

Chapter 6. Power and trust: the mechanisms of cooperation

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Introduction

There is a growing literature on *varieties of capitalism*, showing that relations between the main actors on the labour market and the way they coordinate are of vital importance to the economy and democracy in all countries (Crouch, 1993; Traxler et al., 2001). Firms must develop relationships to ‘resolve coordination problems central to their core competencies’ (Hall and Soskice, 2001, p. 5-6). The issues that, it is proposed, need to be coordinated involve not only wages, but also lots of other political and economic matters that affect overall economic performance (Hall, 1999, p. 144). In some countries, coordination has emerged spontaneously and rests on market mechanisms. In others, labour market actors are coordinated through non-market relations and are even involved in (tripartite) concertation (Hall and Soskice, 2001; Regini, 2003; Compston, 2003). According to Hall, central actors in coordinated economies have ‘a dense network of associations for coordinating their actions on wages, training programs, research, and other matters’ (Hall, 1999, p. 143). However, knowledge of how such relationships are constituted and how the mechanisms of such coordination work is lacking.

Hall and Soskice admit that their (and their colleagues’) approach is ‘still a work in progress’ (Hall and Soskice, 2001, p. 2). Acknowledging this, we argue that more research is needed to understand the actual mechanisms of coordination. This is what we aim to contribute in this chapter about Sweden, a country that everyone agrees should be categorised as a coordinated market economy with wide and frequent concertation (Wood, 2001; Compston, 2003).

Coordination might arise spontaneously in some countries, while in other coordinated market economies, the government, unions and employers are involved in formal negotiations over ‘any public policy relevant to the economic system’ (Armingeon, 2002, p. 84). Successful coordination of conflict issues, such as working conditions, prices, and employment, might be beneficial to economic growth and price stability. Since economic actors repeatedly interact with one another in these interconnected games, we argue that there are some basic mechanisms that affect most of the activities in the sector. As argued by other researchers on political economy, there are ‘three fundamental mechanisms that achieve a degree of co-operation in economic behaviour. These mechanisms

are power, the market and trust' (Korczynski, 2000, p. 3). In this chapter, which focuses on coordinated market economies, we concentrate on the non-market mechanisms, namely power and trust.

As a first step towards a better understanding of the mechanisms of coordination, we have to find out how important actors relate to each other in a coordinated market economy. In order to assess this we pose the following question: *What actors have the power and trust to perform coordination?* However, to be able to answer this question, we need data that not only describe the bilateral relationship between two actors, but also possible *indirect* relationships. Hence, for example, two actors that do not trust each other might both trust a third actor that can perform the role of broker between them. It is important to know whether the mechanisms work through direct or indirect relationships. If relationships are indirect, it is also important to know which actors adopt the position of broker. Taking also indirect relationships into account, every actor in the industrial relations system might be connected with each other in a dense net of trustful relations. But the system structure could also be made up of separate groups, where group members trust each other greatly, whereas trust between members of different groups is rare. Hence we want to know: *Are actors in the industrial relations system connected, or are they divided into contending but coherent groups? In the latter case, do certain actors – playing the role of broker – connect these groups?* To be able to answer these questions we use 'social network analysis'. By doing so we are able to perform a much more precise study of the non-market mechanisms of coordination, involving power and trust, than has previously been presented.

The theoretical foundation

The theoretical foundation of this chapter is built upon the central idea that actors in coordinated market economies rely heavily on institutions that facilitate information sharing and collaboration *to reduce the uncertainty* actors have about the behaviour of others. These institutions should provide the capacity for exchanging information, monitoring behaviour, sanctioning defection, and encouraging deliberative proceedings. Powerful business or employer associations are, alongside strong unions, important actors within these institutions (Hall and Soskice 2001, p. 9-11). Hence, the political economy of coordinated market economies is dependent on a structure of *power* that can facilitate the monitoring of the behaviour of economic actors and, if necessary, sanction defection (from cooperation). Further, a structure that facilitates *deliberative* proceedings is needed in order to reach crucial agreements; a high level of *trust* is also necessary to make credible commitments possible. Essentially, this means that in order to understand the mechanisms of coordination – how the uncertainty of

relevant actors' strategies is reduced – we have to study the structure of power, trust and deliberation in the industrial relations systems.

The *structure of power* is an important component of discussions of how different institutional settings determine, for example, wage bargaining and wage inequality. It has been asserted that institutions are not only 'codified rules or formalized organizational arrangements but also government policy, and the *distribution of power* among organized interests' (Rueda and Pontusson 2000, p. 375, italics added). Hall and Soskice (2001, p. 10) emphasise the presence of institutions providing the capacity for the exchange of information, monitoring, and the sanctioning of defections relevant to cooperative behaviour. Hence, different labour market institutions affect the distribution of power and, consequently, the outcome of strategic interaction – between, for example, industrial policy-makers and trade union leaders (ibid, p. 5). Thelen (2001, p. 100), for example, sees non-market coordination as 'a dynamic equilibrium that is premised on a particular set of power relations – both within employer associations and between unions and employers'. Consequently, we have to identify the structures of power in any industrial relations system.

Our view on power is derived from the conventional understanding that it is based on an actor's ability to dominate other participants through possession and use of resources, and position within the power structure (cf Scott 2000, Chapter 1; Korpi, 1985; Öberg and Svensson, 2002). Hence, power within a labour market network should operate on these two dimensions. First, we want to estimate the *amount of influence* each actor has within the sector in general. This is measured by participants' assessments of the influence each of the other actors has within its sphere of activities (Knoke et al, 1996, p. 103). Second, since information might be considered a resource that some actors control and others desire, it is important to know how the actors involved evaluate the general *usefulness of the information* other actors can offer (Coleman, 1994, p. 34; Knoke and Kaufman, 1994). Possession and control of essential information are related to corrective as well as to persuasive influence (Scott, 2000). Third, we need information about how actors estimate the importance of having other actors as *allies*. An actor ranked high as an associate has the ability to facilitate the creation of a coalition that is needed but would not otherwise have been formed. Fourth, the frequency of contacts in the industrial relations system should be investigated in order to produce a map of the *communication* structure, where the centrality of different actors varies. The results can be interpreted as the activation of different power resources, eg in terms of the use of the power structure. This is also a useful corrective to other measures of power (Knoke, 1998).

As well as the structure of power, we contend that *trust* is crucial in promoting coordination in difficult situations. In the words of Farrell and Knight (2003, p. 542) '[t]rust and trustworthiness become relevant explanatory concepts when the

social cooperation to be explained cannot be reduced to simple institutional compliance'. Hence, although power and trust may affect each other, we agree with Farrell (2004) that the two concepts should not be conflated. There is ample evidence that people behave cooperatively when they trust that others will reciprocate cooperative behaviour (Tyler 2003, p. 281). Rueda and Pontusson (2000, p. 351) claim that the politics of wage restraint are essentially about trust and coordination. It has also been asserted that institutional structures that include 'the making of credible commitments' are important when national political economies experience external shocks (Hall and Soskice, 2001, p. 9-11). Accordingly, trust between the main actors in the labour market sector has been considered important in understanding success and failure in economic policy in a number of recent studies, eg in the Netherlands and in Sweden (Visser and Hemerijck, 1997; Rothstein, 2000; 2001). To combine the comments of two political scientists, it has been alleged that 'trustworthiness lubricates social life' (Putnam, 2000, p. 21) 'without which the wheels of society would soon come to stand still' (Elster, 1989, p. 253). It has even been suggested that a decline in trust between workers and management is one of the causes of the rising transaction costs that are reducing labour productivity in the US, and perhaps in many other advanced industrial economies (Levi, 2003, p. 84; Braithwaite, 2003, p. 350). However, so far no-one have been able actually to measure the level of trust, and investigate who has trust in whom, and how much. This is what we are doing here.

We argue that two important aspects of trust, related to Fritz Scharpf's concept of *weak trust*, should be focused upon:

'Weak trust implies at least the expectation that information communicated about alter's own options and preferences will be truthful, rather than purposefully misleading, and that commitments explicitly entered will be honoured as long as the circumstances under which they were entered do not change significantly' (Scharpf, 1997, p. 137).

Hence, first we want to know whether actors give the impression of having what we call *honest intentions* in their professional communications. To what extent do actors assume that others reveal their motives and facts before discussions or negotiations? Second, we want to establish the extent to which the actors of the labour market elite consider their colleagues to *keep their word* after reaching informal agreements.

For several reasons, Hall and Soskice (2001, p. 11) also emphasise the importance of *deliberative* institutions. Such institutions, they contend, 'provide the actors in a political economy with strategic capacities they would not otherwise enjoy', eg a common knowledge that facilitates coordination (ibid, p.12).

Deliberative proceedings in which the participants engage in extensive sharing of information about their interests and beliefs can improve the confidence of each in the strategies likely to be taken by others (ibid, p. 11).

Others have also emphasised the importance of identifying the character of mutual discussions, or the decision-making style, within the sector. Relations between actors are sometimes characterised by pure class conflict and rough negotiations; but, such relations may also take the form of mutually respectful discussions, or even rational talks (Rothstein, 2000; Öberg, 2002). Therefore, it is also important to include the structure of deliberation within the industrial relations system. We understand *rational deliberation* as a joint dialogical process (Bohman, 2000; Dryzek, 2000). This leads us to focus on participants' readiness to listen, and possibly change preferences in the course of a rational conversation (Öberg, 2002).¹ Hence, we want to measure whether the actors of the labour market elite *listen to each other's arguments and seriously take them into account*.

Summarising so far: To be able more precisely to characterise and understand the 'comparative institutional advantages' (Hall and Soskice, 2001, p. 36) of specific countries – that is, to understand the mechanisms reducing uncertainty in order to achieve coordination – we must be able to identify not only the structure of *power* but also the structure of *trust and deliberation* within their industrial relations system.

Social network analysis applied

How then, should we conduct an investigation into these characteristics of industrial relations systems? Comparative studies often rely on quite rough indicators of all the features of varieties of capitalism. In studies of industrial relations, the emphasis is mostly on employers' organisations and union density, coverage of collectively bargained contracts, and authority over different levels of organisations (eg Traxler et al., 2001). Actual relational data are surprisingly rare.² In our view, this is a deficiency. In order to investigate the structure of power, trust and deliberation, one has to pay attention to the *relationships* between the actors. The focus on relations leads us to use social network analysis, which demands data on relations between all the collective actors in the labour market elite. In the study reported here, this is achieved by asking all actors in the sample about their relation to each and everyone else with regard to these variables (technically speaking a 'full network' method).

¹ We disagree with Hall and Soskice (2001, p. 11) since they define deliberation as 'to engage in discussions and to *reach agreements* with each other' (italics added).

² The same relational view is expressed by Ottosson (1997) in his analysis of other empirical data on Sweden, regarding interlocking directorates in Swedish big business.

To repeat and specify the research questions, *first* we want to know which actor is most powerful, and which is most trusted. These two questions can be answered by measuring the importance of each actor in the eyes of all other actors regarding power and regarding trust. The technical term is centrality, which considers the number of links each actor has to all others (if actor A considers B to be powerful, there is a link from A to B), and also the strength of these links. Actors with many and strong direct connections with other actors are viewed as more powerful or trusted than actors with few and weak links.

Second, we want to characterise the structure of the relationships between the actors within the labour market. Are all actors closely connected with each other with regard to power and trust or are they divided into specific subgroups? If the latter is the case, do certain actors playing the role of ‘broker’ keep the groups together? Coordination should imply some type of connection, direct or indirect, among the main parts of the labour market. If there are no links whatsoever between employers and labour, direct or through some other actor, coordination is absent. This also implies different ways of how the mechanisms – power and trust – might work. Coordination can rely on ties between several actors from different parts of the labour market. But, it can also rest on crucial links between a few but important actors even if there are generally strong divisions between the main parts of the system. The question can therefore be re-formulated as follows: Are the labour market actors related in such way so that they form strong subgroups, with or without brokers or bridges linking them together? There might be single actors that are looked upon as powerful or trustful to opposing camps, but with no other links to each other. Since these actors are crucial in connecting isolated parts of the labour market, they serve as brokers and are (supposedly) the coordinators in the system.

And *third*, if there are certain brokers of this kind, or certain links (bridges) between subgroups, what type of actor(s) do we find in the crucial positions?

We illustrate six different systems in the figure below (where each node represents an actor, and a line represents some kind of connection between them).

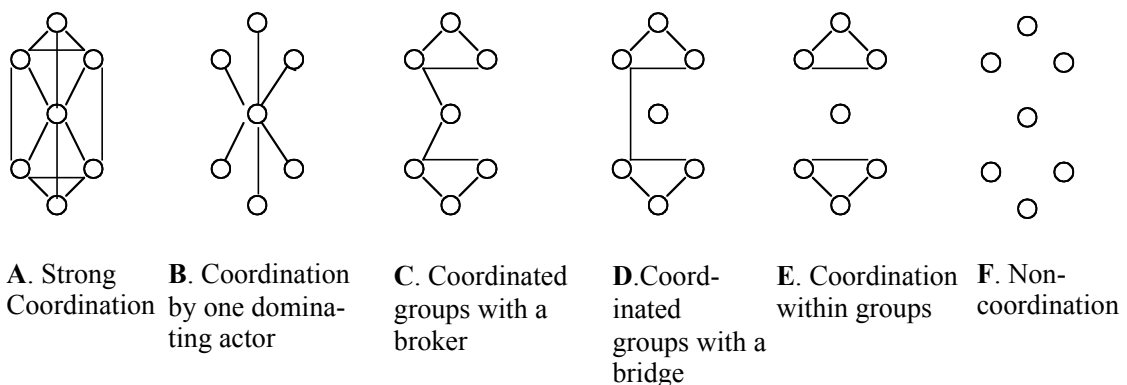


Figure 6. 1. Ideal types of coordination.

Illustrated in this way, the vagueness of the theory of *varieties of capitalism* becomes evident. The dichotomy between coordination and non-coordination seems to hide quite different ideas of how the two systems are constituted. A coordinated market economy – based on power or trust – can exist in four very different modes of coordination (A-D), and the liberal type of market economy can be characterised by pure non-coordination (F) or by coordination within groups but with a lack of linkage between the main parties to the labour market (E).

Survey and data

The study reported here is based on a survey of key actors in the Swedish labour market sector, conducted in the year 2000. We selected the largest and most important actors, which include political parties, government bodies and agencies, public and private employers' organisations, trade unions and large companies. However, in order to obtain answers from these collective actors, we addressed the questionnaire to a number of persons holding top positions within these different organisations. A total of 770 persons in these positions were identified. Hence, the study can also be regarded as an investigation of the labour market elite in Sweden. The collective actors and individual positions were identified according to the principles outlined in Table 6.1. A complete list of the political parties, organisations, agencies and companies is included in the appendix to this chapter.

Table 6.1. Principles for selecting collective actors and individual positions.

Actor	Selection ground for collective actors	Number of collective actors selected	Selection ground for positions	Number of positions	Response rate
Political parties	Parties represented in parliament	7	The executive boards	71	33.8 (24)
Parliamentary committees	Parliamentary committee on the Labour Market	1	All permanent members	17	58.8 (10)
The cabinet	Ministry of Industry and Commerce, and Ministry of Finance	2	Cabinet ministers, under-secretaries of state, assistant under-secretaries	75	28.0 (21)
Government agencies	All labour market agencies	5	Executive boards and managerial bodies	56	58.9 (33)
Public employers' organisations	All important organisations	3	Executive boards and managerial bodies	51	49.0 (25)
SAF <i>The Swedish Employers' Confederation</i>	Peak organisation and 10 largest federations	11	Peak org: executive boards and managerial bodies + experts. Federations: president, vice president and negotiating secretary	112	52.7 (59)
Trade and industry organisations	Two most important and largest	2	Executive boards and managerial bodies + experts	28	57.1 (16)
LO <i>The Swedish Trade Union Confederation</i>	Peak organisation and 10 largest affiliates	11	Peak org: executive boards and managerial bodies + experts. Federations: President, vice president and negotiating secretary	91	51.6 (47)
TCO <i>The Swedish Confederation of Professional Employees</i>	Peak organisation and 7 largest affiliates	8	Peak org: executive boards and managerial bodies + experts. Federations: president, vice president and negotiating secretary	78	67.9 (53)
SACO <i>The Swedish Confederation of Professional Associations</i>	Peak organisation and 5 largest affiliates	6	Peak org: executive boards and managerial bodies + experts. Federations: president, vice president and negotiating secretary	48	58.3 (28)
Companies	15 companies with most employees in Sweden	15	Managing director + deputy + board of directors	143	37.1 (53)
Total		71		770	369

The questionnaire was designed so that each individual, representing one leading position within a collective acting body (in some instances, representing more than one actor), answered nine questions in relation to all the 71 collective actors. From among the actors, one relatively minor player did not respond.³ For every question, reported in connection with the tables below, respondents were asked to estimate all collective actors on a scale with seven categories (apart from the question on contacts, which had six categories). On the basis of the median values of individual responses from the collective actors, it was possible to create a 70x70 matrix on each of the items. Data were scored on the basis of values 1 to 7 (corresponding to the scale used in the questionnaire). The scores were non-symmetric, meaning that the view of actor A on the power of actor B is not automatically the same as the estimate given by B on actor A. Excluding actors' relations to themselves left us with 4,830 relations on each question. This was the starting point for a quantitative network analysis, where the main focus was on actors' centrality. This gave us an opportunity to characterise the structure of relations between actors, and also subgroups.⁴

Technically, we used indegree as a measure of an actor's centrality. Indegree is a measure of the number (in the case of a dichotomy) or value of directed links towards a certain actor.⁵ In the tables below an actor's indegree can vary between

³ The proportion of individual respondents is just below 50 percent (369 individuals). Considering the demanding type of questionnaire, and that this is an elite survey, the response rate is quite satisfactory (see Öberg and Svensson 2002, Table 1 and Footnote 4). The missing actor is the Swedish Food Workers' Union [Livsmedelsarbetarförbundet]. In the process of creating a sample, some problems of demarcation arose. The selection is based upon size in combination with historical importance. This choice excluded one quite large union (with just over 60,000 members) that organises managerial staff – The Swedish Association for Managerial and Professional Staff (Ledarna). This would have been problematic if this group was central to the labour market network. In order to control for this type of problem in the survey, we asked respondents to mention actors of some importance, other than those explicitly given in the questionnaire, who they have contact with. Only one actor explicitly mentions this particular union. There are other actors mentioned as well, but none appears frequently. Our sample includes the important actors, and does not exclude any of considerable importance.

⁴ Since we wanted to find out the interlocks between different organisational spheres and were not primarily interested in the importance of individual actors with regard to sub-groups, we refrained from using cliques or k-plexes as measures of subgroups.

⁵ Indegree is a measure of directed links towards a certain actor. A normalised measure means that the value of degree is divided by the maximum possible degree expressed as a percentage. For further discussion of actor centrality and how to characterise networks, see, eg, Wasserman and Faust 1998; Scott, 2000.

The use of network analysis places heavy demands on the quality of data. There is one collective actor missing in the data. However, this is an actor of minor importance with regard to the research questions and of little consequence for interpretation. The picture regarding individual dropouts or individual mistakes is mixed. All large organisations, especially the peak organisations, and important authorities are quite well represented. Generally more than 50 percent of the individual representatives responded. The lowest response rates are to be found within big companies and political parties (see Öberg and Svensson, 2001, Table 1). However, there are some specific actors with low or very low response rates that

0 and 6 in the eyes of everyone else in the sample. Adding these ratings together an actor can have an indegree ranging from 0 (no-one considers the actor powerful or trustworthy at all) to 414 (everyone else – 69 actors – consider the actor to have the maximum value – 6 – of power or trustworthiness) in all cases, except for ‘contacts’ where the highest possible value is 345 (the highest possible value being 5).

In order to illustrate the relations between the actors graphically we combine indegree and presence of mutual links. Each circle represents an actor, and the size of the circle depends on the value of indegree. Two-way arrows represent mutual links. For example, if actor A contacts actor B and B does the same towards A, there is a mutual link; accordingly, the relation will be represented by an arrow. In order to discern the overall pattern of relations or cleavages between the main parts of the labour market, actors’ affiliations to different groups – political parties, state actors, private employer organisations, trade unions and companies – are marked in different shades. Note that neither the spatial locations in the figures nor the metric distances between the actors are interpretable.

The Swedish case

In this chapter we concentrate on Sweden, one of the countries classified as a coordinated market economy (Hall and Soskice, 2001, p. 19; Wood, 2002). Sweden has, with regard to almost all the important components of an industrial relations system, been found to occupy a more-or-less extreme position. Power over the labour market has been concentrated in peak organisations (Elvander 1988, p. 32; Fulcher, 1991, p. 76-81). These parties have supposedly been involved in intensive interaction that – at least during some periods – has taken the form of rational deliberation, characterised by high levels of mutual trust and consensual decision-making (Elvander, 1988, p. 42; Rothstein, 2001, p. 207). Also, Sweden is one of the coordinated market economies where national-level bargaining institutions have been ‘shored up’ by employers who have oriented their competitive strategies around ‘high value-added production that depends on a high degree of stability and co-operation with labour’ (Thelen, 2001, p. 73;

could have an influence on the results. In cases where a collective actor is represented by only one or few positions, individual differences within the organisations can have a considerable effect (eg the Left Party with one out of six, or the Industrial Workers Union where one out three responded). This forces us to adopt a cautious approach.

Apart from being non-symmetric, the network is valued as well. As the calculations involve dichotomisation of data, we can make use of this property in order to find a valid division. However, it should be pointed out that different dichotomisation leads to networks of different kinds, or at least of different complexity. On the basis of the variation of answers within the different questions (Öberg and Svensson, 2002) we maintain that the dichotomisation also reflect an actual variation, and underestimates differences. The network analysis is carried out using Ucinet, a program package developed by Martin Everett and Stephen Borgatti, Copyright (c) 1999-2000 Analytic Technologies, Inc.

Hall and Soskice 2001; Swenson, 2002). This cross-class alliance between organised labour and capital has been characterised as *negotiated solidarity* by Peter Swenson (2002, p. 34), a leading expert on Swedish industrial relations.

However, some of the characteristics of what once was called the ‘Swedish model’ have changed or even vanished over the past two decades (Hermansson et al., 1999; Swenson and Pontusson, 2000; Rothstein, 2001). This is said to have had important effects on the labour market regime (Fulcher, 1991; Visser 1996, p. 179; Elvander, 2002). Several studies of the development of Swedish industrial relations, above all regarding the bargaining system, interpret the changes as extensive and important (Swenson and Pontusson 2000, p. 78, p. 99; Wallerstein and Golden, 2000, p. 132-134; Iversen, 1998). Although recognising these changes, Thelen and others argue that, compared with changes in other countries, they should not be exaggerated (Thelen, 2001, p. 88; Elvander, 2002, p. 198; Svensson and Öberg, 2002).

So, if proponents of the *varieties of capitalism* interpretation of western economies are correct, we should expect industrial relations in Sweden to involve important coordinating mechanisms. If these mechanisms are in accordance with the classic Swedish model, then relations of power, trust and deliberation should be dense in each subgroup, but should also contain bridges between groups. Peak organisations and the state are the actors most likely to hold coordinating positions.

Power

Within the sphere of labour market politics the Swedish model has historically been characterised by interplay and a particular division of labour within a strong bipartite system, including peak-level organisations and a strong interventionist state (Rothstein, 1996). The private parties handled wage bargaining, and the Social Democratic government was strongly involved in legislation on labour protection and the pursuit of selective labour market policies to foster a solidaristic wage policy (Milner, 1990, Chapter 4). The firm centralisation of organised labour and capital was enforced by a cross-class alliance, with the employers and the state as the main actors (Swenson, 1991; 2002). Thus, peak-level organisations in Sweden have traditionally enjoyed significant authority over lower levels in the industrial relations system. Using the ideal types above (see Figure 6.1), we can describe the traditional system as similar to model C or D – coordination between groups with crucial bridges or brokers – where peak-level organisations have played a crucial role in tying the system together. However, according to some studies, this is one important component that has changed over the last decades (Golden et al., 1999, p. 215; Elvander, 1988, p. 45; Hermansson, 1993; Pestoff, 1995; Kjellberg, 2000; Hermansson et al., 1999; Johansson, 2000). According to analyses made by, for example, Swenson and Pontusson (2000, p.

78) we would at least expect peak organisations to be less powerful actors within the system. Thus, as a first step in the analysis we addressed the question of which actors are the most powerful.

Who has the most power?

The hypothesis pointing to less power for traditional actors in the Swedish model is inconsistent with our findings. To the contrary, our analysis indicates that the state and the peak organisations retain a powerful position. Tables 6.2-6.5 below show the highest ranked actors in terms of power, using a measure of actor centrality. The overall picture is similar, irrespective of the type of power resources we measure or whether we look at activation of power (Öberg and Svensson 2002, tables 4, 5 and 6). (As explained above, indegree in tables 6.2-6.5 is the sum of all other actors' estimations of actor A's power on a scale ranging from 0 to 6. Hence, if all other actors regard actor A as having maximum power, it obtains an indegree score of $69 \times 6 = 414$.)

Table 6.2. Which actors have most influence on the labour market?		Table 6.3. Which actors possess useful information for the labour market elite?	
Actors	Indegree 0-414	Actors	Indegree 0-414
Ministry of Finance	285	Ministry of Finance	246
Ministry of Industry and Commerce	264	SAF (peak organisation)	241
Social Democrats	255	Ministry of Industry and Commerce	237
Committee on the Labour Market	233	LO (peak organisation)	219
LO (peak organisation)	200	TCO (peak organisation)	218
Labour Court (AD)	198	Labour Court (AD)	216
SAF (peak organisation)	183	Committee on the Labour Market	212
National Labour Market Board (AMS)	182	National Labour Market Board (AMS)	204
TCO (peak organisation)	174	The Swedish Federation of Industry	198
National Board of Occupational Safety and Health (ASS)	170	SACO (peak organisation)	194
SACO (peak organisation)	148	National Board of Occupational Safety and Health (ASS)	193
The Association of Swedish Engineering Industries (VF)	139	Social Democrats	192
Swedish Metal Workers Union	139	Almega (service employers)	188
<i>Total number of actors in the network: 70</i>	<i>Min=46 Max=285 Mean=112</i>	<i>Total number of actors in the network: 70</i>	<i>Min=97 Max=246 Mean=150</i>
<i>Question asked: How much influence within your sphere of activities do the representatives mentioned below have?</i>		<i>Question asked: How useable do you consider information from those listed below?</i>	

Table 6.4. Which actors are the most desired as alliance partners on the labour market?		Table 6.5. Which actors within the labour market elite are the most contacted?	
Actors	Indegree 0-414	Actors	Indegree 0-345
Ministry of Industry and Commerce	209	Social Democrats	96
Ministry of Finance	206	SAF (peak organisation)	94
Social Democrats	202	LO (peak organisation)	87
Committee on the Labour Market	173	Ministry of Industry and Commerce	83
SAF (peak organisation)	168	Union of Service and Communications	66
TCO (peak organisation)	164	Employees Association (SEKO)	
Almega (Service Employers)	161	Swedish Union of Clerical and Technical Employees (SIF)	77
LO (peak organisation)	160	TCO (peak organisation)	66
National Labour Market Board (AMS)	154	Swedish Association of Local Authorities	64
Union of Service and Communications Employees (SEKO)	153	Swedish Association of Graduate Engineers (CF)	63
Swedish Metal Workers Union	150	Federation of Swedish County Councils	60
		Almega (Service Employers)	57
		Swedish Metal Workers Union	55
<i>Total number of actors in the network: 70</i>	<i>Min=61 Max=209 Mean=121</i>	<i>Total number of actors in the network: 70</i>	<i>Min=7 Max=96 Mean=37</i>
<i>Question asked: How important is it to coordinate positions and actions with those mentioned below before a decision, negotiation or discussion?</i>		<i>Question asked: How often do you make contact with representatives of the actors mentioned below, regarding matters within your sphere of activities?</i>	

First, it is clear that the central political and state actors, the ministries, the Committee on the Labour Market and the Social Democratic Party, as well as the relevant government agencies, are the most powerful actors dealing with political issues on the labour market. Social Democrats are among the highest ranked in almost every respect (although somewhat less regarding useful information). With the exception of the ministry responsible for labour market issues (Ministry of Industry and Commerce), state actors fail to reach the top of the list only regard to contacts, possibly a reflection that the Swedish labour market is still dominated by bargaining between employers and unions without state intervention. The state has great power but does not have actively to participate in day-to-day work. Second, the main peak organisations representing employers and labour (SAF and LO), and also white-collar workers (TCO), are highly ranked in all regards. They are looked upon as highly influential, possess valuable information, are considered important allies, and are often contacted. Even though the centralised bargaining system has been replaced by branch level bargaining and pattern-setting, peak organisations are still considered more powerful than any branch organisation or union. Third, apart from the very high ranking of peak organisations, the unions and employers representing the service and welfare sector – as well as some actors (eg Metal Workers) who represent the new bargaining system based on coordination at a lower level – are quite highly ranked in some respects. To summarise, if it has ever been otherwise, the labour

market is nowadays clearly in the hands of the politicians and the state; but, it can also be said that the actors associated with the classical Swedish model of peak-organisation dominance are still alive and kicking.

It is not certain, however, that different types of actors have the same relations with all others. The strong position of the state or peak organisation can in fact hide quite different power relations within or between key subgroups.

How are power relations structured?

Relational data give us an opportunity to identify individual relations as well as the subgroups hidden behind them. So, in fact, the conclusions on the Swedish model's inertia and stability that have been reported up to now can conceal a much more complex and even conflicting pattern. In order to find any such pattern, a first step is to compare power relations *within* and *between* institutionalised groups: political parties (here restricted to the Social Democrats), the state, government employers, private employers, labour unions (LO affiliates), employees (TCO affiliates), employees (SACO affiliates) and companies. (Technically, the measure is that of network block density.)

A first conclusion is that the patterns resemble some of the coordinated alternatives presented in Figure 6.1. Institutional borders delimit power within distinct organisational spheres. Most actors look upon others within their own organisation as more powerful than actors representing other organisations, irrespective of the power dimension. Above all, this applies to contacts but it is also valid regarding general influence and resources like information and alliances. Second, there are important exceptions to this rule. All actors generally have more relations, with regard to power, to the Social Democrats and actors belonging to the state than to actors within their own group. Further, companies' relations with each other are most often less dense than their relations with actors in other groups (at the same time as all others rate the power of companies as very low). Third, relations to others are differently distributed across organisations, thereby, for example, dividing union relations from employer relations. For instance, labour unions can obtain important information from the Social Democratic Party (Density = 0.9 on a scale from 0 to 1) but none from companies ($D = 0.06$). By contrast, employers have no use of Social Democratic information ($D = 0.08$), and are the only ones to rely on information from companies ($D = 0.2$).

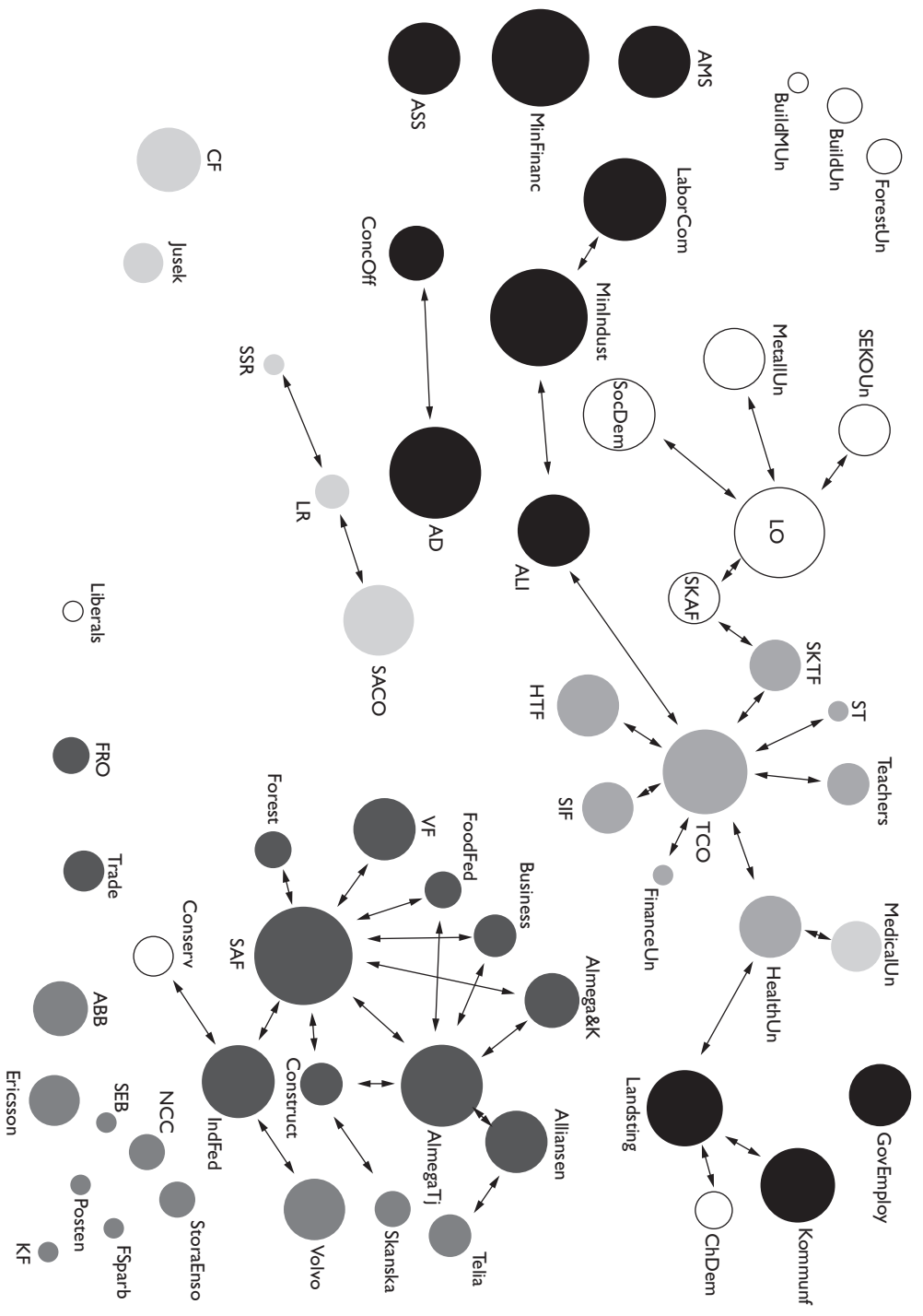
Taken together, it seems to be the case that the structure of power is divided, at the same time as all or nearly all actors rate the power of the state and the Social Democrats as high. This explains the high power positions of these actors in the tables above.

In order to compare the actual structure of power in the industrial relations domain with the ideal types we have to move back to the relations of single

actors to each other. Data must be dichotomised for the purpose of representing the relations graphically; that is, the continuous scale is replaced so that actors can consider others to have power (influence, information, etc.) or not. However, the use of the centre of the scale as a dividing point often produces a very dense web that is hard to interpret. In such a case, the relations between the actors show a resemblance to the ideal type of strong coordination (1A). In order to find the most important actors and coordinating links between them, it is reasonable to raise the standards of how power is measured. The use of the strongest possible demand on data (highly usable information, very important as allies, very strong influence and, in the case of contacts, every week or more) reveals a clearer pattern. The web of power relations is still dense, but divided into different sub-groups, and the links *between* these groups are less common. Together with peak organisations, representatives of the state as well as the Social Democrats play an important role as broker in three out of the four cases (influence, information and alliances). Regarding everyday contacts, the state is excluded. Here, Social Democrats and peak organisations are joined by some of the larger unions and employers' organisations in the broker role.

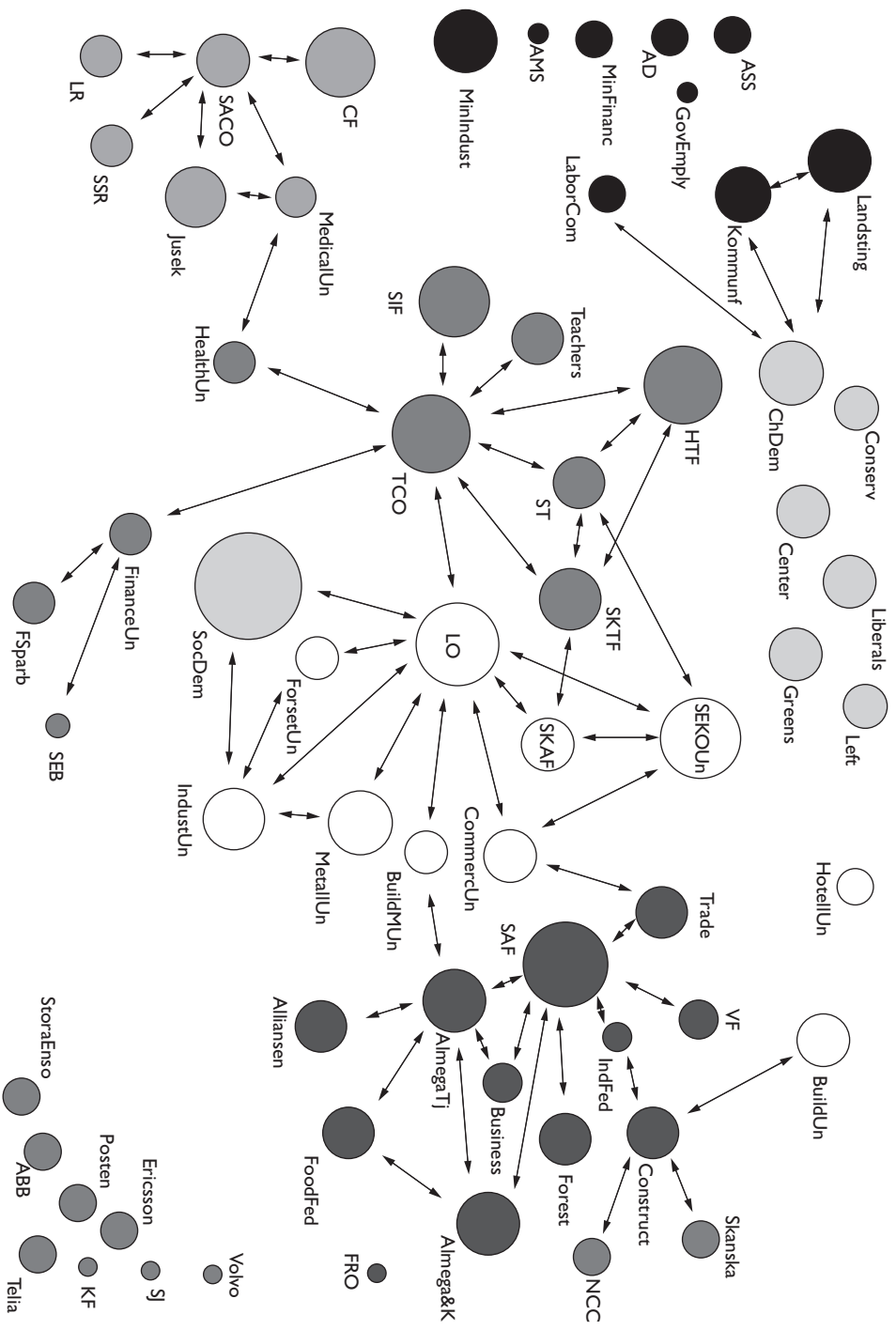
Two kinds of relations are represented below – how information is valued and actual contacts. The individual actor's centrality – power – in relation to all others (corresponding to the tables above) is shown by the sheer size of the circle representing each actor. Since the affiliations to different groups – political parties, state actors (including committees, the cabinet, government agencies and public employers), private employer organisations (including trade and industry organisations), trade unions (LO, TCO, SACO) and companies – are marked in different shades, it is also possible to discern the overall pattern of relations or cleavages between the main parts of the labour market mentioned above (abbreviations in Appendix 6.1). This also makes it easier to find out if there are any coordinating relations or actors – bridges or brokers – between the actors. With the intention of actually showing interpretable graphs, and at the same time finding the *core* of the most important actors, we use reciprocal ties; that is, to be interpreted as a link, there has to be a two-way relation, both from A to B *and* from B to A. Any such relation is illustrated by a two-way arrow.

The graphs tell the same story regarding which actors are the most powerful. However, they also reveal the structures of power measured in two different ways. There are both similarities and differences between the two. Where the resource of information works first and foremost within dense groups with some brokers in between, actual contacting involves several bridges between different groups of actors, even when we ask for reciprocated (two-way) ties and look for at least monthly contacts.



Question asked: How useable do you consider information from those listed below? 1=Not usable at all; 7=Highly usable. Threshold: Only directed links above the value of 5 are represented. The links in the network correspond to reciprocal ties, which are the result of symmetrising (minimum method) the dichotomised network. The actors' indgree are expressed by the sizes of the circles.

Figure 6.2. Relations of mutually valuable information.



Question asked: How often do you make contact with representatives of the actors mentioned below regarding matters within your sphere of activities? 1. Rarely/Never 2. At least once per year 3. At least once per quarter 4. At least once per month 5. Almost every day. Threshold: Only directed links above the value of 3 are represented. The size of each actor represents the value of Indegree, while reciprocal ties imply mutual contacts. (Large actors without a tie are often contacted by others, but do not contact those actors themselves.)

Figure 6.3. Relations of mutual contact.

A general feature of the relations between actors with valuable information is that there is a clear division between employers and unions; another is that these subgroups seem to be quite dense. We appear to be looking at a situation of coordination within groups (Figure 6.1 E). First and foremost, actors seem to consider information within their own group as most usable. Moreover, if we look into the two larger subgroups we can also find important brokers between the different parts of these main groups, eg those that tie employers to companies, and labour unions to employees as well as to the state. The unions covering the public welfare sector (SKAF and SKTF) – linking blue-collar and white-collar unions – offer good examples. Thus, in spite of lower individual power, the particular broker positions of these organisations give them the possibility to work as important coordinators within the main camps.

The relations of mutual contacts are a large and loosely tied web, looking more like that described in Figure 1 C or D (coordination with brokers or bridges). There are a few distinct subgroups around the four peak organisations. Unlike how valuable information is considered, there are important bridges tying all the main subgroups together. The labour unions and employers are connected through mutual contacts between affiliates in commerce and private services. The gap between blue-collar and white-collar workers is bridged not only by links between organisations representing those who work in the public sector, but also by organisations in the private service sector. Further, TCO and SACO are linked through contacts in the health sector. The structure of alliances (not represented here) can be characterised in the same way. The distinct cleavage between opposing labour market interests is bridged by the search, at least on the part of some actors, for alliances. There is possible coordination, stemming from specific organisations' explicit desire for allies within other camps. A good example is the employer organisation for business services that builds alliances with its counterparts within the various types of trade unions (Handels, HTF, SSR), thereby linking the employers to the other main groups of unions.

What conclusions can then be drawn in terms of preconditions for coordination? It is clear that the peak organisations still have pivotal positions within their respective subgroups. Their positions give them the resources to act as coordinators in the industrial relations system. However, focusing on strong demands on links of power reveals an interesting pattern. Distinct cleavages between the relatively dense subgroups consisting of white-collar and blue-collar unions, and employers' organisations and companies, become clear. Where bridges exist, first and foremost regarding contacts and alliances, they are often cross-class links within certain sectors indirectly connected with the most powerful actors. Thus, crucial actors seem to tie distinct subsystems together into a coordinated one. However, the system is kept together not only by the need for resources and the possibility of sanctions. As we will see, trust also plays a crucial role, but this

is attributed to other actors, and the patterns of trusting relations are quite different.

Trust and deliberation

Who are the most trusted actors and most important deliberators?

A significant part of industrial relations in Sweden has been that actors on the labour market have been able to conclude agreements in almost every area of potential conflict (Milner, 1990, Chapter 3; Fulcher, 1991, p. 188-196). The parties involved seem to have considered it worthwhile to negotiate agreements, and everyone has taken for granted that their counterpart would stick to what had been settled. The foundation of this situation seems to have been a high degree of mutual trust between the important actors. The importance of trust is exemplified by the fact that the leader of the Confederation of Employers at the beginning of the 1930s (a key period) was chosen 'for the very purpose of building bridges between his export interests and the worlds of finance and labour' (Swenson, 2002, p. 120). Other centrally positioned persons in the organisation 'wanted someone who was liked and trusted by leaders of the labour movement for better communication across classes' (ibid, p. 97).

Bo Rothstein (2003, p. 269ff) is another who argues that interpersonal trust has been very important in making collective bargaining in Sweden work. Further, he claims that trust between employers and unions was established through continued dialogue within political institutions created by the government. However, many observers suggest that something has happened in this regard, especially in the labour market sector (see Rothstein 2001, p. 209). Since we do not have time-series data we cannot say anything about possible changes, but the tables below show the most trusted actors in the Swedish industrial relation system today. Are government institutions as important as Rothstein argues that they are?

Table 6.6. Which actors are most trusted to have honest intents?		Table 6.7. Which actors are most trusted to keep their words?	
Actors	Indegree 0-414	Actors	Indegree 0-414
Labour Court (AD)	314	Labour Court (AD)	339
The Swedish National Conciliators' Office	295	The Swedish National Conciliators' Office	309
National Board of Occupational Safety and Health (ASS)	281	The Swedish Confederation of Employers (SAF)	299
The National Institute for Working Life (ALI)	275	Ericsson	298
The Committee on the Labour Market	266	Volvo	295
The Swedish National Labour Market Board (AMS)	265	ABB	294
The Federation of Swedish County Councils (Lf)	253	The Association of Swedish Engineering Industries (VF)	291
The Swedish Association of Local Authorities (SK)	253	FöreningsSparbanken (Swebank)	288
The Swedish Confederation of Employers(SAF)	253	The Swedish Association of Graduate Engineers (CF)	284
National Agency for government Employers (AgV)	252	Four different employers' organisations	282
<i>Total number of actors in the network: 70</i>	<i>Min=138 Max=314 Mean=234</i>	<i>Total number of actors in the network: 70</i>	<i>Min=125 Max=339 Mean=261</i>
<i>Question asked: To what extent do you assume that representatives from the list below reveal their motives and facts before discussions or negotiations? 0=not at all, 6=entirely</i>		<i>Question asked: To what extent do you assume representatives from the list below stand by their word after an agreement? 0=not at all, 6=entirely</i>	

It can be concluded that the actors considered trustworthy are not the same as the ones with power. Although there are exceptions (political parties are generally considered to be both powerless and untrustworthy), there is a clear tendency for the most powerful organisations to be comparatively less trusted, while some of the most trusted ones are not considered to have much power. This finding may coincide with the conclusion of Farrell and Knight (2003, p. 445) that the more powerful actors do not have good reasons to behave in a trustworthy fashion under certain circumstances. Certain actors may simply be too powerful to be trusted (Farrell 2004, p. 3). Unfortunately, the question of how asymmetric relations of power affect trust has to be answered elsewhere.

The Labour Court and the Conciliators' Office hold central positions in the relations of trust in the industrial relations domain. Beside these government agencies, actors from Swedish industry (private employers' organisations and companies) and the public employers' organisations dominate the trust systems.⁶

⁶ Other actors emerge as central when we focus on a network of *very high trust*, especially LO and some of its affiliates. The most important reason is that unions have stronger bonds to other actors, ie to some political parties (the Social Democratic Party) and some government agencies. Internal trust between unions is *slightly* denser (density = 0.15) on this level of trust, than within the group of employers' organisations and companies (0.11). The relation

While companies are not assumed to have honest intentions, other actors expect them to keep their word if an agreement is reached. On the other hand, some government agencies do have honest intentions, but are not assumed to keep their word to the same extent.

The reason that employers' organisations and companies enjoy a higher level of trust in Swedish industrial relations is that the relationship between employers and unions is not a reciprocal one (Öberg and Svensson, 2002, p. 483). While unions trust employers, employers and companies are more distrustful of the unions.⁷

The international image of Sweden is one of a country 'taking a controlled and rational approach to labour issues' (Visser 1996, p. 175). In Sweden, bargaining is described as being characterised 'by a basic willingness by both parties to approach problems analytically rather than polemically' (Milner, 2000, p. 92). Although class conflict has been the main characteristic of Swedish industrial relations over the years, it is true that there has also been a significant element of rational discussion. Cooperation over statistics on wages is one important example. Experts from the organisations interviewed by Elvander (1988, p. 270) certify that the effort to reach consensus on basic data has been successful overall, even though disagreements over interpretations have sometimes been apparent. In the words of Swenson and Pontusson (2000, p. 80), the room for wage increases 'was in principle determined by objective criteria that unions and employers ... could jointly agree upon'. The emphasis on expertise in industrial

Table 6.8. Which actors listen to and reflect on others' arguments?

Actors	Indegree 0-414
The Swedish Labour Court (AD)	264
The Swedish National Conciliators' Office	254
National Board of Occupational Safety and Health (ASS)	231
The National Institute for Working Life (ALI)	231
The Committee on the Labour Market	230
Ministry of Industry and Commerce	227
The Swedish National Labour Market Board (AMS)	223
<hr/>	
<i>Total number of actors in the network</i> 70	<i>Min=119</i>
	<i>Max=264</i>
	<i>Mean=196</i>
<hr/>	
<i>Question asked: To what extent do you assume representatives from the list below listen to, and reflect on, the arguments of others? 0 = not at all, 6 = entirely</i>	

between the blocks on this level of high trust is reciprocally low (nrm indegree = 0.11 and 0.08). This highlights the importance of taking trust into account, not as a matter of black or white, but as a matter of degree. More research is needed before we know what degree of trust makes a difference in industrial relations systems.

⁷ The explanation is not that the subnetwork of industry is denser than the subnetwork of unions, since internal trust among industry actors is the same as between different unions. The non-reciprocal relationships between these groups of actors is evident when we compare average indegree in reduced blockmodel matrices.

relations in Sweden is also evident in the fact that the leadership of the employers' organisation (SAF) has been dominated by people with a legal, rather than managerial, background (Kjellberg 2000, p. 178). Which actors are regarded as the best deliberators today?

Actors within the sector do not consider each other, in general, to be entirely rational deliberators (Öberg and Svensson, 2002). However, the results indicate that experts occupy a strong position within the Swedish industrial relations system. Not surprisingly, the ones that are considered to listen and reflect on the arguments of others are typically expert agencies. Hence, these agencies are, to a greater extent than other actors on the labour market, considered to listen to the arguments of others, and also to have honest intentions in discussions. According to earlier research and our own findings, it is possible to discern experts as the carriers of a tradition of rational argumentation, which functions as a coordinating mechanism in the industrial relations system. Political parties are, again, looked upon with distrust. They are not trusted to have honest intentions, or to keep their word, or to listen to argument.

No matter how trusting relations are measured, the most central actor in such relations is the Labour Court, followed by the Conciliators' Office. Unlike some of the other agencies, these actors are not only considered to have honest intentions and to listen to others' arguments, they are also known to keep their word following an agreement. These findings are in accordance with what we have shown elsewhere, using data based on individuals within the Swedish labour market elite (*ibid*). The roots of these two agencies go back to the beginning of the 20th century, and have been considered by international observers to be important institutional 'building blocks' that provided 'a framework for cooperation' and laid the foundation for the 'cooperative spirit' of the Swedish model (Visser, 1996, p. 175). For example, the Labour Court – whose judges are nominated by both employers and unions – was an important actor when 'SAF and LO worked together solidaristically' on the problem of setting rates for piecework in Swedish industry (Swenson, 2002, p. 158). The court's history has apparently created a positive 'collective memory' (Rothstein, 2000) that has established it as the most trusted actor in the industrial relations system.

How are trust and deliberation structured?

We have concluded that the Labour Court and the Conciliators' Office are the most central actors. We also know that the public and private employers' organisations enjoy higher levels of trust, due to the fact that they are trusted by the unions but not the other way round. How then are the webs of trust and deliberation structured?

As with relations of power, the web of trust is very complicated and dense if we dichotomise at the mid-point on our scale.⁸ All these structures are most similar to the strongly coordinated ideal type in Figure 1. However, it is reasonable to assume that a high level of trust is necessary to accomplish coordination. Further, the relationship of trust has to be reciprocal in order to survive. In the figures displaying trust relations below, we have incorporated those two conditions.

Although about half of the actors are isolates (ie no trusting relation to anyone) when using these strong conditions, the core actors are connected in distinct patterns. The web of actors that trust each other to 'keep one's word' resemble a system that has *coordinated groups-with-a broker*. One group of LO affiliates, another group comprising a few companies, and a third group consisting of a few employers' organisations are held together in one component by the large broker in the middle, the Labour Court (labelled AD in the figure, which is the Swedish abbreviation for *Arbetsmarknadsdomstolen*).

There is of course a close connection between trust and deliberation, both empirically and theoretically (Braithwaite, 2003). Relations between actors that, it is proposed, take part in deliberation (not illustrated here) do not have any coherent groups; rather, one dominant actor coordinates them. And, as in the case of trust, the dominant actor and/or broker is the Labour Court. The important position of the court is therefore even more evident when we analyse the complex webs of trust and deliberation in their entirety.

We can now present our conclusions on trust in the Swedish industrial relations system. The Labour Court and the Conciliators' Office are the most trusted actors. Unions have much more trust in employers and companies than the other way around. Consequently, employers and companies are more trusted, especially to keep their word after an agreement. The structures of trusting relationships resemble coordination with a dominating actor or, in the case of keeping one's word, coordination by a broker. The Labour Court occupies that position, which is strengthened by the fact that there are no coordinated groups and, hence, no actors that can serve as bridges.

The Labour Court is obviously an organisation that is different by nature from unions and employers' organisations. The central position of the court is very likely due to the recognition of the procedures and activities it stands for, but that may not at all influence the conclusion that the Swedish Labour Court is a very important promoter of trust in the industrial relations system. It is known from studies of trust in other areas that certain bureaucratic arrangements may create a sense of obligation to cooperate and a faith in the trustworthiness of both the bureaucrats and the regulated:

⁸ Density in the network for honest intent is .48, keeping one's word .62, and listening to arguments .31.

‘A competent and relatively honest bureaucracy not only reduces the incentives for corruption and inefficient rent-seeking but also increases the probability of cooperation and compliance, on the one hand, and economic growth on the other. To the extent that citizens and groups recognize that bureaucrats gain reputational benefits from competence and honesty, those regulated will expect bureaucrats to be trustworthy and will act accordingly’ (Levi 2003, p. 87).

Institutions may play an especially important role in the creation of trust when the relation of power is asymmetric. It is even in the interest of a powerful actor to be subject to external institutions. Such (self-imposed) institutional control makes the commitment of cooperation more credible, since it delimits the actor’s own possibility to abuse trust (Farrell, 2004, p. 13; Farrell and Knight, 2003, p. 540). We consider the Labour Court to play that role. This institution seems to bridge trust between different actors in the political economy of Sweden, and in doing so contributes to a system where the uncertainty of other actors’ strategies is reduced.

Conclusion

To sum up, research on *varieties of capitalism* has shown that some countries are distinctly out of line with the classical liberal market model. In these coordinated market economies, a reduction of uncertainty in the strategies of relevant actors, combined with a widespread presumption of credible commitments, constitutes the basis for coordination and helps the actors reach cooperative equilibriums. However, there have so far been few attempts to specify the mechanisms or the detailed structure of such coordination. In this chapter, we have presented some evidence of how it is achieved in Sweden. We argue that power and trust are the main components of coordination. Using network analysis we have also shown how the structure of coordination differs with regard to these two crucial coordinating mechanisms. An important idea within research on varieties of capitalism is the importance of companies, their needs, and the decisions made by capitalists. These actors might therefore be expected to be important parts of the coordinating structure. However, in contrast to this widespread conception, our empirical test shows that these actors do not play any important role of their own in the coordinated industrial relations system.

The most central actors of power are the ministries of finance and industry, some government agencies – especially the Labour Court – and the confederations of unions and employers’ organisations. Hence, the government is very important in enhancing coordination. Even if change to the bargaining system is evident, coordination within the Swedish industrial relations system seems to occur in ‘the shadow of hierarchy’, where the state and peak organisations play crucial roles.

This conclusion is in accordance with our hypothesis and clearly contradicts the commonly held view that there was a radical shift in the Swedish model in the 1990s. The central position of the state is also apparent when we analyse the structure of directed power relations, ie when we also consider relations that are not mutual. State actors, together with the Social Democrats and peak organisations, are considered to be influential, are known to possess valuable information, and are popular as alliance partners. But, actors representing the state are not among the most contacted ones. The everyday contacts linking together the divided labour market are founded upon the power and influence of the Social Democrats, peak organisations, and some of the largest unions and employers' organisations. With this exception, the general pattern falls somewhere between the ideal type of *B* and *D*, *coordination by one dominant actor* and *coordinated groups with a broker*. The situation can be illustrated in the following way. In the figures below a link without an arrow indicates a reciprocal tie.

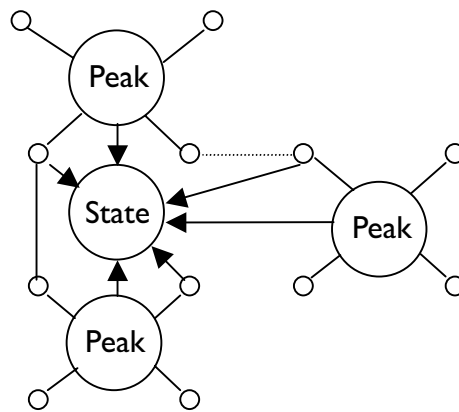


Figure 6.5. The unilateral power structure in the Swedish industrial relations system.

State agencies, often at Ministry of Industry level, possess the necessary resources and can exercise influence over other actors within the industrial relations system. However, the overall pattern becomes different if we solely analyse reciprocal bonds.

The reciprocal relations of usable information and contacts exclude the state, and leave the confederations (peak organisations) of unions and employers as the most central actors. There are some important bridges between the organisations, consisting of organisations within the same – presumably public – sector. Thus, excluding the state, there still exists mutual dependence on, for instance, the information between these organisations that keeps the labour market together. The power structure, only counting mutual relations resembles that in Figure 1C, ie *Coordinated groups with a broker*, but there is also a dominant actor (the peak organisation) within each subgroup.

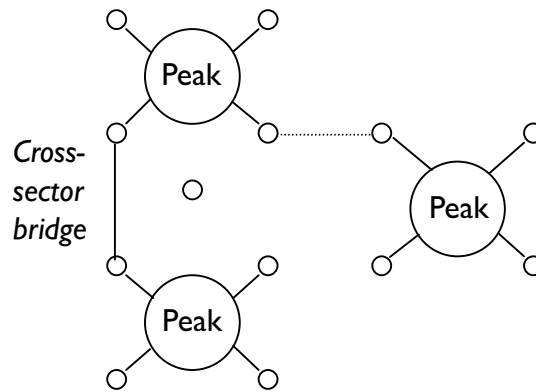


Figure 6.6. The mutual power structure in the Swedish industrial relations system.

As shown in this chapter, the Labour Court holds a central position when it comes to trust in the industrial relations system, however it is measured. The trust structure, too, is strongly coordinated if we dichotomise trust at the mid-point on our scale. However, when we concentrate on actors that have a high level of trust in each other, the pattern is quite clear and resembles a combination those in Figure 6.1B (*Coordinated by one dominating actor*) and Figure 6.1C (*Coordinated groups with a broker*).

Admittedly, this study has some of the flaws associated with extensive survey investigations, and needs to be supplemented more intense studies. Some preliminary conclusions are nonetheless possible to draw. State actors are very important in the industrial relations system in Sweden. The relevant government ministries are most central when it comes to the different measures of power. The Labour Court and the Conciliators' Office are the most trusted actors, and are also known to be the best deliberating actors. However, confederations of employers' organisations and unions are not out of the picture. They are almost as important as the state actors, and even more important within the network of contacts and all networks of reciprocated power relations.

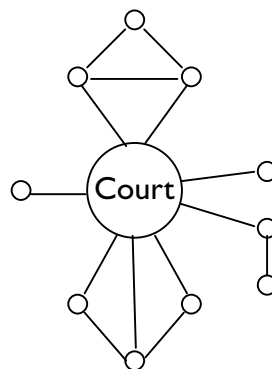


Figure 6.7. The structure of trust in the Swedish industrial relations system.

The structures of power and trust relations are not identical. Not only are the actors different – the ministries and the dominant political party in government, the Social Democrats, being considered powerful but less trusted – but also the configuration of the relationships is different. The structure of power relations involves many actors, with the ministries and other state actors at the core in the non-reciprocal structure, and with the peak organisations as the dominant actors in subgroups of reciprocated power relations. The structure of trust relations is less integrated, but held together by a dominant actor, the tripartite Labour Court.

By using data that allow for social network analysis, we have been able to show that peak organisations are important coordinators within their respective organisational spheres, but there are also other important brokers that occupy powerful positions, because they can bridge information and contacts between the peak organisations. Further, the other coordinating mechanism – trust – is constituted in quite another way. The Labour Court, in particular, acts as a broker between actors in the industrial relations system, bridging trust between actors that mistrust each other. As is proposed in the case of the National Labor Relations Board in an American context, the analysis in this article confirms that a third party, the Swedish Labour Court, plays an important role. Distrust between the main contenders remains, but coordination prevails because they both trust the Labour Court (cf Levi et al., 2000).

Taken together, this indicates that coordination in the Swedish industrial relations system is based on two different mechanisms. There exists a mutual dependence of power between the employers and employees themselves, which enhances coordination between the peak organisations as well as within certain sectors. This is however complemented (and perhaps also compelled) by active state involvement, and supported by state-imposed rules. The negotiations between the government and the peak organisations initiated in the autumn of 2003 are indications of how this system works, and demonstrate the importance of the state. These negotiations have, at the time of writing, reached deadlock, but may in the long run result in a new social pact bringing together the contracting parties, who share a common interest in greater economic growth (Rhodes, 2001). However, if we are correct in our theoretical argument that trust is important in order to reduce the uncertainty of other actors' strategies and to establish credible commitments (a statement we will empirically investigate in forthcoming work), the foundation of coordination is somewhat fragile. Trust across class borders is scarce. Employers trust unions less than unions trust employers. This indicates that if the state is unable to maintain its powerful position and if the Labour Court fails to sustain trust in the system, coordination within the Swedish industrial relations system may collapse.

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Appendix 6.1. Actors, abbreviations and response rates

Political parties

Swedish Social Democratic Party [SocDem] 3

Left Party of Sweden [Left] 1

The Green Party of Sweden [Greens] 3

The Moderate Party [Conserv] 7

The Liberal Party [Liberals] 3

The Swedish Christian Democrats [ChDem] 2

The Centre Party of Sweden [Center] 6

Parliamentary Committees

Parliamentary Committee on Labour Market [LaborCom] 10

The Cabinet

Ministry of Industry and Commerce [MinIndust] 5

Ministry of Finance [MinFinanc] 15

Government Agencies

The Swedish National Labour Market Board [AMS] 14

The National Institute for Working Life [ALI] 5

National Board of Occupational Safety and Health [ASS] 10

The Swedish Labour Court [AD] 2

The Swedish National Conciliators' Office [ConCoff] 4

Public employers' organisations

The Swedish Association of Local Authorities (SK) [Kommunf] 8

The Federation of Swedish County Councils (Lf) [Landsting] 7

National Agency for government Employers (AgV) [GovEmploy] 11

The Swedish Confederation of Employers (SAF)

SAF [SAF] 29

The Association of Swedish Engineering Industries [VF] 4

The Swedish Federation of Trade (Handelsarbetsgivarna) [Trade] 4

Almega: The Alliance [Alliansen] 4

Almega: Swedish Service Employers Association [AlmegaTj] 1

Almega: Industrial and Chemical Association [AlmegalandK] 5

The Swedish Construction Federation (BI) [Construct] 3

Swedish Road Transport Employers Association (Ba) [RoadTrans] 3

The ALMEGA Business Service Associations [Bussiness] 1

Swedish Forest Industries Federation [Forest] 5

Swedish Food Federation [FoodFed] 3

Trade and industry associations

Federation of Swedish Industries (Industriförbundet) [IndFed] 4

The Federation of Private Enterprises (FR) [FRO] 12

The Swedish Trade Union Confederation (LO)

LO [LO] 24

Swedish Metal Workers Union (Metall) [MetallUn] 2

Swedish Building Workers' Union (Byggnads) [BuildUn] 2

Union of Service and Communications Employees' Association (SEKO) [SEKOUN] 4

Swedish Forest and Wood Workers' Union (Skogs- och träfacket) [ForestUn] 4

Swedish Food Workers' Union (Livs) 0

Hotel and Restaurant Workers' Union (HRF) [HotelUn] 3

Industrial Workers' Union (Industrifacket) [IndustUn] 1

Swedish Commercial Employees' Union (Handels) [CommercUn] 4

Swedish Building Maintenance Workers' Union (Fastighets) [BuildMUn] 1

The Municipal Workers' Union [SKAF] 3

The Swedish Confederation of Professional Employees (TCO)

TCO [TCO] 26

Union of Financial Sector Employees (Finansförbundet) [FinanceUn] 2

Union of Commercial Salaried Employees [HTF] 5

Swedish Teachers Union (Läraryrskörbundet) [Teachers] 2

Swedish Union of Clerical and Technical Employees [SIF] 4

Federation of Civil Servants [ST] 6

Swedish Union of Local government Officers [SKTF] 2

Swedish Association of Health Professionals (Vårdförbundet) [HealthUn] 7

The Swedish Confederation of Professional Associations (SACO)

SACO [SACO] 9

Swedish Association of Graduate Engineers [CF] 3

The Federation of Lawyers, Social Scientists and Economists [Jusek] 2

National Union of Teachers in Sweden [LR] 5

Swedish Medical Association (Läkarförbundet) [MedicalUn] 7

The Swedish Union of Social Workers, Personnel and Public Administrators [SSR] 4

Companies

Posten 7

Ericson 4

Volvo 4

Samhall 2

Telia 1

ABB 5

KF 3

SJ 4

Skanska 5

NCC 2

SEB 6

Förenings sparbanken [Fsparb] 3

Sandvik 2

Stora Enso 2

Apoteket 4