromise. A key figure was the vice-chairman of the council, Carl Erik Ekgren. Ekgren recognized that there was considerable pressure from public opinion to modernize the tramways, while insisting that the company’s offer for extending the tramway system was of vital interest to the city. He suggested postponing the decision for fourteen days to make the necessary adjustments in the proposed contract with the tramway company.8

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5 SSA, SSF minutes 1902, Emil Hammarlund’s statement, p. Y480.
6 SSA, SSF minutes 26 November 1902, Wallenberg’s statement, p. Y483.
8 SSA, SSF minutes 26 November 1902, Statement by the vice chairman, Y 504-5.
Eventually, a vote was called for, and the council decided to send the proposal back to the advisory board, demanding clarification of specific articles in the agreement.\(^9\)

The advisory board chose to concentrate on negotiating a modified contract with the company, adding instructions for the extension of new tramway lines as well as traffic arrangements for special ‘workers’ trains’ operating at a reduced ticket fare. This modified proposal was discussed by the city council on 2 February 1903.\(^{10}\) Extending the tramway system with new lines in order to provide both housing and transport for the urban poor was the major bone of contention. The problem of electrifying public transport thus entailed new political agendas: the city council made plans for integrating the city-centre with the suburbs, in social as well as spatial terms. The discussion on special transport for workers was an extension of this issue: factory workers needed low fares as well as early morning services. The debate thus centred on the less-wealthy citizens’ access to urban space and their right to enjoy the modern facilities of public transport.

On 16 March the Advisory board’s proposal was finally accepted. The tramway company had presented a detailed plan for the future extension of their tramway lines, as well as a tariff rate that allowed fixed prices for the working poor.\(^{11}\) Electrification of the northern tramway lines was accomplished in the years 1903–1905 and the New Tramway Company remained in operation until December 1916. A new debate opened in the city council in 1915, which resulted the formation of a new public transport company: *Stockholms Spårvägars Aktiebolag* in 1916. By 1920 the public transport system was fully operated by the city, and the wave of communalisation had finally reached its northern shore.

Our previous study on debates concerning private/public management has indicated that questions of effective organisation, equal access, and low cost for the average tax-payer held prominence in political discourse from the mid-eighteenth century onwards (Hallenberg & Linnarsson, 2016). This paper demonstrates that the problem of finding the most effective organisation was central to the debate in 1902-03. However, there was little consensus on whether private management was better than public operation. It is interesting to note that the spokesmen for municipal organisation aligned their standpoint to notions of modernity and progress. From their point of view, urban planning, sanitary housing and public transport were problems of the future that must be solved by effective municipal control. The advocates of

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\(^9\) SSA, SSF minutes 26 November 1902, P139.

\(^{10}\) SSA, SSF Report no. U17 from the Advisory committee, 19 January 1903.

\(^{11}\) SSA, SSF, minutes P1-21 & P39-46; Statements Y29-109 & Y 157-199, 1903.
private enterprise could make no such claims; they argued instead that private enterprise offered a much cheaper alternative.\textsuperscript{12}

Many councillors were aware of a tidal wave of communalisation sweeping over Europe. Quite a few of the council members looked to the city of Gothenburg, who had communalised its tramway system two years before with the introduction of electric power. Charles de Champs did not believe that Stockholm had the means to follow the example, however. He stated that Gothenburg was a business community, where people knew how to manage money, labour and work time.\textsuperscript{13} Fellow commissioner Karl Herlitz immediately reproached him:

Yes, gentlemen, that is precisely the point, that we must help the people of Stockholm […] to overcome all the defaults that mr de Champs thinks they have, compared with the people of Gothenburg.\textsuperscript{14}

Herlitz’s statement points to a core argument for municipal organisation. The city council must organise the transport system in a way that would benefit all citizens and make this form of public good available to everyone. While the councillors tended to agree that public control over the tramways was the ultimate goal, they differed on how and when the task could best be accomplished.

3. Telephones in Stockholm

When the telephone first was introduced in Sweden in the late 1870s, the Swedish government showed little interest in the new technical innovation. Since 1853 the telegraph had been established as a state monopoly, run by the Swedish Telegraph Agency (sw: \textit{Telegrafverket}). Accordingly, the new device was seen as merely as a complement to the telegraph, and the government officials saw no great future for the novelty. The initial development of the Swedish telephone network therefore became a matter for private companies and local non-profit telephone associations. Shortly, however, the need for central planning, and utmost the need for interurban telephone lines, forced the state to take action.

\textsuperscript{12} The proposal that private operation was a cheaper alternative did not go unchallenged, however. Karl Herlitz argued to the contrary by claiming that increased income from the electric tramways would soon make up for any deficit; statements Y498-500.
\textsuperscript{13} SSA, SSF minutes 26 November 1902, de Champs, Y524.
\textsuperscript{14} SSA, SSF minutes 26 November 1902, Y526, ‘Ja, mine herrar, det vore just nu meningen, att man skulle försöka hjälpa Stockholmarne […] att öfvervinna de fel, som de enligt herr de Champs hafva, i jämförelse med Göteborgarne’.
The initial assessment of the future prospects for the telephone had proved incorrect, and starting in the 1890s the Swedish government, through the Telegraph Agency, started to purchase private telephone companies and acquire telephone associations all over the country. In 1900, more than 400 local telephone networks had been taken over by the Telegraph Agency and integrated with the national telephone system (Heimbürger, 1931, pp. 181–183). This was part of a deliberate policy, implemented by the Swedish government, targeting the goal of one nationwide uniform telephone network, operated by the Swedish Telegraph Agency.

In 1902, except for a few smaller networks in the countryside, only one large company remained before this policy was fully implemented—‘the Stockholm General Telephone Company’ (sw: Stockholms allmänna telefonaktiebolag). Started in 1883, the Telephone Company had grown to the incomparably largest private telephone corporation in Sweden. Its operations in the Stockholm area covered no less than one third of the total subscribers in the entire Swedish telephone network (Heimbürger, 1931, p. 182). Due to the considerable size of the company, the corporation could not be bought by the Telegraph Agency, without funding from the Swedish parliament (sw: Riksdagen). Therefore, the question of the acquisition became a political issue for the Swedish parliament, beginning in 1902, when the government presented a bill to the parliament to by the company.

As it turned out, the proposal was rejected by the parliament, and the question of whether the state should by the Telephone Company or not, became a recurring issue for the Swedish parliamentarians. The matter was not solved until 1918, when the parliament finally agreed to allocate funds for the acquisition of the Telephone Company, at that time renamed to ‘Stockholm Telephone Company’ (sw: Aktiebolaget Stockholmstelefon). The decision in 1918 unified the Swedish telephone network under state control, operated by the Telegraph Agency. Up until the late 1900s this agency held a de facto monopoly on the telecom market in Sweden. Between 1902 and 1918 the question of an eventual state purchase of the private telephone company sparked several debates in the Swedish parliament, circling round the issue of private or public execution of the telephone service in the country. The debates highlight arguments for and against private entrepreneurs in the field of services, defined as public goods, or public services.

The parliamentary processing of the telephone matter in 1902 was preceded by negotiations between the Telegraph Agency and the Telephone Company. The two parties had reached an agreement on a purchase contract were the Swedish state should pay the private telephone network. The price was set to almost eleven million Swedish kronor.
Drawing on the agreement, the government presented a bill to the parliament, asking for an approval for the necessary funding to implement the transaction. The Minister for Public administration (sw: civilminister), Edvard von Krusenstjerna, argued in the proposal that the state, i.e. the Telegraph Agency, was responsible for the arrangement of the telephone network in the country. He added that it was in the public interest that the state took over the private telephone company, and that the future development of the national telephone system was dependent on the purchase.\(^{15}\)

Krusenstjena and the government outlined three principle arguments to why the state should acquire the company, they were: administrative efficiency, state economic grounds, and personal financial reasons. Firstly, if the Telegraph Agency was in charge of the telephone system, the bureaucracy involved would be simplified, and second, in turn that would save money for the state. Lastly, the unification of the telephone system would mean cheaper prices for the individual consumers. Consequently, it was in the publics ‘natural interest’, that the state took control of the company, according to the government.\(^{16}\)

The last argument was linked to the fact that a state overtaking of the Telephone Company in practice would eliminate all competition on the telephone market. This had been criticised in the press, were the risk of a state monopoly was discussed (Heimbürger, 1931, pp. 242–243). Krusenstjerna and the government responded that there was no need for competition on the telephone market—indeed the competition was harmful for the development of the telephone system.\(^{17}\)

The government bill was referred to the ‘State Committee’ (sw: Statsutskottet), the parliamentary committee that preparers proposals on funding, grants etcetera. The committee considered the proposal to by the Telephone Company and concluded that there were no reasons for the state to take over the private company. According to the committee, the present organisation of the Swedish telephone system was fully satisfactory to the public. In opposition to the government, the committee believed that competition on the market was crucial, when it came to pricing policy and customer service.\(^{18}\) Since the Telegraph Agency was in control of the interurban telephone lines, the agency already held a strong position on

\(^{15}\) The sources from the Riksdag are published in the printed series of parliamentary documents (sw: Riksdagens protokoll med bihang). References are given to the standardised volume and collection numbers; Government bill regarding the purchase of private telephone networks, 1902, No. 64, p. 7.

\(^{16}\) Government bill regarding the purchase of private phone networks, 1902, No. 64, p. 9.

\(^{17}\) Government bill regarding the purchase of private phone networks, 1902, No. 64, p. 23.

\(^{18}\) Formal report by the State Committee, No. 66, 1902, 4 saml. 1 avd., p. 6.
the market. A unification of the entire telephone system under state control would, according to the committee, not ‘satisfy the public interest’.¹⁹

When the parliamentary debate started in May 1902, in the bicameral Swedish parliament, the government proposal to buy the private Telephone Company stood against the rejection from the State Committee. The debate was most extensive in the second chamber; where the opposition to the proposed deal was massive. Edvard von Krusenstjerna spoke for the government, and objected against the committees’ conclusion, that the purchase of the Telephone Company wouldn’t be beneficial to the public, or to the state. He argued that it indeed was in the interest of the public to unify the telephone system of the country:

> For it must surely be that the public should become cheaper and better served under a unified telephone system, a one that when it belongs to the state, do not like the private companies, have to take into account what is for these companies a quite natural and often necessary precaution, namely to increase economic profit.²⁰

This market economy, described and criticised by Krusenstjerna, would be negative for the consumers; alas the state would not need to take these economic considerations in the operation of the telephone system. Krusenstjerna, and the government, saw the telephone system as a ‘natural’ part of the public services, managed by the state. Therefore, the competition on the market was secondary to the idea of the public interest.

Several parliamentarians in the second chamber opposed the proposal from the government. One of them, Paul Waldenström forcefully defended the private telephone company. According to him, a state run telephone network would successively lead to worsening conditions for the subscribers. Waldenström argued that a purchase, eventually would lead to ‘the establishment of state communism, something that can’t be healthy for the economic development of our country’.²¹ Parliamentarian Per Pehrson put similar argument forward. He meant that the acquiring of the Telephone Company would be expensive for the state and the Telegraph Agency, and that the extra cost most certainly would be paid by the

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¹⁹ Formal report by the State Committee, No. 66, 1902, 4 saml. 1 avd., p. 6, ‘tillgodoseende af allmänhetens intresse’.
²⁰ Minutes second chamber (AK) 3 May 1902, IV:41, p. 44, ‘Ty det måtte väl vara så, att allmänheten bör blifly både billigare och bättre betjenad utan ett under enhetlig ledning stående telefonnät, vid hvilket man icke behöfver – då det tillhör staten – liksom vid enskilda företag taga hänsyn till hvad som vid dessa företag är aldeles naturligt och ofta nödvändigt, eller sträfvandet att öka den ekonomiska vinsten’.
²¹ Minutes AK 3 May 1902, IV:41, p. 49, ‘etablerar en dylik stats-kommunism, hvilket icke kan vara helsosamt för vårt lands ekonomiska utveckling.’
subscribers of the telephone system. This was something he couldn’t agree with, therefore he pleaded for a rejection of the government bill.\textsuperscript{22}

Waldenström and Pehrson stand as representatives for the opposition to the proposed acquisition of the private telephone company in Stockholm. Other parliamentarians joined in the criticism. Their arguments focus on two themes; the distrust of a state bureaucracy as the director of the telephone system, something described as overall negative for the consumers, and the fear that the proposed purchase would be a bad deal for the state.

The debate in the parliament in 1902 was the first time that the question of an eventual acquisition of the Stockholm General Telephone Company was discussed by the parliamentarians. Even though the government obtained some support in the first chamber for its proposal, the parliament rejected the bill to by the Telephone Company. Both chambers dismissed the proposal—without a vote. The debate in 1902 reveals several lines of arguments, put forward, both in favour and against a state overtaking of the private telephone company. Many of the arguments were to persist among the parliamentarians until 1918, when the acquisition finally was accomplished.

One distinguishable argument in 1902 was the argument about competition in the market. The Swedish telephone market was basically divided between the Telegraph Agency and the Telephone Company. According to several parliamentarians this was a healthy competition between the two parties. In the end, this was a prerequisite for low prices and technical development of the telephone system in the country, they believed. Their counterpart argued that the competition on the market was obsolete, and that it didn’t matter if there were any competition whatsoever. According to this view, the competition had been important in the beginning of the telephone era, but eventually it had lost its significance. Instead, the competition was now seen as a threat to the uniformity of the telephone system in the country.

A second line of argument was the argument that the telephone system was a ‘natural’ part of the state administration. This was put forward to justify a state acquisition of the Telephone Company, articulated by the government, and minister Krusenstjerna. The purchase of the private company was explained to be the final piece in a national telephone system. According to the government, this was the ‘natural’ development (cf. Helgesson, 1998, pp. 252–254). In a European context, security worries were often prominent in debates on telecommunications (e.g. Thstrup, 1992, pp. 190–191), but in the Swedish parliamentary debate no such issues were raised.

\textsuperscript{22} Minutes AK 3 May 1902, IV:41, s. 46.
The third line of argument in the debate in 1902, and also the most significant, was the argument about the cost for the public. The government bill was rejected foremost due to the cost for the acquisition of the Telephone Company. The parliamentarians regarded the eleven million kronor as to much money to pay for the organisation of a national telephone system. This is particularly clear, since some of the parliamentarians agreed with the principle question, that the state should by the private company and enforce uniformity on the telephone market. Their objection to the proposal concerned the price to pay for the business. The immediate result of the decision in the parliament in 1902 was that the competitive situation on the Stockholm market continued. However, already in 1904, the government put forward a new bill, trying to regulate the telephone market. Likewise, the parliament rejected it, and the debate continued until 1918.

4. Conclusions

From an urban history point of view, the debate about the Stockholm’s tramway system demonstrates a successive articulation of the public sphere. The debate in the city council focused on how to organize public transport as a means to integrate growing population both socially and spatially. An extended tramway system, offering low fares, was perceived to be necessary for the development of the city. The argument that public transport must be made accessible for the working poor, not just for the wealthier citizens, was repeated several times. The tramway system must be extended to serve the future needs of the city, connecting the city centre with urban outskirts and the new suburbs yet to be. Although most councillors agreed on these motives, they differed on whether private enterprise or communal organization was the best solution. The debate in the city council, however, stressed the need for a stronger public control of the transport system and restricting the scope for private enterprise.

The debate on the nationalization of the telephone system did not raise similar notions of an extended public sphere. In this case, the debate focused on the individual consumer and whether his interest would be best served by market competition or by a state monopoly. The debate on national level lacked the expressed concern for marginalised groups, the representatives instead focusing on the narrow group of wealthy burgers who actually was able to use the telephone system. Yet, the trend in the debate on the telephones followed the main line of argument raised by the Stockholm city council, where public interest was identified with communal organization. In the following years, municipal or national take-overs would be preferred solutions to handle what was perceived as natural monopolies.
The Swedish case illustrates a more general European development. Most of the Nordic countries witnessed a similar shift towards public organisation at the turn of the twentieth century. Municipalisation of tramways is a good example of this. In the Nordic capitals; Copenhagen, Oslo, Helsinki and Stockholm, the city took over the operation of the tramway systems in the first decades of the 1900s (Jensen, 1981; Langholm & Kjeldstadli, 1990; Herranen, 1988; Östlund, 1995). However, the case of the Swedish telephone network stands out as an exception. Whereas private telephone companies continued to operate the network in Denmark and Finland—albeit under state concession—the Swedish telephone network was de facto nationalised by 1918. As a consequence, the Swedish Telegraph Agency became a most powerful state agency, making the telephone system largely independent of private business interest (Andersson-Skog, 2000, p. 40). In Denmark, for example, the private companies were locked in to a market, controlled by political interest groups (Andersson-Skog, 1997, pp. 152–153). The link between publicness and public organisation was thus stronger in Sweden than in their neighbouring countries, even though both Denmark and Norway had formally monopolised the telephone market.

The debates discussed in this paper demonstrate the role of political discourse in articulating a stronger sense of publicness. Urban infrastructure, once initiated by private enterprise, became increasingly regulated and identified as a public concern. The political discussions helped to form stronger discursive links between an extended political community, values of democracy and equal access, and public organization. This process would eventually result in communal or national political bodies taking over the operations of urban transport as well as networks for telecommunication.

This paper has demonstrated how the notion of an extended public sphere became articulated in the debate on tramways and telephones c. 1900. The restructuring of urban space, once made possible by private enterprise, would henceforth be firmly controlled by public organization. Interestingly, the privatization of urban services in the early twenty-first century shows the opposite: urban space is to a lesser degree a matter of public organization and control. The urban public sphere of today is no longer extending but rather shrinking, as public services are handed over to private business interests.
References


