THE ROLE OF CROSS-CLASS ALLIANCES AND ELITES IN COORDINATED EMPLOYMENT RELATIONS IN DENMARK

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Abstract
Explanations for coordination between labor and capital in Northern Europe continue to cause debate among scholars of comparative political economy. On one hand, power resource scholars argue that strong trade unions promoting equality are necessary for coordination. On the other hand, employer-centered theories argue that employers are the primary actors in promoting coordination due to the comparative advantages stemming from coordination. To inform this debate, we study the case of Denmark by combining a unique database of 5,000 elite affiliations with 80 stakeholder interviews spanning a decade. We argue that trade union power resources are necessary for coordination. However, only when certain segments of labor can forge powerful alliances with key employers for the economy will coordination persist. The network analysis identifies a powerful cross-class alliance between trade unions and employer associations in manufacturing. Interviews with stakeholders show that coordination in industrial relations and related institutional spheres such as education and industrial policies serves this alliance’s interests in safeguarding international competitiveness of manufacturing. However, intra-class allegiances ensure that the alliance constantly has to consider the interests of outsider organizations.

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The Role of Cross-Class Alliances and Elites in Coordinated Employment Relations in Denmark

Christoph Houman Ellersgaard, Christian Lyhne Ibsen, and Anton Grau Larsen

1. Introduction

While liberalization of employment relations appears ubiquitous to many scholars (Baccaro and Howell, 2017; Streeck, 2009), the Nordic European countries – Denmark, Finland, Norway and Sweden – continue to have high levels of coordination between organized labor and employers (Ibsen and Thelen 2017; Andersen et al. 2014). Cross-sectoral coordination of collective bargaining continues to be the norm in these countries and even tripartite agreements have been used to “weather the storm” of the financial crisis (Mailand 2016). More importantly, the interests of workers and their trade unions continue to be heard in both the collective bargaining arena and in the political arena of educational policies, social policies and employment policies (Thelen 2014). However, the persistence of coordination should not be mistaken for stasis – as many scholars have already argued (Streeck and Thelen 2005; Hall and Thelen 2009; Baccaro and Howell 2017). Indeed, coordination can be used for multiple political ends, including liberalization of employment relations. Thus, more than determining whether coordination is stable or diminishing in the Nordic countries, we should ask which interests coordination serves. Moreover, we should ask how powerful actors – despite changing circumstances and internal challenges – continue to put coordination to their political ends.

To answer these questions, this paper brings together two important but often disconnected strands of research into the governance of modern capitalism; historical-institutionalist comparative political economy and elite-studies. In the former, historical institutionalists (e.g. Hall and Soskice, 2001; Swenson, 2002) have re-appraised the role of cross-class alliances between interest groups for how economies are regulated and coordinated. In this strand of research, it is argued that coordinated forms of capitalism depend on underlying compromises between dominant political organizations of capital and labor. Thus, in contrast to approaches stressing that capital owners can only be forced to accept regulations by a strong labor movement or Left-wing parties (e.g. Korpi 2006), cross-class alliance scholars break up
monolithic classes and point to importance of common interests between certain groups of capital and labor. Crucially, cross-class alliances in manufacturing between organized employers and trade unions have been identified as necessary for sustained coordination in advanced market economies. In the latter, scholars of elite-studies have been interested in identifying structures and relations between privileged actors. In this strand of research, the focus has been on determining the nature of social ties between economic elites and other elite groups and how ties are used to reproduce elite status. Especially, the ties between economic and political elites have been stressed as an explanation for the rise in inequality, i.e. when economic elites use their privileged ties with policy-makers for rent-seeking purposes.

Based on 80 interviews with key stakeholders in the Danish political economy from 2010 to 2017, a powerful cross-class alliance in manufacturing is identified by studying key arenas for coordination in producer group politics, namely collective bargaining and education. This analysis gives strong support for a cross-class alliance interpretation of the Danish political economy. However, we are yet to see if and how these cross-class alliances are reflected in elite networks. If a stable cross-class alliance has been formed, we would expect to see its sediments in elite networks. Union leaders should then be included as key actors in the elite networks. By zooming in on the network of the leaders of different unions, we may also specify to what extent each union has been integrated in the elite networks.

We use a unique and very comprehensive network database, containing 4,970 and 5,583 affiliations covering all important sectors in Danish society – corporations, organizations, commissions, state, politics and foundations – to trace the network of Danish union leaders in both 2013 and 2016. Thus, we are able not only to look at the positions occupied by the union leaders but also how they are related to the entire infrastructure of influence networks. The network analysis shows how the centrality of union leaders in the Danish influence network is closely tied to their position in cross-class alliances. The union leaders positioned most centrally in the network are from the exact unions that are the backbone of the cross-class alliance in Denmark, while union leaders representing more members – but who do not subscribe to the cross-class alliance - may hold quite peripheral positions. Furthermore, we show that it is not due to the individual network strategies of the leaders of cross-class allied union leaders but rather
positions that are inherently tied to their organization. In fact, the most central individuals in the entire elite network in both years of analysis are the presidents of the Danish Union of Metalworkers, the key union in the cross-class alliance.

The paper proceeds as follows. First, we argue for the theoretical cross-fertilization between comparative political economy and elite studies and show the affinities between cross-class alliance theory and elite network theory. Second, we present our two data sets and explain how we conducted the network analysis. Third, we present our analyses, beginning with a historical institutionalist account of the Danish political economy, and of how a cross-class alliance came to dominate collective bargaining and other institutional spheres. Our network analysis of elite relations follows and we show how certain trade unions hold privileged positions in the Danish power structure. Fourth, we conclude by summarizing and discussing the implications of our findings.

2. Cross-class alliances and Elite network theory

It is commonplace in comparative political economy to explain the institutional structures and governance of political economies by reference to political actors, their interests, their power relations and their ideas. However, scholars disagree over the structure of actor preferences and crucially the role and interests of capitalist owners in regulating the economy. This disagreement becomes especially important in the studies of coordinated market economies (CMEs, Hall and Soskice, 2001). Who has a preference for coordination and how is coordination preserved in institutional structures?

The logic of power resource theory is persuasive in explaining establishment and persistence of CMEs (cf. Korpi 2006). According to this logic, resilience of coordinated collective bargaining can only be achieved by strong unions, alone or together with strong Left parties. Thus, in the face of high unemployment and post-Fordist production from the late 1960s onwards, different power resources of labor meant that some countries resisted “disorganized decentralization”, e.g. Sweden and Denmark, while others did not, e.g. the United Kingdom (Traxler 1995). The sources of power can be many (Kelly 2011), but sufficiently broad and dense
union movements are needed to equalize the inherent power imbalance between employers and employees and avoid intra-class competition over terms and conditions of employment (Traxler et al 2001). In the absence of strong unions and statutory extension mechanisms, employers would prefer individualized contracts as a means to achieve flexibility and wage moderation through market discipline. Similarly, generous welfare states are primarily – if not solely – attributed to strong Social Democratic parties who alone or together with trade unions pursue redistributive goals in education, health, housing, social policies etc. Underlying the power resource theory, is a view that social classes and their interests can be distinguished primarily on the basis of the employment relationship and ownership of capital. Thus, capital and labor are distinguished because their intra-class similarity is higher than their cross-class similarity.

In contrast to the power resource theory, employer-centered approaches have argued that the interests of employers are more complicated and that institutions might mediate employer preferences for coordination and redistribution (Swenson 2002; Mares 2000). Most prominently, the varieties of capitalism (VoC) framework identified employers as key actors in institutionalizing coordination mechanisms in five different but interrelated spheres of the political economy, namely industrial relations, vocational education and training, corporate governance, inter-firm relations and managerial relations with employees (Hall and Soskice 2001). Coordination – rather than market-based relations – distinguishes so-called coordinated market economies from liberal market economies, and institutional complementarity between the five spheres gives firms competitive advantages, thus producing positive feedbacks and institutional path dependencies.

Following Swenson’s and Iversen’s analysis of coordinated collective bargaining (2002; 1996, respectively), it is possible to map cross-class alliances based on common interests between capital and labor due to the position of industries in labor markets and product markets. The market vulnerable alliance consists of companies under fierce low-cost competition employing low skilled workers. This group benefitted previously from solidaristic peak level bargaining where high skilled workers accept wages below market clearance levels in return for high employment. Conversely, employers in this alliance benefitted from collective bargaining as it took wages out of competition. The strategic alliance, typically in exposed high-end
manufacturing, has a common interest in flexible wage setting to attract high skilled labor but must avoid cost-push externalities from other sectors due to foreign competition. The privileged alliance consists of employers that are not in competition with foreign companies. This alliance can easily pass on pay hikes to price increases for consumers and since workers are in high demand, defection from the pattern is opportune. As Swenson (2002) notes, this alliance used to consist of skilled workers in construction but can also include some high skilled service sector jobs as well as low skilled workers in retail, the public sector and to some extent transport. Low skilled unions have traditionally enjoyed organizational strength in union confederation due to sheer number of members in general workers’ unions.

Looking beyond collective bargaining, cross-class alliance scholars have recently identified how the strategic alliance in manufacturing has become the key player in policy reforms, albeit in different ways. Numerous scholars have shown historically how employers were active in pursuing coordinated outcomes. Swenson (1991) and Due et al. (1993) showed how employers pushed for centralized bargaining to avoid costly industrial conflict – in line with Iversen (1996). Mares (2003) investigated the historical trajectory of accident, unemployment and old-age insurance policies in France and Germany and found cross-class alliances between parts of labor and capital to be decisive. Afonso (2012) studies cross-class alliances and the regulation of free movement of labor in EU and finds that employers in non-tradable sectors confronted with strong trade unions support the regulation of wage standards in order to prevent foreign competitors from using lower wages as a competitive advantage. Thelen and Palier (2010) find that cross-class alliances in manufacturing are now using their powers to institutionalize dualization in industrial relations, labor market policies and social protection to protect the manufacturing core in Germany and France. Manufacturing competitiveness stems from lowering costs on services providers to manufacturing companies. A similar account of Germany can be found in Baccaro and Benassi (2017) who argue that a cross-class alliance in manufacturing follows a dualizing reform trajectory to shore-up exports, because Germany increasingly relies on export to generate economic growth. In all these accounts, trade unions and employers in key sectors of the economy come together and reform institutions in line with their common interests and goals.
Steering clear of the long debate between power resource theory and employer-centered theories on whether employers have first- or second-order preferences for coordination (see Swenson 2002; Korpi 2006; Kinderman 2017), the cross-class alliance argument is compelling because it links institutional orders, alliances between segments of labor and capital and elite structures. This link has several advantages. First, because the cross-class alliance literature has an institutionalist point of departure, it becomes clear that political struggles between alliances take place in institutional spheres of the political economy. These institutional spheres are ordered differently across countries – as shown by the VoC framework – and give certain privileges and benefits to certain actors. Second, the concept of institutional complementarity between institutional spheres and positive feedback effects might explain the “structuring logic” and endurance of elite networks. Thus, introducing the cross-class alliance perspective shows us the historical and institutional foundations of elite networks, potentially by unveiling the relationship between institutional path dependency and network path dependency. In return, elite studies might put some “flesh and bone” on the often monolithic actors in comparative political economy. Moreover, it might reveal hidden network relations that work as micro-foundations for political deals and exclusion-mechanisms that produce path dependencies in producer group politics.

Nonetheless, for the cross-class alliance argument to make sense in an elite-theoretical way, the relationship between union leaders and national business (and other) elites needs more specification. Following arguments in power resource theories, scholars have included leaders of labor market organizations in national elite populations, in particular in coordinated market economies (Hoffmann-Lange 1987, 46; Christiansen, Møller, and Togeby 2001, 114–15; Gulbrandsen et al. 2002; Statens Offentliga Utredningar 1990; Higley et al. 1991). However, justification for including union leaders is mostly tied to the strength of the union accessed through its number of members. While this may indicate the mobilization resources of the individual union, the actual integration of the union within the elite networks is completely overlooked. For instance, C. Wright Mills (1956, 262–68) famously confined the union leaders to the “middle levels” of power, outside the higher social circles of the power elite. While this apparent disagreement is also related to the contradictory ideological position of union leaders
in class struggle (Miliband 1969, 144), the main question of integration in elites by union leaders cannot be solved a priori, but must rest on empirical observation.

The question of who form part of elites remains contested – not least amongst elites themselves (du Gay 2008) – and may define elites based on e.g. transferable power resources (Khan 2012) positions, reputation or networks (Knoke 1993). However, the network relations of elites can be used as point of departure to study power structures, as done within the tradition of corporate interlocks (Mintz and Schwartz 1985). This allows researchers to answer two types of questions. First, which individuals or organizations are part of central social circles in national or transnational networks, be they informal (Moore 1979; Higley et al. 1991) or formal (Heemskerk 2013). Second, how are certain individuals or groups tied to other potentially powerful actors (Moore et al. 2002). Thus, we propose to look at the network interlocks between union leaders and the rest of the elite to identify which union leaders are able to enter the inner circles of elites. Moreover, we expect that only certain trade unions in certain key sectors of the political economy are part of elite networks, and we expect that there is an institutional logic to these network relations. If union leaders are members of elite networks, they in many ways occupy a position as structural folds (Vedres and Stark 2010), being multiple insiders in both the field of unions and a wider leadership network bridging to elites in other fields such as business, politics and science. As argued by Vedres and Stark (2010), structural folds hold a unique strategic position with close ties to two groups. However, this position is often fragile, as conflicts of interest and divided loyalties may occur. In keeping with the cross-class alliance literature, unions in manufacturing will have to balance their own preferences for employment and competitive – as well as strategic positions in governance structures – with the long-term concerns about shoring up coordination in the rest of the economy (see Ibsen 2016). This intra-class allegiance is vital, because union leaders are not natural members of the elite but have to earn their spot by on one hand being a powerful representative of a potentially revolutionary class and on the other hand disciplining this class in line with requirements of capitalist production and service delivery (Dahrendorf 1959; Lembruch and Schmitter 1982).
3. Combining Elite Interviews with Elite Network Data

The empirical analysis relies on two different data sets complied over the years by the authors. To identify the institutional trajectory and blueprint of the Danish cross-class alliance, we draw on a dataset of 80 semi-structured interviews with high-ranking representatives of trade unions, employer associations and government. The interviews were conducted during the period of 2010-2017 on collective bargaining coordination and reforms in vocational education and training. While the focus of the interviews varied thematically, all interviews contained questions about coordination between parties and the “who get what, when and how” in Danish producer group politics. Moreover, the interviews were concerned about processes – both about specific policies and collective bargaining rounds, and about the historical trajectory of the Danish political economy more generally. Interviews lasted between 1 and 3 hours.

To explore the network relations between union leaders and the rest of the Danish elite we draw on a comprehensive mapping of the boards of all potentially powerful affiliations – state agencies, top corporations, foundations, interest and non-governmental organizations, parliament – collected in 2013 and 2016, see table 1. In 2013, we include just fewer than 5,000 affiliations with slightly less than 50,000 positions held by around 38,000 individuals. In the 2016 analysis, we have extended the coverage of elite networks, in particular in the state sector and now include 5,583 affiliations in total. The aim has been to create an exhaustive list of all potentially powerful affiliations, thus enabling us to research the relationships within this elite network (the principles underlying the collection of network data have been described in Ellergaard and Larsen). Changes between the two data points are primarily due to the foundation or merger of new affiliations, in particular commissions, think tanks and advisory boards or changing roles of government agencies. Thus while the affiliations are not exactly the same, the aim has been to cover the same network.

<table>
<thead>
<tr>
<th>Table 1: Network data</th>
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<tr>
<td><strong>Year</strong></td>
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<tr>
<td>Source</td>
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By applying a weighting scheme designed to account for the heterogeneity in the size affiliations (see Ellergaard and Larsen 2017), it is possible to calculate the centrality of actors within this elite network. Thus we are able to describe the number of positions or memberships held by individuals together with their number of direct ties. We use several measures of centrality (Freeman 1979) in the network. Closeness measures the mean distance from one individual to another in the network. This measure can be interpreted as their proximity and independence of information. Betweenness measures the extent to which an individual lies on the shortest path between other individuals in the network. Individuals with high betweenness control information passing between others which can be interpreted as their opportunity to serve as brokers. The most robust measure of centrality, however, is the reach of an individual to other linkers, i.e. individuals with at least two positions in the network (see Ellergaard and Larsen 2017).

To find the most cohesive group, we use a k-core decomposition\(^1\) which finds the group in the network were everyone has the highest, minimum degree of affiliations to other members in the network. We argue that the core of our network has contains a national power elite, identified by the 423 individuals having a coreness score of 199 in the weighted network. This coreness score is closely correlated (0.96) to the ranked closeness centrality of individuals (see Ellergaard and Larsen 2017). Thus, being ranked high in both reach and the closeness centrality can be seen as a proxy for membership of national a power elite group. Furthermore, we can explore the ego-networks of individuals, e.g. the union leaders, including how many leaders from other sectors they are tied to. A union leader with a large number of ties to a high number of sectors, especially the corporate leaders and representatives from employer associations in

\(^{1}\) We used a sociometric reach of 2.1 for the k-core decomposition (see Authors).
manufacturing, combined with central positions in the elite network as a whole, is interpreted as being a part of a cross class elite network.

4. Cross class alliances in the political economy and elite networks

We first analyze and synthesize interview data to build a narrative of the formation and importance of the cross-class alliance in Denmark. We then show how this alliance has placed certain representatives of labor in privileged positions in elite networks.

4.1 The formation and importance of the cross-class alliance

No three graphs depict the historical background for the strategic cross-class alliance in Denmark better than the ones shown in figure 1 below. The trajectory of Danish producer group politics since 1970 is characterized by two major developments and one surprising non-development. First, the Danish economy has internationalized significantly and exports now constitute well above 50 percent of GDP. Being a small open-economy is critical for growth, employment and thus funding of the tax-financed welfare state. As in other small open economies – and paradoxically large Germany (Baccaro and Benassi 2017) – export-led growth puts the interests of exposed sectors at the core of the Danish political economy. Second, wage coordination has changed from being pursued through centralized bargaining between peak-level confederation and is now – except for a government intervention into a nation-wide strike in 1998 - conducted through pattern bargaining in which manufacturing sets the pattern for other industries and sectors (Ibsen and Thelen 2017). Contrary to scholars writing in the later 1990s and early 2000s (Pontusson and Swenson, 2000), this industry-level bargaining system has proven highly effective in moderating nominal wages, while keeping a floor under wages even in private services. Third, union density has actually increased in the period since 1970, and although union density has declined since the peak around 1982, the Ghent-system and strong local union representation has kept density levels remarkably stable. Thus, the erosion of unionism seen in this period elsewhere has not happened in Denmark – at least not yet.
In keeping with the trajectory of change sketched out above, we will argue that the cross-class alliance in manufacturing came into being during the 1980s and settled during the 1990s. The metalworking employers, Jernets Arbejdsgivere (JA) in Denmark, spearheaded pushes for industry-level bargaining but in alliance with metalworking unions. The alliance had two goals. First, to control wage inflation and pay hikes in sheltered sectors. Second, to introduce wage flexibility that could increase returns to skills and productivity. The first goal was signaled in the tripartite “Common Declaration” of 1987 in which LO-unions pledged to bargain for employment and real wage improvements rather than nominal pay hikes. The second goal was signaled by the breakdown of peak confederation-level bargaining in 1981, the centralized normal wage system (normalløn) was gradually displaced by the more flexible minimum wage system (mindstebetaling) long preferred—and practiced—by Denmark’s skilled metalworking unions. The first formal shift in wage structures came in 1991, when a large share of unskilled manufacturing workers who had previously been under the more centralized normalløn was transferred for the first time to mindstebetaling.
The impetus for forging the alliance came from organizational restructuring of employers and business associations in the 1980s and 1990s (cf. Due et al. 1993). In 1991–1992 a strong “strategic alliance” took shape on the basis of Danish Industries (DI). The new confederation of business was the result of two mergers – first between JA and Industrifagene (process manufacturing industries) to form Industriens Arbejdsgivere, which then merged with Industrirådet (a policy and lobby organisation for manufacturing). The move culminated the 1989-reorganisation of the Confederation of Danish Employers (DA) that cut down its affiliates from 150 to 50 employer associations. The idea was that by concentrating power in fewer organizations, the move to wage moderation and wage flexibility would be possible. The organizational restructuring continued and today there are only 13 employer associations in DA. Within the DA-family, the Confederation of Danish Industry (DI) reigns supreme and organizes approximately 60 percent of the total wage sum in DA. Moreover, it dwarfs the second largest employer association, The Danish Chamber of Commerce (Dansk Erhverv) which represents just under 20 percent of the total wage sum (Ibsen and Navrbjerg 2018).

Trade unions within the LO-movement debated whether to match the employer concentration by forming industrial unions. While unions in metalworking had long since created the bargaining cartel CO-metal, it was nowhere near matching DI, which accounted for the rest of manufacturing. The unions representing unskilled manufacturing workers – National Union of Women Workers (KAD) and General Workers Union (SiD) – attempted to create and lead a new manufacturing cartel within LO (Due et al. 1993: 427), but this attempt failed at the LO-congress in 1991. Instead, Dansk Metal mobilized other skilled unions to orchestrate the transformation of their own industry-wide cartel. Thus in 1992, CO-industri was formed between skilled and unskilled workers, the latter represented primarily by SiD and KAD, and with it a strong strategic alliance in manufacturing – with concentrated actors on both sides – was born. This organizational restructuring put Dansk Metal in charge of the new managing council and at the same time relegated unskilled unions to a permanent minority status within manufacturing. Membership in the new bargaining cartel required handing over bargaining rights and control over agreements to CO-industri, which proceeded to cement the principle of decentralized wage
systems. Thus, over the next few years, the entire wage formation system changed along the lines preferred by the country’s metalworking union.

Moreover, DI and CO-industri institutionalized a bargaining order by which all agreements across the private sector expire at the same time and bargaining follows an ordered process. First, DI and CO-industri settle on the labor cost norm based on minimum wage increases and improvements on non-wage issues. The total percentage increase per year in the agreement period constitutes the norm. Second, the other bargaining areas negotiate on anything but cost-driving provisions to get as ready as possible while waiting for the cost norm. Third, if the parties in other industries agree, the DA executive committee can approve or reject the agreement and since DI holds 50 percent of the vote, defection is extremely difficult. Unions hold a nation-wide ballot with their members. Rejection of a proposal requires a majority and if less than 40 percent of eligible voters participate, then at least 25 percent of eligible voters are required to vote “no” in order to reject the proposal. Thus, individual unions that bargain for other industries cannot take industrial action because it is a nation-wide ballot. The entire bargaining order is thus based on the cross-class alliance in manufacturing getting its labor cost norm spread across the other industries.

The privileged position of the strategic alliance in collective bargaining creates positive feedback effects in other institutional spheres. In a 2016 joint-paper to the Danish Parliament, DI and CO-industri made eight precise proposals on how to improve the condition for production in Denmark (CO-industri and DI 2016). Importantly, the cross-class alliance proposed a reduction of taxes on capital, strengthening of vocational education and training (VET) and more funding for applied technical research. Likewise, the alliance argued for deregulation and rule-simplification for businesses, and a removal of the so-called PSO-tax on electricity. Seen together, the various proposals aim at increasing competitiveness of Danish companies and there is a clear emphasis on deregulation on one hand and investment in VET on the other. The alliance has been particularly vocal regarding skill-formation.

Denmark has a long history of a dual training VET-system with heavy government funding. By alternating between apprentice-based training and school-based teaching, students get both firm-specific and general skills that are vital for the skill-demands of high-productivity/high-wage
manufacturing in Denmark. However, the Danish VET-policy reforms during the recent two decades have prioritized social inclusion of “weak learners” over the skills-demands of firms, leading to higher drop-out rates and fewer apprentice-contracts. DI and CO-industri therefore pushed the Danish government in 2014 to reform the VET-system by putting stronger emphasis on more qualified students, for example by introducing grade requirements for admission and by setting up talent tracks. Likewise, the two organizations run a combined campaign to attract students to VET-programs and thus break the decline in uptake of students. On one hand, getting stronger students would increase the attractiveness of apprentices and thus increase the labor-supply for companies. On the other hand, by making VET-programs more attractive, unions can recruit young students at the VET-schools.

The alliance has also been very vocal on the issue of tertiary education, arguing for a better alignment between student enrollment and labor market demands. So called “dimensioning” of tertiary education programs provides a mechanism of reducing intake of students according to employment levels of graduates. Thus, humanities have been slashed due to high graduate unemployment whereas natural science and more applied programs have not. CO-industri and DI propose to further strengthen dimensioning by making an even tighter link between student intake and skill needs of companies (CO-industri and DI 2016: 8). The underlying rationale of dimensioning relates to the alliance’s concern over under-supply of workers with technical and vocational education. Thus, the VET-reform and dimensioning jointly work to channel strong students away from university degrees (at least non-technical) into programs that are relevant for the alliance.

In sum, the political economy of Denmark during the recent 25 years has seen the forging of a strong cross-class alliance between DI and CO-industri, the latter led by Dansk Metal for skilled metalworking workers. By gaining a privileged position in collective bargaining in the wake of centralized bargaining, the alliance sets the pattern for regulation of wages and terms of employment. Moreover, the position of the alliance is not restricted to collective bargaining, and its interests are dominant in educational policies as shown above. Other examples of the alliance’s position abound, such as on regulation of posted workers, capital taxes and environmental policies. However, the historical political economy analysis does not account for
how the alliance has built strong network relations beyond the representatives of the alliance to both solidify its position and promote its interests. To investigate this issue, we turn to the network analysis.

4.2 The cross-class alliance at the core of the Danish elite network

The formation of elite networks can be understood as a process of elite settlement in which fractions of the elite battling for power manage to find a *modus vivendi* in which they do not challenge their respective power bases (Burton and Higley 1987) or what Roberto Michels (1949) calls the “amalgamation” of new elite group into the established elite. The foundations of such as elite settlement can be traced back to the 1899 “September-Agreement” between the Confederation of Danish Employers and the Danish Confederation of Trade Unions, exactly serving to define which elements of respective power bases within labor market regulation are to be respected by other elites (for more on this settlement with regard to cross-class alliances, see Swenson 1991, 518–19) helping to forge and elite settlement including the labor unions in Denmark between 1901-1935 (Higley and Burton 1989). Hence, looking at elite networks allows us to ask a much more precise question: Which parts of the labor unions have become part of an elite settlement and to what extent does this overlap with the pivotal unions in cross-class alliances? Following the cross-class alliance theory, the question should not be whether but rather which unions are integrated in elite networks.

When analyzing the Danish elite network, it is clear that the leaders of the Danish labor unions hold key positions in the Danish power structure. Union leaders are both among the most central individuals in the elite networks, see table 2, and just under 12 percent – 49 – of the 423 individuals in the core of this network in 2013 are union representatives (see Larsen and Ellergaard forthcoming). In fact, the most central individual, both with regard to reach, closeness and betweenness centrality, in 2013 is a union leader, namely the leader of Dansk Metal, Thorkild E. Jensen. Thorkild E. Jensen holds positions in 28 affiliations, including 4 state councils and commissions, 3 forums tied to science and education and the boards of two large pension funds.
and is directly tied to the most central leaders in politics, state, academia, business and business associations, see figure 1. While one could be tempted to attribute this central position to the personal qualities and network building capacities of Thorkild E. Jensen during his ten-year tenure as president, the network data from 2016 tell a different story. Three years after his retirement in 2016, Thorkild is only the 243rd most central individual when looking at closeness centrality. Meanwhile the new president of the Dansk Metal, Claus Jensen – no kinship relation – is now the most central individual in the entire elite network when we look at reach and in the top three on closeness and betweenness centrality, after being ranked 381st in reach as a vice-president in 2013. This highlights that the centrality of the leaders of the Dansk Metal is a result of the unique position of Dansk Metal as a power broker and is thus mostly an organizational and not an individual property.

The stability of the hierarchy of union leader integration into other power networks shown in Table 2 is quite striking. With the exception of slight movements up and down by union secretaries of LO (in 2013) and Vice-presidents of LO (in 2016) caused by an organizational change in LO when new president Lizette Risgaard was elected, the reach rank of the union leaders follow the exact same pattern. Thus, the order is maintained in spite of the fact that six of the 15 leaders have changed between 2013 and 2016, and two others hold new positions. This suggests that the centrality of union leaders in the elite network is a highly institutionalized phenomenon and product on long term struggles within the political economy.
Table 2: Centrality of union leaders in 2013 and 2016 sorted by reach in the elite network

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
<th>Role</th>
<th>Union size¹</th>
<th>Years of tenure</th>
<th>Membership*</th>
<th>Degree</th>
<th>Between-ness rank</th>
<th>Closeness rank</th>
<th>Reach Rank</th>
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†: Peak level confederation
Source: Union members per 31 of December 2012 and 2015 from https://lo.dk/om-lo/fakta-og-tal/medlemstal/
If the network positions of the members of the executive council of the LO are compared (see Table 2), it is clear that position in the cross-class alliances and not the number of union members is the driving force behind achieving a central position in the elite networks. While the leaders of LO both in 2013 and 2016 are quite central, especially with regard to closeness centrality and have multiple ties to Thorkild E. Jensen and Claus Jensen, they actually also to some extend are dependent on the ties of the Danish Union of Metalworkers, as evidenced by the fact that their betweenness centrality is substantially lower than their closeness centrality. Likewise, the leaders of the counterpart of the Danish Union of Metalworkers, the presidents of the Confederations of Danish Industry are more central than the leaders of the Confederation of Danish Employers. In 2013, director of DI, Karsten Dybvad, is number 31st in closeness centrality, while four others DI-directors are in the top 50, while director Jørgen Neergaard, as number 20 is the only DA director in the top 50. In 2016, Dybvad has risen to number 7, while new director of DA Jacob Holbrad is number 26. Thus the cross class alliance between DI and The Danish Union of Metalworkers leads to more central positions for negotiators on both sides of the table than the actors in the macro-corporatism relations from LO and DA.

Not only are the two presidents of the Danish Union of Metalworkers more central than the heads of the central unions, they are also – by far more central – than most other union leaders, see table 2. Only the president of HK, a union with more than three times as many members, Kim Simonsen holds a position in the network that is close to that of Thorkild E. Jensen or Claus Jensen. Meanwhile, the leaders of the largest Danish Union, 3F, are also within the top 20 in reach with Poul Erik Skov Christensen ranked 16th in 2013 and his successor Per Christensen (no kinship relation) ranked 9th in 2016. However, much of their centrality is dependent on ties close to others, as both are ranked outside the top 20 – 36th and 53rd respectively - with regard to betweenness centrality. Meanwhile, the industrial group in 3F, which also forms part of the cross-class alliance of CO-industri has the most central non-president union member of the LO-member unions, namely group president Mads Andersen, who ranked 128th in closeness centrality in 2013 but moved up to be ranked 47th in 2016. However, the clearest indication that number of members is not key to integration into elite networks is seen by the fact that the long serving head of the third largest Danish union FOA, Dennis Kristensen, ranks below 200 in reach.
in 2013 and is still outside the top 50 in 2016. The fact that the interests of FOA members are not key elements in the cross-class alliances, plus a very different strategy of lobbying, mostly addressing media, serves to explain why a union with more members than Dansk Metal can be so excluded from influence networks.

*Figure 2: Weighted ties of the members of the steering committee of LO in 2013*

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<tr>
<th>Name</th>
<th>Union leaders</th>
<th>Politicians</th>
<th>Corporate CEO's</th>
<th>Employer assoc.</th>
<th>Science leaders</th>
<th>State directors</th>
<th>Commission members</th>
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Values are the sum of weighted ties to individuals holding executive positions in politics, corporate management, employers’ associations, management of universities and research centers, state or unions. Commission members are all non-union individuals who participated in a commission from 2005 to 2013. Ties to top 250 individuals show how many direct ties the union leaders have to other, non-union leaders, near the core of the elite network, as identified by being in the top 250 by closeness centrality. All ties with a distance over 1.5 are disregarded.

The central network positions of the cross-class alliance union presidents also leads to a much larger and broader social surface (cf. Boltanski 1973), see figure 1. Aside from state
directors, Thorkild E. Jensen has the largest number of contacts to actors from other key fields, in particular from corporations and business associations and science, highlighting the role of Dansk Metal as brokers between unions and capital. Note that the weighted degree between the Metal president and corporate CEO’s of 23.9 is almost 2.5 times as high as the union leaders with second most ties to corporate executives. Adding to this, Thorkild E. Jensen also has 94.5 weighted ties to non-union leaders ranked within the top 250 in closeness centrality, again more than double that of any other union leader. This difference between union leaders and their ties to other central individuals in the elite network is underlined by the fact that two members of the standing committee of LO, including Dennis Kristensen of FOA, who outnumber metal by 75,000 members, have no ties to any non-union leader among the top 250 most central individuals. This number compares to the 94.5 weighted ties of Thorkild E. Jensen. Interestingly, the Metal president also has the most ties to other union leaders, though the differences are only marginal, suggesting that even within the unions, the cross-class alliance makes a union a more attractive social contact.

The strong ties to key leaders in other sectors is also seen by the ego-networks of the presidents of LO, Metal, 3F and FOA in 2013 and 2016 shown in Figures 2 and 3. Here, Thorkild E. Jensen’s and Claus Jensen’s large number of contacts to central individuals from other sectors, denoted by large, colored points, through many different also central affiliations stands out. In particular, the two Metal presidents are well connected to business association directors, corporate executives and leaders within the scientific sector. In comparison, it is clear that in particular FOA-president Dennis Kristensen’s ties are almost exclusively restricted to other union leaders. While both presidents of LO Harald Børsting and Lizette Risgaard and leader of the largest union, 3F, Poul Erik Skov Christensen in 2013 and Per Christensen in 2016, have direct ties to multiple central individuals to other sectors, they both participate in fewer central and less diverse affiliations.
Figure 3: Ego-networks of the presidents of LO, Dansk Metal, 3F and FOA in 2013

Harald Børsting 11346

Thorkild Engell Jensen
Note: For all, the following legend applies: Color denotes the sector of an affiliation or individual. In the latter case, color denotes that the individual holds a full time executive position within a sector. Triangular shape
denotes that a point is an affiliation. The size of a point denotes its closeness centrality in the elite network of either individuals or affiliations.

When looking at multiple ties, an indicator of a strong alliance (Heemskerk and Fennema 2009), the strongest ties of unions leaders are not surprisingly amongst themselves. The strongest relation in 2013 is between Dansk Metal President Thorkild E. Jensen and LO President Harald Børsting, sharing 3.4 weighted ties. Most other members of the standing committee of LO are have weighted ties to one another above two, but here again FOA president Dennis Kristensen turns out to be an outsider, having a tie strength of less than 1.5 to the other union leaders. While this still represents a strong tie, it highlights that FOA in particular are excluded from core union networks, while the cross-class alliance also results in Dansk Metal being the key insider even within the unions themselves. Hence, it does not seem to hurt Dansk Metal with regard to their network position within unions to also have strong ties elsewhere. Rather it seems to yield cumulative advantages.

*Figure 4: Ego-networks of the presidents of LO, Dansk Metal, 3F and FOA in 2016*
While the presidents of Dansk Metal are very central in the network, they also owe at least some of that centrality to their ties to the directors of DI. In Fact, Thorkild E. Jensen suffers a 14 percent decrease in this betweenness centrality – the proportion of shortest paths passing through him in the elite network – if his ties to the DI directors are deleted from the network. On the other side, the DI directors are far less reliant on their ties to the Dansk Metal leaders. CEO of DI Karsten Dybvad only loses 2 percent of his betweenness centrality if his ties to members of the executive council of Dansk Metal are removed. This could indicate that DI is far less reliant on Dansk Metal than vice versa, and thus that the position of Dansk Metal in the cross class alliance is more precarious.

5. Conclusion and Discussion

Our analyses show that a cross-class alliance between DI and CO-industri exists in Denmark and that this alliance has placed itself in a privileged position in coordinating producer group politics. Similar to power resource theory (Korpi 2006), we find that trade union power resources are necessary for coordination. However, we contend that it is only when certain segments of labor
can forge powerful alliances with key employers in the economy that coordination can persist (Iversen 1996). To some extent, our study occupies a middle-ground between power resource scholars and employer-centered scholars.

Our analysis shows that the alliance affords privileged positions to certain labor leaders, which is clearly reflected in network relations of the President of Dansk Metal. In contrast to other leaders of large and important trade unions, Dansk Metal is very well connected to business associations, directors, corporate executives and leaders within the scientific sector. As shown in the historical institutionalist analysis, this prominent position stems from overlapping interests with DI in collective bargaining, education, research and even taxation policies. Thus, the leaders of Dansk Metal in many ways occupy a position as structural folds (Vedres and Stark 2010), being multiple insiders in both the field of unions and a wider leadership network bridging to elites in other fields such as business, politics and science. As argued by Vedres and Stark (2010), structural folds hold a unique strategic position with close ties to two groups. However, this position is often fragile, as conflicts of interest and divided loyalties may occur. Leaders of other unions may challenge the ability of Dansk Metal to represent them or the collective bargaining institutions. Thus, it is a question how stable the cross-class alliance and its sediments in elite networks may be. However, it appears that the current modus vivendi of the cross-class alliances in the elite network can be traced to at least the middle of the 1980s and perhaps even further back during centralized bargaining (cf. Due et al. 1993).

Political economy research on Germany has found that the cross-class alliance in exporting companies has led to dualization and an excessive dependence on exports for growth (Baccaro and Benassi 2017). Coordination between labor and capital only works and exists in manufacturing, whereas other sectors have become disorganized (Hassel 2014). In Denmark, by contrast, it seems that the cross-class alliance takes a more encompassing approach – most likely due to the intra-class relations and organizational strength of non-manufacturing organizations. Thus, the Danish cross-class alliance in Denmark – and especially Dansk Metal – has to balance its own preference with long-term concerns about shoring up coordination in the rest of the economy (see Ibsen 2016).
Looking beyond this study, the affinity between producer group politics and elite networks might imply that path dependency characterizes both institutions of the political economy and elite networks. Indeed, formal institutions and elite relations might produce and reproduce each other. If so, we would expect that other varieties of capitalism have similar dynamics but different elite structures. More comparative research in the cross field between historical institutionalism and elite studies could uncover how institutions of the political economy provide a “structuring logic” to elite networks. In return, elite studies might provide some micro-foundations for the inclusion or exclusion of certain political actors from regulating the economy.
Bibliography


