



The Influence of Interest Organisations on Swedish Rental Housing – Implications for Corporatist Theory

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Abstract: *Although academic definitions of ‘corporatism’ differ, the concept is generally about organisational influence on state politics. Around 1980, Sweden was regarded as the archetype of welfare-state corporatism, but around the turn of the millennium the broad representation of organised interests in state politics was largely abolished. However, in the housing sector, strong interest organisations have continued to play a dominant and institutionalised role. Rents are negotiated collectively between organisations of estate owners and tenants, and these organisations also have strong influence on rental legislation and on housing policy more generally. We argue that this system should be seen as corporatist and to that end suggest a somewhat modified version of Philippe Schmitter’s well-established definition of corporatism. We claim that our ‘view from housing’ may contribute to the increased relevance of corporatism theory also in studies of other welfare sectors where market distribution is increasingly important.*

Keywords: corporatism; housing regimes; rental housing; welfare regimes.



Introduction

In the last decades of the 20th century, different aspects of corporatism were widely discussed in both politics and academia. Around 1980, several books and articles on housing and corporatism were published related to Esping-Andersen's 'corporatist' (or conservative) welfare state regime (Esping-Andersen 1990: 26).¹ Since the end of the 20th century, the interest in corporatist politics has faded, and today the concept is less prominent both in the general academic discourse and in housing research.

In this article, we take our starting point in what we see as the core of the concept of corporatism, i.e. a certain type of power relation between interest organisations and the state. We discuss to what extent the Swedish rental market with its collective forms of bargaining should be seen as a case of corporatism in this sense. Inspired by this 'view from housing', we suggest a somewhat modified definition of corporatism with relevance for both housing and other welfare state sectors.

Until the turn of century, the discourse of corporatism was quite rich in academia, not least in Sweden. Sweden was seen as an archetype of welfare-state corporatism, and several leading political scientists published on the subject. The main focus was on the formal representation of organised interests in government commissions and on the boards of state authorities, in particular in relation to labour market policies. In contrast, housing policy did not get much attention in this discourse.

Around the turn of the millennium, interest representation in Swedish state authorities and government commissions was largely abolished (Rothstein and Bergström 1999). However, in housing policy strong interest organisations have continued to play a dominant and institutionalised role. In both the private and public rental sectors, most rents are negotiated collectively between organisations of estate owners and tenants, and the same organisations have strong political influence on rental legislation and on housing policy more generally. Below we argue that such arrangements should be seen as corporatist, which calls for revisiting the concept of corporatism.

Housing and corporatism

A corporatist political system is characterised by close and stable ties between the state and some privileged organisational actors. The general literature on corporatism often investigates the tripartite relation between state, capital and labour. In housing politics, with its orientation towards consumption, organised interests other than labour, such as housing companies, building worker unions, and mortgage lenders, may also acquire corporatist relations to the state (Clapham, Kemp and Smith 1990: 10.; Doling 1997: 71).

In the Scandinavian countries, with their well-organised residents, *consumer organisations* in the housing market have sometimes gained a bargaining position in relation to the state and capital. The most notable case is the Swedish rental housing sector.

In the literature it is questioned whether consumer organisations can have corporatist influence. In a well-cited textbook, Peter Williamson claims that the corporatist model is

¹ Somewhat surprisingly, Esping-Andersen does not define 'corporatist', although he sees it as a third type of welfare state regime besides the 'liberal' and the 'social democratic' ones. Furthermore, he does not include housing in his seminal work from 1990. Kemeny (2006) raises important critique against Esping-Andersen's somewhat blunt use of corporatism and elaborates a distinction between different corporatist housing regimes.



only relevant to intervention in production, since in this sphere the state is dependent on support from interest representatives. He consequently seems to deny the possibility of consumer corporatism (Williamson 1989: 185).

Alan Cawson (1986: 6) and Peter Saunders (1986: 306) come to a similar conclusion on the basis of their 'dual state thesis' that stresses the difference between 'individual' consumer interests and 'functional' producer interests. Closely related is Claus Offe's distinction between 'market participants' and 'policy takers', where the former may have a strong bargaining position, but the latter are dependent on state welfare programmes (Offe 1985: 239).²

In these authors' definitions certain conditions of power must be fulfilled if a relation between organisations and the state is to qualify as corporatist. Instead of discussing a scale from corporatism to its opposite, e.g. organisational pluralism, they set up some form of organisational veto power as a necessary condition for corporatism. This strict condition is what makes consumer corporatism an anomaly in their models.

In previous research, the unique Swedish rental housing regime, with collective negotiations between strong and centralised umbrella organisations has often been labelled 'corporatist' (Adams 1987: 131; Lundqvist 1988: 172; Meyerson, Ståhl and Wickman 1990; Hermansson 1993: 418; Kemeny 2006: 7.). To discuss these claims we will apply Philippe Schmitter's models of corporatism and pluralism, which are less categorical than the ones suggested by Williamson, Cawson, Saunders, and Offe.

The Swedish rental policy regime and the role of interest organisations

The Swedish rental policy regime is dominated by three strong and rather centralised organisations representing the private landlords, *Fastighetsägarna*, 'the Swedish Property Owners Federation'; the public landlords, *Sveriges Allmännyttan*, 'Public Housing Sweden'; and the tenants, *Hyresgästföreningen*, 'the Swedish Union of Tenants' respectively.³ First of all, on the rental market these interest organisations more or less control rent-setting via yearly collective negotiations on the national, regional and local levels. Secondly, the same three organisations have a strong influence on political decision-making on rent legislation and other questions of importance to the sector. The interest organisations are typically involved, directly or indirectly, in all government commissions on such matters. Moreover, governments, regardless of political colour, seem remarkably unwilling to make any important decisions on rental policies without first having listened to what the organisations have to say. One example was the latest large reform of the system in 2010 – framed as an adjustment to EU legislation – where the political process seemed to be in a deadlock until PHS and SUT presented a common proposal, which was later accepted also by SPOF. This organisational compromise soon served as the basis for new legislation changing the conditions of rent negotiations and the role of public housing companies (for details *cf.* Bengtsson and Grandner 2023: 392.).

Both SPOF and PHS, together with their members, control important housing capital, and the member companies of PHS are ultimately controlled by the municipalities. Therefore, the paradox in relation to Williamson's strictly producer-oriented version of corporatism is

² Offe's distinction is, however, somewhat difficult to apply to housing organisations, which are active in relation to both the market and the state.

³ In the text we will use the acronyms SPOF, PHS, and SUT.



really the power position of SUT, which organises individual housing consumers and tenant unions within a hierarchically ordered organisation based on representative democracy. Like PHS, the tenant movement has its origins in the early 20th century. After a more militant early history, the organisation has since the 1940s accepted a more disciplined strategy with a focus on negotiations with landlords and their organisations (*cf.* Rolf 2020). The long history of collective negotiation and collaboration has contributed to SUT's credibility for taking responsibility for stability on the rental market. Today the (SUT's?) role in the collective negotiations on the market arena is the organisation's power basis, supported by its recognised position in the political arena and its strong following in the member arena; Sweden probably has the highest share of organised tenants in the world (*cf.* Bengtsson & Grander 2023: 359).

Schmitter: corporatism vs pluralism

Although rarely applied to housing, Philip Schmitter's definition of corporatism is probably the most influential in political science. His definition is rather specified and comprehensive. This comprehensiveness has advantages but also some drawbacks. Schmitter defines corporatism as:

(...) a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports. Schmitter (1974: 93)

Schmitter defines corporatism and pluralism as two contrasting ideal types of interest representation. They can be seen as endpoints on a scale that measures a combination of three different elements: (1) general aspects of the organisational system; (2) the organisation's relation to the state; and (3) the organisation's mode of action. In the corporatist ideal type, organisations are, firstly, limited in number, compulsory, noncompetitive, and functionally and hierarchically ordered (element 1). Secondly, they are recognised by the state and granted a monopolistic position in relation to the state (element 2). In return they, thirdly, accept some discipline in their choice of leaders and in their articulation of demands and supports (element 3). In a pluralist system, in contrast, the number of organisations is undefined, the organisations are voluntary, competitive, nonhierarchically ordered, and self-determined, and they act independently in relation to the state.

Based on Schmitter's concepts there are two different ways to look at modern (or 'democratic') interest group corporatism. In one version, corporatism is seen as a matter of *power relations*, where strong interest organisations gain power from politicians and the representative democracy. In this version, the forms of representation behind this organisational power are secondary. In the other version, corporatism is seen primarily as a matter of *representation*, where the state bargains with the organisations in a formalised way, while the question of how such representation affects the division of power is left more open.⁴

⁴ It is true that Schmitter's definitions are formulated in terms of representation and not power. However, his idea about monopolistic representation in exchange for organisational moderation clearly presupposes some form of power relation.



One fruitful way to understand Schmitter's concept of corporatism is in terms of games of power exchange between interest organisations and the state. The state's control over legislative power makes it possible to meet the demands raised by the organisations, whereas the organizations can provide active but disciplined members and citizens thus providing political legitimacy to the state (Öberg 1994: 23; *cf.* Hernes 1978: 40 and Coleman 1990: 131 on games of power exchange). From the perspective of power exchange, corporatism defines a situation where the organizations' control over their members guarantees them a bargaining position in relation to the state.

Schmitter's definitions of corporatism and pluralism have been widely accepted in political science research on the political representation of interest organisations (e.g. Lewin 1992; Hermansson, Svensson and Öberg 1997). His definitions have also met with some criticism for including too much instead of leaving some aspects to empirical investigation (on minimal definitions *cf.* Sartori 1984). We will come back to definitions, but first we will reflect on the relevance of Schmitter's ideas for the Swedish rental housing regime and in particular for the role of the tenant unions.

The Swedish rental policy regime – a view from Schmitter

Applying Schmitter's detailed definition to the Swedish rental housing regime, we find, in relation to his first element of corporatism, that large interest organisations in the Swedish rental market are indeed limited in number and largely non-competitive, and they are functionally and hierarchically ordered. Membership is, however, not compulsory in any of the three organisations, and tenant unions negotiate rents for both members and non-members without any discrimination. Secondly, the three organisations are to a large extent recognised by the state as representatives of their members and in practice granted a more or less monopolistic position, whereas competing independent organisations, in particular on the tenant side, have no similar influence. When landlord and/or tenant interests are represented in state commissions the three organisations are always invited. In the use value-system – which is the normative guideline in rent negotiations – rents decided in collective agreements between landlords and tenant unions serve as the benchmark. Furthermore, these organisations are also represented in the Rent Tribunals that function as arbitration courts on individual rents.

When it comes to Schmitter's third element, the tenant union has also accepted some discipline in their choice of leaders and in their articulation of demands and supports. As mentioned, already in the 1940s the organisation abandoned rent strikes and blockades as conflict weapons, and today independent local tenant unions tend to act more militantly in relation to landlords than the national SUT, not least in conflicts over renovation projects (Kadioğlu, Kellecioglu and Listerborn 2022).

Thus, several of Schmitter's elements of corporatism seem relevant to our understanding of the unique relation between interest organisations and the state in the Swedish rental sector. Keeping in mind that Schmitter's definitions are analytical ideal types, which cannot be formally evaluated as true or false in empirical cases, we can still discern obvious patterns of corporatism.

We find strong elements of corporatist power exchange between organisations and the state in Swedish policy on rent legislation. Interest organisations can offer control over member opinions, including some acceptance of rental policy and negotiation outcomes. In return, the rental legislation has not seldom accommodated demands raised by the organizations both in substance and in supporting recruitment and mobilization of members.⁵



Theories of corporatism are based on perceptions of power and material interests, whereas theories of organisational pluralism leave more room for ideas and values (*cf.* Svensson 1994: 141). In our particular case, SUT has also given ideological backing to certain housing policies. In earlier research, it has been claimed that the Social Democrats' universal housing policy was backed by an informal 'people's movement' coalition, with SUT as one member and PHS as another (*cf.* Headey 1978: 238; Gustavsson 1980: 180). This suggests that a shared political ideology can also play a role in corporatist power exchange.

Towards a definition of corporatism that includes market power

Our discussion of Schmitter's concept of corporatism indicates that his definition should be revised somewhat to include organisational influence based on market power. Such a modification would make the concept applicable also to welfare sectors, where state policy is implemented via markets and not just through formal representation. This is our suggestion:

Corporatism is a system of interaction between organisations and the state, where some dominant organisations, through direct or indirect representation in the political decision-making processes, based on delegation or acceptance by the state, gain influence on political outcomes.

With this amendment, Schmitter's definition is clearly relevant to Swedish rental policy. First, we have excluded some of Schmitter's elements that should rather be tested empirically. Furthermore, our definition explicitly includes both representation and power, but its core is power, and it leaves the form of organisational inclusion open. The formulations 'direct or indirect representation' and 'acceptance by the state' indicate the inclusion of corporatist influence via markets and not only through direct representation in state institutions. This means our definition is broader than Schmitter's and can be applied to policies that are implemented both directly via state distribution, such as education, and indirectly via market correctives, such as housing.

With an ideal type definition like Schmitter's (and ours), elements of corporatism are not an anomaly, but they may still need to be explained in each specific case. We argue that the empirically unique Swedish rental housing regime is the result of the 'games' tenant unions have successfully played in parallel in the market, political, and member arenas, which led to the institutionalisation of the current Swedish rental housing regime (*cf.* Tsebelis 1990 on 'nested games'). This development can be seen as a case of path dependence that historically started with the modest rent regulation of World War I (*cf.* Bengtsson & Grandér 2023: 363 for historical evidence).

Corporatism theory in a view from housing – concluding discussion

In this paper, we discussed the Swedish rental housing system from the perspective of corporatism, finding that the Swedish case is a valid example of how corporatist theories can (still) be used to analyse housing. Building on Schmitter (1974), we argue for an updated definition of corporatism in order to understand not only welfare policy areas implemented

⁵ See Bengtsson & Grandér 2023, chap. 8, for a more comprehensive argumentation (in Swedish).



directly via state distribution but also policy sectors, such as housing, in which the good is provided indirectly via market correctives.

While the Swedish collective system of rent setting and the strong position of the tenant union are unique, a redefined corporatism theory could also inform research looking at other housing regimes than Sweden's 'unitary' rental market (cf. Kemeny 1995). When rental markets are increasingly 'dualistic', we can analyse whether and how selective housing regimes can be understood in terms of corporatism and political games between the state, housing capital, and organised interests. This type of analysis should be relevant also on other levels than the national, e.g. the local and regional levels. With the EU signalling a growing interest in housing policy (von der Leyen 2024), we can also expect growing corporatist elements on the European level that could be related to our definition.

Finally, in the wake of the 'new public management' adjustment of 'classic' state-distributed welfare sectors such as education and healthcare, a redefined corporatist theory, including markets and inspired by housing studies, could be used to inform the analysis of these sectors as well.



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