This chapter is aimed at presenting and discussing certain key concepts that will appear throughout the book. First, of course, there is a need to define the main institution under scrutiny: the labor market. People use the words labor market in their daily conversations and probably have no difficulties at all to convey what they mean or to understand what others mean by it. When pursuing theoretical work, however, we should make our concepts as distinct as possible, avoiding the kind of vagueness that often accompanies daily language. We must therefore take a closer look at the notion of labor market and the purpose is to provide a definition that can be of use both in the treatment of various theoretical issues and in empirical analysis. In this elaboration I also run into several related concepts – such as labor power, job, occupation, and employment contract – and they all need to be specified.

After the first rather lengthy section, I consider how labor markets are connected to the capitalist sector as well as to other parts of the socioeconomic system in modern societies. It is sometimes supposed that capitalism – where it is the dominant mode of production – is overpowering everything else. In my opinion this is not a satisfactory assumption, because it simplifies too much a complex reality. Societies in which capitalism has a dominant role are not completely ruled by it, even if other sectors have a subordinate position; what I am suggesting also applies to labor markets and we should thus distinguish between different segments of them. At the same time, I utilize the concept of ‘marketness’ that will be presented and developed below. Its main advantage is that it provides us with an instrument to see how much market there is in a given market.

Finally, I introduce the concepts of commodification and decommodification. They do not frequently appear in the public debate – probably because they are clumsy and not very well established among observers and commentators – but I nevertheless believe that they can be valuable devices in the analysis of labor market issues. The two concepts are applicable, for example when we want to deal with the relationship between the welfare...
state and the labor market. However, as clarified toward the end of the chapter, there are reasons to raise some questions regarding how they are usually conceived; we need to eliminate some of their value load and I therefore to some extent modify the definitions to which we have become accustomed in the last few decades.

The labor market: hiring labor power

As the labor market is a subtype of the overall market, an appropriate starting point is to say something about the general concept. It has been discussed by, among others, Neil Fligstein (2002: 30) and in his analysis markets are treated as ‘fields’, taken to signify ‘social arenas that exist for the production and sale of some good or service’. Moreover, they are characterized by ‘structured exchange’, which means that the activities in question are expected to occur repeatedly and hence to require a set of guiding rules and organizing devices. In other words, unstructured or ‘haphazard’ exchange – of which history is full – does not seem to fall under the market concept. However, this is not the full story, because there is actually some further specification provided. Fligstein (2002: 30–1) suggests that a given market may become ‘a “stable market” (i.e., a field) when the product being exchanged has legitimacy with customers’ and when the dominant suppliers of goods or services ‘are able to reproduce themselves on a period-to-period basis’. It thus appears that the author wants to distinguish between markets and ‘stable’ markets; only the latter category can be treated as a field.

There are certain merits with Fligstein’s definition, but I prefer not to include production in the market concept; the two phenomena should be kept analytically distinct from one another. Fligstein justifies his solution by saying that buyers and sellers cannot exist without products and that someone has to produce them. No doubt, he puts the finger on an important aspect, but it is obviously possible to sell or hire out non-products such as fishing and hunting rights. Moreover, production can result in goods and services that are not taken to any market; most of what people in modern societies produce in their homes are never offered for sale. The conclusion is that production should not be included in the market concept, but as the two are in general closely interrelated they will both have a central role throughout my exposition.

Furthermore, it seems unnecessary to confine the market concept, as Fligstein does, to structured exchange. At least as a beginning, we should develop a more abstract and thus simpler definition. Karl Polanyi (1957: 56, 72) has defined market as ‘a meeting place for the purpose of barter or buying and selling’ and, empirically, ‘as actual contacts between buyers and sellers’. For reasons that will soon be spelled out, however, it must be underlined that the concept also covers hiring activities and, accordingly,