Sweden: Introduction to a Decentralized Unitary State

Paul T. Levin, Director, Stockholm University Institute for Turkish Studies
Outline

- Historical background
- Levels of government
- Central government administration
- Discussion points
Part 1

HİSTORİCAL OVERVİEW
Sweden in the 1800s

One of the poorest countries in Europe.

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20th-c GDP/Cap, 2000 prices

Tusental kronor

1900 1920 1940 1960 1980 2000

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Urbanization 1800-2000

- Population in urban and rural areas, %

Source: SCB 07.

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Challenges of Rapid Industrialization

19th Century lumberjacks

SCA Östrand Paper Factory

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Social strife – labor v. capital

● Ådalen 1931
  – Military opens fire on civilian demonstrators
  – 5 dead, 5 wounded

● Internal struggles within the left
The Growth of the public sector

Final use of total GDP

- Private consumption
- Public consumption
- Investments

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Strong Local Governments

Growth in central and local government and GDP in 1950–98: volume trends of public-service consumption and GDP

Source: Statistics Sweden’s national accounts.
Part 2

LEVELS OF GOVERNMENT
A Decentralized Unitary State

[Bar chart showing the proportion of staff managed at the federal/national level of government and the proportion of staff managed at the sub-national levels of government (including social security funds where separate data are available) for various countries.

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The democratic system in Sweden

**National level**
- Elections to the Parliament (Swedish parliament)
- The Parliament elects the Prime Minister, who forms a government

**Regional level**
- Elections to the County Council Assembly
- The County Council Assembly elects the County Council Executive Board

**Local level**
- Elections to the Municipal Council
- The Municipal Council elects the Municipal Executive Board

18 County Councils
21 Counties
290 Municipalities

Pictures courtesy of Gov't Offices
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Municipality Size

- **Area:**
  - Kiruna largest (19 447km$^2$)
  - Sundbyberg smallest (9 km$^2$)

- **Population:**
  - Stockholm (760 000)
  - Bjurholm (2 600 – also the oldest!)
  - Half have less than 15 000 inhabitants

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County Size

- The largest county council (Stockholm) has more than 1,850,000 inhabitants, while Jämtland, which is smallest, has 130,000.
- Twelve county councils have between 200,000 and 300,000 inhabitants.
The People

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# Territorial organization of Sweden

<table>
<thead>
<tr>
<th>State gov’t</th>
<th>County gov’t</th>
<th>Municipal gov’t</th>
</tr>
</thead>
</table>
| National level | • Parliament  
• Government  
• National agencies | SKL – Swedish Association of Local Authorities & Regions (SALAR) | |
| County level | “Länsstyrelse”  
County Administrative Board | “Landsting”  
• County parliament  
• County government  
• Committees | Municipal Unions |
| Local level | Local state administration | Local County  
Shared committees | “Kommun”  
• Local parliament  
• Local government  
• Committees |
A hierarchy? (no)
Regional and local levels of equal stature
TASKS OF THE MUNICIPALITIES

Mandatory tasks:
- Social services (including elderly services, services for disabled people and individual and family services)
- Pre-school, compulsory and upper secondary education
- Planning and building matters
- Environmental and public health protection
- Refuse collection and waste management
- Water and sewage
- Rescue services
- Civil defence
- Library services
- Housing

Voluntary tasks:
- Leisure and culture
- Technical services
- Energy provision
- Street maintenance

TASKS OF COUNTY COUNCILS

Mandatory tasks:
- Health and medical care
- Dental care for children and young people up to 20 years age

Voluntary tasks:
- Culture
- Education
- Tourism

SHARED TASK FOR MUNICIPALITIES AND COUNTY COUNCILS

Mandatory task:
- Regional and local public transport
Part 2

CENTRAL GOVERNMENT ADMINISTRATION
System of Government – National Level

Parliament (Riksdag) → Government / Cabinet (Regering) → Administrative Bodies

The People
Ministerial systems

Parliament

Government

Ministries including agencies

Sweden

Parliament

Government

Ministries

Agency

Agency

Agency

Agency

Agency

Picture courtesy of Swedish Gov’t Offices

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Small ministries

- Government Offices
  - Ministries: 12+2
  - Total number of employees (2008): 4771

Large agencies

- Administrative agencies
  - Agencies: ca 250-500
  - Total number of employees: 230 000 (ca 6% of workforce)
Governing the agencies

- **Prohibited**
  - *Ministerial rule!*
  - Enforced by Parliament’s Constitutional Committee
- **Increasingly abandoned**
  - Earmarked grants
  - Detailed regulation
- **Allowed**
  - Framework-budgeting
  - Objectives & results
  - Annual reports
  - General regulations
  - Letters of instruction
  - Appointment of DGs
  - Auditing & supervision
    - Parliament - JO
    - SNAO
Employed persons in different parts of the public sector (2006).

- Municipalities: 55%
- County councils: 16%
- Central government administration: 15%
- Central government owned companies and public quasi corporations: 9%
New Public Management

- “Marketization” of public sector
  - Competitive tendering & outsourcing
  - Contracts
- Decentralization/devolution
- Accountability
- Performance indicators and measurement
- MbOR
Performance management – two legs

Management by objectives & results
- Objectives (outcome)
- Targets (output)
- Results:
  - Measurement
  - Follow-up
  - Evaluation
- Feedback (input)

Financial management
- Resource allocation (framework budget)
- Accruals accounting
- Autonomous auditing entities

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Traditional Implementation Chain

Political level

Level of implementation

Citizens

Decides **WHO** provides **WHAT** service & **HOW**.

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MbO in the School System

Politicians specify **WHAT** services (objectives).

Professionals closer to the service decide **HOW** to do it.

- Parliament: National curricula
- National Agencies: Inspection, evaluation
- National Agency: Subject syllabi
- Schools: Implementation
- Municipalities: Local school plan
Letting managers manage

● DG’s responsibilities:
  – Achieve specified objectives
  – Decide internal organizational structure
  – Draw up budget & activity plan
  – Report feedback & projecting future needs
  – Manage HR (pay, hire & fire, incentives, training etc)
  – Delegate within organization
  – Ensure internal control
Part 3

DİSCUSSİON POİNTS

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NPM - limitations

- **Choice:**
  - Information is key
  - Inequalities
  - Not always feasible

- **Contracts and tendering**
  - Require high competence
  - Risk for corruption

- **MbOR**
  - Goals not always S.M.A.R.T.

- **Performance indicators**
  - Measurement overload
  - Rewarding underperformance?
Openness

- Public access to documents
  - Dates to the Freedom of the Press Act of 1766
  - Public unless classified or sensitive
  - Applies to
  - Requests are anonymous

- "Whistle blower" protection
  - All (including civil servants) who speak to the press are guaranteed anonymity by the FPA

- The Ombudsman institution
  - Accountability through public scrutiny
Consultation ("remiss")

- Opinions distributed to
  - Relevant agencies
  - NGOs/interest groups
  - Labor market organizations (unions etc.)
  - Local/regional governments
  - The public

- Ministry collects, summarizes, and presents responses along with proposition

- Intention is to enhance legitimacy, improve quality, and anchor policies

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Illustration - consultation

- Swedish utility Svenska Kraftnät presented a study in 2006 which proposed 4 energy grid paths through southern Sweden
- The study was sent out for review and comment
- 3 months later, 1890 replies!
- **The above-ground alternative was scrapped in view of criticism of its environmental impact, despite being 20-30% cheaper**
Transparency and tendering

- *Svenska Dagbladet* has recently published a series of investigative articles on the procurement of microwave food for hospitals
- Illustrates importance of both
  - Whistle-blower protection and
  - Professionalism and adherence to rule of law in tendering process
## Openness and corruption

### Transparency International 2007 Global Corruption Perceptions

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Denmark</td>
<td>9,4</td>
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<tr>
<td>1</td>
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<tr>
<td>1</td>
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<td>Iceland</td>
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<tr>
<td>9</td>
<td>Norway</td>
<td>8,7</td>
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### World Audit 2007 rankings

<table>
<thead>
<tr>
<th>Country</th>
<th>Corruption Rank</th>
<th>Democracy Rank</th>
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<tbody>
<tr>
<td>Finland</td>
<td>1</td>
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<td>New Zealand</td>
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<td>Canada</td>
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<tr>
<td>Australia</td>
<td>10</td>
<td>9</td>
</tr>
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</table>

Transparency International 2007
Global Corruption Perceptions

World Audit 2007 rankings

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The Media

- “The third estate”
- Independent control on corruption
- Empowers the Ombudsman
Challenges ahead

- Choice vs. Equality, Unity vs. Diversity
- Strengthening control functions, enhancing autonomy
- Competence enhancement
- What do we want to achieve?
The end
Taxes and GDP

Taxes, % of GDP 2004

Bn SEK 2005

<table>
<thead>
<tr>
<th></th>
<th>GDP</th>
<th>Ratio</th>
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</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>1 356</td>
<td>51%</td>
</tr>
</tbody>
</table>

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State Governance Instruments

- Laws and ordinances
- National agencies’ regulations
- General and equalization grants
- Earmarked grants
- Planning requirements
- Legal challenges
Income equalization grants

Figure 2 • Income equalisation for municipalities in 2008, outline diagram

Tax capacity, %

Government

Income equalisation grant SEK 52 bn

Income equalisation charge SEK 5.7 bn

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# Tax revenues in Sweden

## Total taxes in 2008 [3.1]

<table>
<thead>
<tr>
<th></th>
<th>SEK, billion</th>
<th>% of total taxes</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes on labour</td>
<td>909</td>
<td>61%</td>
<td>28.3%</td>
</tr>
<tr>
<td>Taxes on capital</td>
<td>163</td>
<td>11%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Taxes on consumption and input goods</td>
<td>422</td>
<td>28%</td>
<td>13.1%</td>
</tr>
<tr>
<td><strong>Total taxes</strong></td>
<td><strong>1,495</strong></td>
<td><strong>100%</strong></td>
<td><strong>46.5%</strong></td>
</tr>
</tbody>
</table>

- **Taxes belonging to EU**
  - 7 0.5%
- **Local income tax**
  - 503 33.7%
- **Fees for the pension system**
  - 178 11.9%
- **State taxes**
  - 806 53.9%
“Best practice” cases

- E.g. competitive tendering has increased efficiency
  - Stockholm city – 14% savings
  - Central gov’t coordination of tendering – est. 1.5 bn SEK per year in savings
- School vouchers – choice in the public sector
Management by Contract

Specify **WHAT** & choose **WHO** provides service

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Vouchers – the Swedish Way

Political level

Specify WHAT service

Level of implementation

HOW is up to provider

User

Choose WHO provides service

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Inquiry and consultation

Commission Opinion

Commission of Inquiry

"Remiss" – Opinion sent out for comments

Regering considers issue

Regering decides on a Proposition

The Riksdag Chamber

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