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# Citizenship, Consumerism and Local Government in Sweden

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Recent developments in Swedish local government and central-local government relations have been characterized by re-regulation and cut-back strategies on the one hand and decentralization and deregulation on the other. In this article these developments are analysed as a dynamic process with contradictory features. Swedish society is becoming more and more differentiated and specialized with fewer mechanisms of collective socialization, but with more economic and strategic calculations on the part of central and local authorities, interest organizations and individuals. New formal rules are developed in order to handle conflicts and enhance public sector legitimacy. In the communes we can identify an ideological shift from viewing the commune as a political institution to regarding it as a service-producing company. In addition, citizens are increasingly looked upon as individual consumers rather than political citizens. Corresponding organizational solutions such as depoliticization, privatization and freedom of choice have been developed. However, as a reaction to communal consumerism there is also a growing interest in communitarian values. There is an increasing number of examples of people participating in matters of common nature and expressing their belonging to a community. An interesting question for future research is whether the observed contradictory tendencies will increase or decrease the legitimacy of the traditional democratic institutions at the communal level.

## Introduction

The 1991 September elections in Sweden caused dramatic changes in the political composition on levels of government. In the *Riksdag* the non-socialist parties obtained 54 percent of the seats; in five out of 23 county councils there was a corresponding majority shift and there was such a sharp decline in the number of communes with socialist majorities (from 125 to 74) that it was reduced to about one out of four. Thus, in 1992–94 there was a total of 212 non-socialist communes, including those 41 communes where local parties and the Greens played a pivotal role. The upward trend of the Greens, which dated back to 1982, had been broken, but the local parties had defended their relative position.

Judging from these figures, a radical change in attitudes among local politicians regarding local spending and urban innovation might be expected. Such a shift had in fact occurred prior to the election even within the parties of the left and it had long constituted a pet theme within the

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Judging from these figures, a radical change in attitudes among local politicians regarding local spending and urban innovation might be expected. Such a shift had in fact occurred prior to the election even within the parties of the left and it had long constituted a pet theme within the

liberal–conservative coalition of Carl Bildt that took over from the Social Democrats in the wake of the 1991 election.

Thus, in the middle of the 1980s the post-war expansion of the local welfare state seemed to have reached its peak, and a number of reforms were introduced accompanied by catchwords such as decentralization, deregulation and privatization. In contrast with the comprehensive, large-scale top-down reforms of the expansionist period (Kjellberg 1988), many of the new reforms were experimental, expressing the ambition of "learning by doing".

When analysing the various forms of urban innovation, mostly emerging from local initiatives, it should be borne in mind that the central government gradually had tried to strengthen its grip over local government finance ever since the beginning of the 1980s, by using legal as well as financial sanctions (Murray 1985; Elander & Montin 1990). Thus, the central government had tried to induce local governments to cut down public expenditures by applying a classical strategy of positive and negative incentives, reforms involving decentralization and deregulation in combination with a more restrictive use of the grants system. Following Wolman et al. (1992, 58), this behaviour on the part of the central government corresponds to the general trend that the "fiscal crisis of the state is exported to local governments; that is, when the national economy is in bad shape local governments will come to bear more than their share of the burden". In addition, the local governments themselves anticipated the central state strategy by reforms implying a more businesslike management, public–private partnerships, and also privatization in a fuller sense.

As shown by Elander & Montin (1990), the 1980s witnessed a development of central–local government relations in Sweden that could aptly be summarized in the formula "centralizing financial power – decentralizing responsibilities". The message from central to local government was that "you are more free than before to do as you want but within a narrower financial framework". However, recent evaluations seem to imply that the central government did not quite succeed in going from words to deeds in this respect (State Commission Report, number 98, 1991). It is no wonder, then, that the restrictive message became even more explicit at the beginning of the 1990s, pushing the reformers' normative themes of local autonomy and democracy into the background.

The prospects of success for a more restrictive central state strategy towards the communes suddenly became more promising after the drastic change in political majorities caused by the 1991 September elections. The reduction of local government spending played a prominent part in the neo-liberal strategy of the new non-socialist government, which was committed to the notion of rolling back the welfare state in favour of what some of its ideologists referred to as "a welfare society". According to the

Minister of Finance, Anne Wibble, the most important thing was to adjust Swedish taxes to the level recommended by the European Community. A reduction in local government expenditure was vital in order to achieve this objective (*Kommun Aktuellt*, number 37, 1991).

The aim of this article is to describe and analyse the various forms of urban innovation currently restructuring local governments and their relations to the central government as well as to the citizens. We will also relate our findings to the basic roles through which the individual approaches local government, i.e. as a citizen (*homo politicus*), or as a client, customer, or consumer (*homo oeconomicus*). Some of the reforms at the beginning of the 1980s had been at least partially designed to revive the local identity dimension – the "sense of place" – that had been a crucial part of the traditional conceptions of local self-government, but we will, nevertheless, argue that this is a value gradually losing its appeal for the reformers. On the other hand, there seems to have been a marked tendency in recent local government reforms to highlight the consumer role to the detriment of other crucial roles such as the role as a citizen or that of a member of the local community. We can, however, also observe the emergence of counter-strategies, i.e. actions taken against the individual consumer perspective.

## Trends in Local Government Reorganization

According to Sharpe (1988, 369) the largest element in government growth in most western states has occurred at the sub-national level: "In short, as measured by expenditure, the 40 years since 1945 have tended to mark a process of decentralization rather than centralization of the modern democratic state". Sweden fits neatly into this picture.

Thus, post-war development in Sweden has been characterized by an enormous growth of communal functions and expenditure; a great number of small, rural communes have been replaced by fewer and larger ones, all with an urban core. Instead of the old administration purely by laymen we have seen increasing professionalization, and/or bureaucratization. Communal politics has become more and more integrated with and similar to national party politics, and, furthermore, the communes have increasingly become penetrated by organized interests other than those of party politics (Strömberg & Westerståhl 1984). With more than 40 percent of its public expenditure, and more than 50 percent of public employment located at the communal level, Sweden ranks about the highest among western countries in these respects (Goldsmith 1992a, 11). Also taking the county council (*landsting*) level into account, as much as 71 percent of all public expenditure is communal (Lane & Back 1991, 53).

From the point of view of the distribution of public expenditure and activities on specific functions, social welfare in the broadest sense is the main task of local government in Sweden. Thus, education and social services account for more than 40 percent of the expenditure and more than 60 percent of the workforce. Both are mandatory programmes, thanks to the School Act and the Social Welfare Act, which place responsibility for primary and secondary education, and for social welfare, with the communes. More than two-thirds of all communal budgets are generally reserved for such mandatory services, although the variation is considerable between communes of different size and in different parts of the country.

Local government development from the 1940s to the 1990s can be divided into three phases (Montin 1992a). The first phase – ranging from the late 1940s to the mid-1970s – was primarily oriented towards enhancing the policy efficiency of local government. The second phase of local government development began in the mid-1970s. This time the objective of the reform could be described as "bringing democracy back in". Several measures initiated and implemented during the late 1970s served this purpose, e.g. local consultative referendums, sub-communal councils with decision-making status and powers, as well as reforms and projects to support party constituency organizations and to encourage ordinary citizens to engage in communal decision-making. The 1977 revised Local Government Act revolves around these and similar measures to stimulate participation and to relax central guidelines on communal organizational structures and powers.

After the election of 1982 when the Social Democrats came back into power after six years of non-socialist government, the central government announced a "new public administration policy" (Mellbourn 1986), while at the local level several communes had already unilaterally initiated processes directed towards renewal of local government. This was the beginning of the third phase. After the election in 1991 a "new view of politics and its objects" was proclaimed by the new non-socialist government. Politics should reduce its role, take a step backwards in favour of civil society and the market. Individuals, families, cooperatives and private companies should be more responsible for the welfare services (Montin 1993a).

The reforms and trends of this phase will be discussed according to a logic that brings us from the central state strategies of financial cut-backs, decentralization and deregulation to local government responses and initiatives in terms of depoliticization, privatization and users' democracy. Although most of the reforms could be treated under several headings, we have sought to give them a position according to the main dimension affected. We focus on the time-period from the mid-80s to the beginning of the 1990s. In conclusion we will present an interpretation that takes into account the interrelatedness of the various dimensions highlighted under each subtitle.

## Central State Cut-back Strategies

Local government in Sweden has a strong constitutional–legal foundation, comprising a set of laws regulating its relations with central government and to the citizens; it has its own fiscal rights; its political organization is based on direct and proportional elections, making local government somewhat more qualified than deconcentrated state administration; finally, its employed administrators and field workers represent a strong professional competence. Taken together, these factors represent a set of resources giving local government a strong potential for discretionary action (Elander & Montin 1990).

According to the Constitution, communes and counties are allowed to impose taxes on their citizens, although the *Riksdag* may enact laws specifying the forms of taxation. Taxes, in the shape of a proportional local income tax, account for a growing share of overall resources (55 percent in 1993) for the communes and about 30 percent more for the county councils. Central government grants represent about one-fifth of the communal incomes and about 10 percent of the county council incomes (Häggroth et al. 1993, 74).

The Local Government Act contains few detailed rules regulating management of local finances. This is well in accordance with the ideology of local self-government. However, in practice central government has tried to influence local governments in a number of ways including general economic policy, the grant system, and the agreements on tax rates. Up until the middle of the 1970s increased taxes and generous central government grants accompanied the growth of the welfare state.

Surprisingly, rising oil prices and a general recession in the national economy did not stop the expansion of local government in Sweden in the 1970s (Mouritzen & Nielsen 1992, 47). Despite a declared ambition to reduce local government spending the central government even increased its grants to the communes between 1979 and 1985 (Wolman et al. 1992, 60). Further, many of the communes themselves seem to have anticipated a more restrictive central government strategy by introducing a number of measures aimed at reducing local government spending. Consequently, most of the communes went into the 1990s "with a fairly good economy" (Mouritzen & Nielsen 1992, 60).

State grants to the communes remained at about the same level until the end of the 1980s, which means that the grants covered the same amount of produced services in 1990 as in 1980. This could be seen as an indication that there was no real exportation of fiscal stress to local government, despite all ambitions to reduce the development of costs. On the other hand, there was a continuous process of responsibility transfers from the state to the communes, accompanied by expectations of increased quantity

and improved quality of social services (State Commission Report 1991, number 98, ch. 3).

To give just one example, in 1985 the *Riksdag* stated that local government in 1991 should be able to offer all children above the age of 18 months some kind of pre-school activities. This was supposed to be achieved without increasing grants, meaning that the total proportion of financing by grants was reduced, and that local governments had to start mobilizing alternative resources (Montin 1991), e.g. exporting necessary investments in infrastructure by creating, or using already existing, communal companies, outside the ordinary communal budgets (State Commission Report 1991, number 98, ch. 3).

At the beginning of the 1990s, however, "the fiscal crisis" seems to have caught up even with the Swedish communes, enforced by a more determined cut-back policy on the part of the central government. The barrier against further tax increases that was earlier negotiated by the government and the Swedish Association of Local Authorities was reinforced by mandatory legislation in 1990 remaining in effect until the end of 1993, and a real reduction in central state grants was announced. Thus, while in 1990 state grants accounted for 25 percent of the communal revenues, this figure in 1993 had decreased to 20 percent (Häggroth et al. 1993, 74).

The newspapers give daily reports of various aspects of communes in crisis. However, although many Swedish communes are dealing with great financial problems, one should be wary of not taking one's conclusions too far. After the tremendous growth of local welfare activities, even through the 1980s, communal cuts amounting to a 10 percent reduction in communal employment may not upset observers coming from such countries as Italy, the UK, Denmark, Germany and the USA, all of which countries experienced fiscal crises as early as the first half of the 1980s (Mouritzen & Nielsen 1992), not to mention the post real-socialist states of East- Central Europe and the former Soviet Union (Elander & Gustafsson 1993; Elander, Zhikharevich & Wikström 1994).

By way of summary, it seems that the Swedish communes have reached the peak of expansion and all figures are at the moment pointing downwards. In the beginning of the 1980s strategies were formulated in order to make local government services more productive and effective. The idea was, however, to make changes within the public sector. In the beginning of the 1990s the renewal programme turned into more radical solutions, e.g. reduction of public programmes, privatization and other actions which follow the idea of New Public Management, which has spread around the world (Bennet 1990; Caiden 1991). We will give examples of some of the major features of this process as they are currently appearing in Sweden.

## Decentralization

Among the catchwords signalling the advent of a new epoch at the beginning of the 1980s, decentralization initially became the trade mark of almost every change and experiment, sometimes even an objective in itself. However, the term "decentralization" is "an almost 'empty' term, a kind of camouflage behind which a diverse range of (often incompatible) political and organizational strategies can find cover" (Hogget 1988, 215). Without losing sight of this symbolic dimension, we will briefly look at three forms of decentralization: the "export" of state functions to the local government level, the enactment of discretionary laws, and, at a little more length, the sub-communal reform.

In the 1960s and 1970s there were only minor changes in functions between the central and local governments. The most important change in this respect occurred in 1965 when the police, the public prosecutor and the courts were centralized. In the 1980s, however, a number of public functions were more or less communalized, e.g. civil defence, public transport and environment protection. Considering the fact that the local governments have also expanded their own, self-governed activities, especially in the field of local economic policy, one may aptly talk about an intensified decentralization of public activities.

The enactment of a number of discretionary laws (*ramlagar*) replacing older ones which regulated in detail the activities in question represents another dimension of decentralization occurring in the 1980s. Examples are the Acts relating to social services (1982), health and medical care (1983), conservation of natural resources (1987) and planning and building (1987). On the surface these laws could be interpreted as the central state giving away, i.e. decentralizing, its powers to local governments. An alternative and more realistic interpretation might be that the central government discovered that it had lost a control it never had. In other words, it may be a case of adaptation to developments that have been going on for a time (Gustafsson 1987).

The third dimension of decentralization touched upon in this section relates to the amalgamation reform implemented during the 1970s. Evaluation research indicates that people in general were quite satisfied with their communes, but also that the reform caused legitimation problems for the political parties, e.g. low recruitment of new members and activists, particularly young people and women, and a lower degree of participation in ordinary party activities (Westerståhl & Johansson 1981). This does not mean that the political interest among Swedes has declined, rather that they increasingly make use of other channels than the traditional parties (Petersson, Westholm & Blomberg 1989, 97 ff.). In the late 1970s this was defined as a problem of local democracy, and reforms were initiated in order to regain the legitimacy of the political parties.

One of the reforms aiming at the increase of citizen participation and the revitalization of the party organizations was the sub-communal reform. By 1991, 23 local government authorities had divided their territories into sub-units governed by sub-communal or sub-county councils. These councils were not given the responsibility for *all* functions delivered by local government. They were granted authority for one or more policy areas, mainly the soft sectors such as culture, leisure, primary education and social services.

The explicit aim of the sub-communal reform was first of all to strengthen the local party organizations, but it can also be viewed as an effort to modify a strongly sectorial, functional organization through the introduction of a geographical dimension. Finally, it can be looked upon as a device used to increase the local governments' responsibility for reducing public expenditure growth. The three interpretations clearly are not mutually exclusive (Elander & Montin 1990). However, the sub-communal reform can also be seen as an effort to regain something of the local political culture from the pre-amalgamation period with smaller territorial areas (Ekman 1991), indeed even as an attempt at restoring something of the communitarian values that had a central position in older, normative theories of local government (Goldsmith 1992b).

In the early 1980s there were expectations that the sub-communal reform would serve as a very important instrument in the efforts to revitalize local democracy. However, when evaluations suggested that the reform did not come up to the expected level of participation, and when local economic problems became commonplace, the advocates of the reform redefined its purpose, and began to emphasize the efficiency aspects (Montin 1989; Kolam 1991). Thus, today among local policy-makers, the reform is, at best, expected to enhance bureaucratic efficiency, not to increase democratic participation. The interest in the reform on the part of other, more hesitant, local government authorities has declined, there is a growing trend toward reducing the number of representatives by amalgamating boards and committees, and some of the reform communes cancelled the sub-communal councils altogether (Montin 1994).

In sum, there have been three waves of decentralization since the late 1960s. First, there was a transfer of functions and responsibilities from the central government to the amalgamated communes. Second, some twenty communes introduced sub-communal councils, thus devolving parts of their function one step further down. The third wave started in the late 1980s when communal functions were increasingly privatized or transferred to interest organizations and other actors in the civil society (Bogason 1993). However, the history of decentralization is not as linear as it might be considered at first glance. The dynamic of the development can be exemplified by looking at the deregulation efforts.

## Deregulation, Re-regulation and New Rules

A key theme in the debate on political–administrative interrelationships during the 1970s was that central authorities enjoyed too much political power, discretion and self-sufficiency vis-à-vis local government and citizens. From 1976 onwards, several governmental committees addressed this problem, and during the 1980s a number of deregulative reforms were implemented in order to dismantle parts of the central authority apparatus, e.g. the discretionary laws mentioned above, the redefinition of central authority roles vis-à-vis local governments, and the free commune reform.

The overall picture is that local governments have enhanced their autonomy vis-à-vis central state authorities. Several free commune dispensations have been made general, the grant system has become more open and several rules have been abolished. Thus, deregulation has been one of the trade marks of the modernization process.

However, it is not always clear what deregulation actually means. According to Hancher & Morgan, regulation is "the making and enforcement of legal and administrative rules". Hence, deregulation may be defined as "the explicit alteration, amendment or abolition of a set of rules" (Hancher & Moran 1989, 130). But, deregulation does not always mean abolition of rules. It could also mean clarification and systematization of rules.

One example of the latter is the new Local Government Act , enacted by the *Riksdag* in June 1991, and largely systematizing and codifying norms and rules that have been partly codified in additional laws or used in practice during the last decade. Many of these norms and rules are now integrated into the Act. For example, the Act sets forth the explicit right for the communes to support the local economy in the event of unemployment or risk of unemployment. Traditionally, industrial policy is a national issue, but during the last 10–15 years the communes have increased their discretion in supporting local industry immensely. This change is an attempt at clarification of the borderline between what is legal and illegal in this respect (Lindquist & Losman 1991, 23).

The change of rules can also be a matter of re-regulations, which can be defined as "steps taken to make existing regulation more effective, or to replace rules with other instruments designed to achieve more effectively and efficiently the same behavioural changes sought with the original regulatory scheme" (Hanf 1989, 193). In the modernization of the public sector in Sweden there are several elements of re-regulation, or "rule reformation" (Ministry Report 1991, number 32).

An example of re-regulation in this sense can be taken from the policy of new roles for central authorities in relation to communal authorities. According to the national government, central authorities should redefine their role vis-à-vis local government from that of policy-formulation, guideline-writing and prescriptive coordination and control to that of

policy-transmission and evaluation (Elander & Montin 1990). Policy transmission means influencing local government through the "marketing" of goals and ambitions set by the *Riksdag*. Taking the National Board of Health and Welfare (NBHW) as an example, this has meant the frequent presentation of "good practice examples" in social care, child care and elderly care (Bladh 1987). The NBHW is now considered as an important "watch-dog" over the communes and the county councils and has begun an evaluation of the effects of local policies.

The new roles for central state authorities and the transformation to management by objectives may in fact strengthen the central state control, by using new instruments. The idea of management by objectives is that communal authorities should be compared with one another and with overall goals. If and when the central government observes illegitimate differences between communes, what should be done? Several studies about policy behaviour after deregulation show that the introduction of new rules is the most likely solution (Wise 1990). Using deregulation or re-regulation as a means of control also implies a focus on evaluation (Simon 1957, 234–240), either as an instrument measuring to what extent local social service delivery meets local needs or as an instrument measuring efficiency in monetary terms. Hitherto, the latter has been given higher priority than the former (State Commission Report 1991, number 104, ch. 3). In addition to the evolution of re-regulation, new rules have been established in order to control the communes. Three examples will be given.

With strong influence from the British system of Compulsory Competitive Tendering the communes are supposed to make their service production a target of internal or external competition, except for matters between a public authority and the individual. The strategy is based on the assumption that competition "always" makes service production more efficient and of higher quality. When doing this the communes have to follow certain rules and are watched and controlled by the new Competition Authority (*Konkurrensverket*) and the Regional State Authority (*Länsstyrelsen*) (Cabinet Proposal 1993/94, 35).

Within the primary school sector new rules were passed in the *Riksdag* in 1992 in order to increase the number of so called independent schools (*friskolor*). The new National Board of Education (*Skolverket*) decides which schools will receive grants from the communes, not the communes themselves. The Minister of Education has made clear that the communes must not refuse a school economic support (Ask 1992). Again, the communes are bound to comply with the new state rules.

Finally, in 1993 and 1994 two so-called Acts of Citizen Rights (*rättighetslagar*) were passed by the *Riksdag*. The first one gives certain groups of disabled people the right to receive personal assistance (Cabinet Proposal

1992/93, 159). The second one gives parents the right to get day care for their children. Both these acts have met strong opposition among all parties at the local level.

In sum, the trend towards deregulation and re-regulation has probably to do with the ongoing fragmentation in society. The society is becoming more and more differentiated and specialized, with fewer common socialization mechanisms but more economic calculations and strategic behaviour on the part of the authorities and interest organizations in the society. As a result of this development the demands for formal rules and agreements will also increase in order to handle conflicts (Olsen 1990a, 63). Hence, in central–local government relations we can observe both deregulations, re-regulations and even new rules at the same time. In addition to this, deregulations may be transformed into new rules at the local level and between communal authorities and other organizations, like entrepreneurs and other private providers of public service.

## Depoliticization

Defined as an institution with viable representative democracy, local self-government is based on the possibility of enhancing and improving political control and responsibility (Gustafsson 1983, 61). According to the principle of representative democracy there is a demarcation line between political and administrative functions. A fundamental principle of Swedish local administration is that it is supervised by directly elected representatives, i.e. the council of the local authority (*kommunfullmäktige*). The task of the executive committee (*kommunstyrelsen*) is to supervise the administration of communal affairs and to keep itself informed about the activities of other communal committees. It is the highest executive body of local government and as such responsible for the economic affairs of the commune and for its long-term planning.

Mandatory legislation in Sweden traditionally requires each commune to have special committees for particular tasks, i.e. an education committee, an environmental and health protection committee, a social committee and a building committee. They are to be responsible for day-to-day activities in their special areas, prepare items for the council, implement decisions and make certain decisions of their own in accordance with laws and communal regulations.

One of the conclusions from the second evaluation of the reorganization of local government was that the local government structure had changed "from administration by laymen to administration by professionals", which, among other things, led to the following consequence: "The administrators in all communes have now assumed not only responsibility for implemen-

tation but also an important role in the process of policy formulation from the politicians" (Strömberg & Westerståhl 1984, 61). Although the local administration became professionalized and bureaucratized, there was still participation on the part of the elected politicians concerning administrative issues:

> Local government in Sweden is distinguished by the fact that the elected representatives participate directly in the handling of a matter at all levels, from drafting to decision-making and implementation, which means that their tasks include those which in the national administration are the sole concern of salaried officials (Gustafsson 1983, 64).

These, quite contradictory, conclusions highlight the relations between political control and responsibility on the one hand, and administrative autonomy on the other. The issue has been the focus of discussion for many years, and several reforms have been initiated to clarify the roles of politicians and administrators (Norell 1989).

In the mid-1980s a system called "management by objectives" was introduced. The aim was that the elected politicians should be more concerned about formulating and stating goals according to people's needs, and about systematically evaluating the outcome of the service-producing system. However, research findings and the public debate indicate several problems related to this new system (Henning 1991; Montin 1991; Rombach 1991). The goals are often vague and give the administrators great scope for different actions. Objectives are often formulated by only some politicians together with only some leading administrators, which means that the laymen-politicians run the risk of being marginalized. If measurable objectives are developed, they are often quite simplistic, and not adequate for measuring the complexity of social services. Finally, instruments and measures for evaluation are poorly developed. There is a lack of "evaluation culture" in the communes (State Commission Report 1991, number 25, 109). Thus, findings indicate that "management by objectives" leads to decreased political control and accountability because of the vast room for discretion given to the administrators.

In several communes a new structure of formal relationship between the political and the executive structure has been introduced and established. This is called "ordering and performing organizations". The concept of ordering-performance organization and its introduction in several communes were not the results of a rational political process. The idea came up in some documents, e.g. at the Ministry of Finance and among private consultants, toward the end of 1989. Then the concept was spread, mainly by consultants, to the communal authorities. Strikingly, the 1991 Local Government Act (LGA) was not adjusted to the model. When discussing the new LGA, the parliamentary representatives had little or no knowledge of the model or its consequences. In the beginning it was even doubtful

whether the new model could be implemented in the framework of the new LGA.

The model constitutes an extension of the idea of management by objectives – political activities should be separated from the performing ones. The performing organization should be less subject to day-to-day control by committees and more free to handle financial and other resources. This means that the political bodies are moving backwards from the executive structure. This is a change in problem definition compared to the discussion during the late 1970s. Then the problem was how to enable the decision-makers to control the administration. The ideology behind this new organization policy is to make service production more adjusted to environmental demands and more free from political control, or, as some politicians have put it, to "dig a trench between the politicians and the administrators". Service production is viewed less "politically" than before, as consisting of "neutral" economic activities which should be less restricted by rules and short-term decisions. The model is more or less established in about 40 communes, but many critical voices have been raised against the model, especially among leisure politicians (Montin 1993b). It has also been criticized for reducing citizen control of public affairs (Nordin 1994).

The new organizational model could be seen as a logical progression from the trend to decentralize, and to some extent privatize, the responsibility of service production. It started in some communes, mainly within the technical sector, by calling parts of the administrative structure result units. These units handle financial and other resources more freely than before and are also supposed to compete with one another, and in some cases with private entrepreneurs, cooperatives and companies with mixed ownership. In several communes the performing organization is moving towards a public/private mix.

The described process does not refer to technical questions only, as is often suggested. It is really a matter of democracy and the role of the political institutions. The trend towards liberating the production from politics can be described in terms of moving from the idea of the "primacy of politics" to that of the "primacy of the economy" (Olsen 1990b, 135 ff.). The latter means that local government activities are valued in monetary terms and their legitimacy is based on the contribution to economic growth. The primacy of politics means that democratic political institutions are legitimate decision-makers and make priorities about who gets what, when and how. From this point of view, the economy is a sub-system in society. Consequently, an effort to replace democratic criteria with economic ones might undermine the role of local political institutions.

Reforms like management by objectives and the ordering-performing organization model have sometimes been described as a Social Democratic

reaction against the demands for privatization raised by the non-socialist parties. On the other hand it might be argued that these new organizational forms made way for privatization by distancing the local institutions from politics.

## Privatization and Public–Private Partnerships

At the beginning of the 1980s privatization was not considered an important political issue in the discussions about the new administrative policy. In Sweden, as well as in the other Nordic countries, "privatization provoked strong negative reactions even when the term was used to refer to ordinary processes of adjustment between the public and the private sector, usually widely accepted" (March & Olsen 1989, 102). Thus, the Social Democratic government viewed private alternatives to public child-care centres, and other proposals for privatization raised by the non-socialist parties, as a general attack on the welfare state (March & Olsen 1989, 102 ff.; Montin 1992b).

From the mid-1980s, however, a slow change in policy came about. Even representatives of the Social Democratic government suggested that "privatization" should not be mistaken for "complementary private activities". This statement was a hint of a forthcoming pragmatic view of privatization. At the end of 1989 the Social Democratic government stated that it would "reconsider" to what extent service production should be managed publicly or privately. The government also indicated its willingness to "reconsider" the financing of public services (Cabinet Proposal 1989/90:100). A year later the government put even more stress on the possibilities of "alternative" ways of financing and producing social services. Now "competition", "freedom of choice" for public service consumers, and contracting out were considered as important alternatives (Cabinet Proposal 1990/91, 100).

In the late 1980s the pragmatic "economizers" in the Ministry of Finance had strengthened their position against "decentralists" and "traditionalists" in the Social Democratic Party (Premfors 1991; Montin 1992a), and according to Kjell Olof Feldt, Minister of Finance, the Social Democratic party programme should reflect a more "realistic" approach to capitalism than usually expressed by Social Democratic ideologists (Feldt 1991). Thus, a pragmatic and apolitical view of privatization was dominant in the government just before the election of 1991. When the non-socialist majority took their seats in government after the election, the former government had already partly paved the way for further privatization.

Studying privatization, there are three functions in particular which should be examined, namely *financing*, *production* and *regulation* (Lundqvist

1989). While financing and production are concepts with a quite self-evident meaning, regulation is a little more complicated. In this context we use the concept in a broad sense, referring to guidance, control and feedback (cf. Kaufmann, Majone & Ostrom 1986, 791). It should be noted that it is not just a matter of laws, formal rules and formal evaluation criteria. It is as much a matter of working rules and criteria. Formal policies and evaluation criteria may or may not guide and control the service production. Privatization in this respect means that the working rules concerning guidance, control and evaluation are more or less transferred from central or local government institutions to private organizations or interorganizational settings.

When discussing privatization all three dimensions have to be considered. First of all privatization should be understood as a process, or a movement, not a settled arrangement. Regarding the fact that rules and organizational arrangements are commonly mixed, to define an arrangement as "public" or "private" may at best be a case of crude generalization (Kaufmann, Majone & Ostrom 1986, 798 f.; Bozeman 1987; Wise 1990). Secondly, private does not exclusively mean a private company in a competitive market. It could also mean other types of non-public or non-hierarchical organizations, like non-profit cooperatives. Thirdly, the three functions should be analytically and empirically separated. A case of privatization may, for example, include a change in regulation and management but not in financing. Finally, privatization might be the result of a national political reform strategy, but also of relevant actors spontaneously trying to solve concrete problems at the local level. Taking these conceptual clarifications as our point of departure we will now give some examples of privatization processes currently penetrating the communes in Sweden.

There is in the public sector in general, and in the local government administration and service production in particular, a growing effort to open up for *internal competition*, i.e. to make market-like arrangements. Profit units in private companies have become a model for result units in local government service. By this and other new internal arrangements *new working rules* are introduced (e.g. competition, individual wage systems and new management ideals). The next step, which has been discussed in several communes and in central government, is to open up for external competition, inspired by models used in the UK. The ordering-performing formula fits well into this picture as an opener into privatization.

During the 1980s many communes increasingly made use of already existing communal companies or created new ones. Among the protagonists a number of arguments have been put forward in favour of these companies – the companies are said to create a more direct responsibility for the produced results, to provide a broader scope for financial discretion, to shorten the decision-making process, to produce market-oriented feel-

ings and to make policy more flexible regarding recruitment and staff relations. As at least 50 per cent of the ownership is in the hands of the communes; the establishment of such companies should not be seen as a strategy for out-and-out privatization, but instead as a strategy for reducing communal political responsibility (Swedish Association of Local Authorities 1991), i.e. a change of the regulation function.

Privatization in the sphere of health services began with the opening of private emergency adult patient centres (City Clinics) in Stockholm and Gothenburg in 1983 and 1985 (Olsson 1990, 271). At the beginning of the present decade several county councils introduced ordering-performing arrangements with the emphasis on internal competition and allowing the patients to choose public or private health care.

Within the primary school sector there are a growing number of private schools, or so-called independent schools (*fristående skolor*). Between 1975 and 1990 the number of pupils in private schools increased by 74 percent (Knutsson & Forsman 1992, 74). After a change in legislation in 1992, the National School Authority received about 200 new applications for starting independent schools (National Board of Education 1992). There are now about 250 independent primary schools in Sweden.

The privatization process in public child care can be described both as an effect of changes in the central government grant system and as an effect of the search by local actors for alternative and less expensive forms of child-care services. Earlier, central government grants went only to day-care centres owned and controlled by the communes, but nowadays they go also to day-care centres that are parent- and staff-owned cooperatives. Such changes had already begun while the Social Democrats were still in power, but in January 1992 the non-socialist government opened the door to several kinds of profit-making and non-profit-making alternatives. At the local level, politicians and administrators were increasingly thinking in terms of new alternatives to communal child care (Montin 1991a). The shift in public child-care policy during the 1980s indicates a tendency of moving away from "pure" local government organization (where the care is financed by tax revenues, produced by local government facilities and regulated by central and local government decisions) and towards both the inclusion of complements from civil society (in the form of family cooperatives) and more market-oriented alternatives (though still financed by tax revenues) (Montin 1992b).

The interest in contracting out social service production has grown since the mid-80s. The argument is that it does not really matter who is producing, as long as the financing and control are in the hands of local representatives. There has also, however, been an increasing privatization not based on political decisions. One example of this concerns the care of drug addicts. At the beginning of the 1980s, there were 743 places for adult drug addicts

in private institutions. By 1990 the number had risen to 4158. This has been described as the most extreme case of privatization not based on a political decision. The number of private institutions has not grown because of political decisions to this effect, but rather because of the increasing demand for anti-drug treatment from the social service agencies in local government (National Board of Health and Welfare 1991).

Looking at privatization and local politics in Sweden, housing is a policy sector of special interest, considering the common view that Swedish housing is an unprecedented example of welfare state success (see the references given in Elander 1991, 30). However, even this stronghold of the Social Democratic welfare state is under attack, as vividly expressed by this extract from Birgit Friggebo, Liberal Party Minister of Housing until 1 December 1991, when the Ministry was partitioned:

> Partitioning the Ministry of Housing is one step towards the abandonment of the special treatment given to the housing market. The liquidation is one stage in the development of the market economy even as regards housing (*Planera, Bygga, Bo* 1991).

The privatization tendencies in housing have so far mainly had an impact on the financial and the regulatory dimensions and only marginally on production. First, considering the enormous state budget deficit (130 billion crowns in 1992, and calculated to reach 170 billion in 1993) and the liberal orientation of the government, it is no wonder that housing subsidies of about 8 percent of the total state expenditures provided a tempting target for the non-socialist government's "rolling the welfare state back strategy". The dismantling of the housing subsidies was a goal of high priority, causing great convulsions in a housing system traditionally based on generous subsidies from the state. Secondly, there is an ongoing deregulation of procedural as well as substantial norms in housing, including, among other things, a substantial weakening of the role of planning in local government land and housing policies. However, as regards the production dimension the tendency towards privatization is not all that clear. Indeed, the non-socialist government and many communes with a non-socialist majority are propagating the conversion of rentals owned by communal housing companies to new cooperatives, but so far this strategy of semi-privatization has not made much progress. Most of the tenants have been very hesitant about the opportunity to convert their rentals to cooperatively owned flats, and the government has not even considered the idea of allowing conversions of rental to owner-occupied flats (Elander 1994). Thus, contrary to the situation in many other countries, in Sweden owning a "castle in the sky" is still not allowed (Siksiö 1993).

In sum, there is a growing mix of public–private partnership in several policy areas at the central as well as local levels, and covering all the

functions of financing, production and regulation. The examples discussed are partly the output of a central government strategy, partly the by-product of a dynamic process, i.e. of "coalitions of people who have money to invest, professionals who have services to sell, and people who have money to buy services. If public services, especially in education and health, deteriorate as a result of tight budgets, or for other reasons, this kind of privatization process may tend to accelerate" (Olsen 1988, 28). Indeed, the market has grown to be the most dominant metaphor in the rhetoric around public sector modernization. More specifically, it is the pure market model of the textbooks in economics that the public sector is trying to copy.

## Users' Democracy and Freedom of Choice

During the late 1970s and the beginning of the 1980s increased political participation was an explicit goal in the official political language.Thus, the overall objective in introducing sub-communal councils was to enhance citizen participation. But the concept "citizen participation" has many dimensions, and may stand for several different activities and relations (Langton 1978). It can mean participating as an elected representative in decision-making bodies, like local committees and boards, in local party groups or interest groups in the actual provision and performance of services and in contacting politicians and administrators in an effort to exert influence on local decision-making.

Traditionally, there is a distinction made between participation within the framework of representative democracy, like party participation and contacting the representatives on the one hand, and participation outside the representative bodies, like demonstrations and interest group activities, on the other. However, using David Easton's analytical framework, both forms of participation refer to the input-side of the political system, while users' participation in the performance of services refers to the output-side of the system.

In the public sector in general, and at the local level in particular, during the 1980s citizens began to be viewed as "users" and "customers". One of the elements in the new policy of public administration is "users' democracy". The idea is that parents of children in communal child care, and also other users, should participate in and exert influence on the production of services. All communes are expected to develop this kind of users' democracy. According to the new Local Government Act, committees are allowed to delegate decision-making to subordinate actors provided they first consult groups of users.

There is also a growing customers' perspective. Here the stress is put on

the freedom of choice (cf. State Commission Report 1993, number 90). The idea is that, for instance, patients should have the right to choose between health centres, and that parents should have the right to choose between schools for their children. The main difference between these two policies can be conceptualized in the words "exit" and "voice" (Hirschman 1970). Whereas freedom of choice is a matter of opportunities to "vote with one's feet", users' democracy is a matter of opportunities to exert influence on goals and performance in a given institution. The distinction can also be expressed in terms of "consumer solutions", which emphasize service responsiveness, versus "collectivist solutions", which emphasize service democracy (Hambleton & Hogget 1988, 53 ff.).

Freedom of choice as a policy has become a commonplace and often taking a more prominent position than that of users' democracy. At the beginning of the 1980s the Social Democratic government defined users' democracy as an alternative to privatization. Recently, privatization has been more of a practical issue than an ideological one, and in both rhetoric and practice freedom of choice has become a higher priority than users' democracy. Today it is a widely spread conviction among local government actors that current problems have nothing to do with democracy and citizen participation in traditional terms. The focus is directed on how to enhance freedom of choice for the consumers and users of public services, and how to make production of services more efficient. There are differences between Social Democrats and non-socialist party elites, but during its last few years in power the Social Democratic government became more concerned about freedom of choice, competition within the public sector and contracting out, than about traditional ideological goals such as solidarity and equality (Montin 1992b; Wise & Amnå 1993; Wise 1992).

Walking the road from central state cut-back, deregulatory and decentralist strategies to the depoliticization and privatization trends, mostly created by the local authorities themselves, ending up with the consumerist ideology expressed in such slogans as "users' democracy" and "freedom of choice", could be briefly described as a journey from citizenship to consumerism. Thus, with the exception of election times, individuals are nowadays seldom called upon as politically active citizens. Instead, they are viewed as autonomous consumers with no need of political intermediators such as the political parties. Redefining collective political participation as acts of individual consumers is supported by reference to recent surveys saying that most people today have a feeling of "powerlessness" towards public services, such as health care and education. On the other hand, they have a relatively strong sense of their influence as consumers on the commodity market (Petersson, Westholm & Blomberg 1989).

For many local government reformers the conclusion to be drawn from these observations is obvious. The public sector should adjust to individual

demands by making the distribution more market-like. The following statement aptly catches the spirit of the current policy:

> But decentralization should not stop at the lowest political level. In all cases where it is possible decisions should be made by the individual (*Svenska Dagbladet*, 14 February 1992).

The statement expresses an image of "democracy without politics". It fits very well into the strategy of Carl Bildt's liberal/conservative government, aiming at the social welfare functions to the market and to civil society, thus narrowing the scope of the state to a few strongly upheld functions.

However, politics is not just a matter for elected politicians. Politics is basically a matter of defining and establishing criteria for the distribution of social goods, and historically the "political community is the appropriate setting for this enterprise" (Walzer 1983, 28). This means that it is difficult to avoid politics. If the common matters are not settled as a result of "open" discussions, they will be settled elsewhere; perhaps behind closed doors.

The social bonds of civil society may be fragmented by both welfare state interventionism and marketization. If the satisfaction of social needs is an overall objective, this should be done "through networks of mutual support and exchange, instead of 'externalizing' these needs and abandoning their satisfaction to the twin poles of market or state" (Keane 1988, 11). This calls for a variety of institutional settings where social needs could be satisfied. Whether the growing zone of networks between the public and the private will satisfy this norm is still an open question that should be analysed in more detail. However, one should beware of automatically concluding that any step away from traditional public welfare politics is also a step on the road to privatization in a pure form.

The changing view of the citizen can be described as turning from the citizen as a political actor to the citizen as a private individual (Walzer 1989, 211 ff.). The political citizen is a political actor who takes part in political decisions at all levels. It is a duty for her or him to participate in the public debate (Ranson & Stewart 1989, 14 ff.). In this respect local governments are supposed to function as integrative institutions – as "instruments of political socialization and training as often as they are seen as decentralized administrative/political agencies" (March & Olsen 1989, 132).

Political citizenship has been the ideal of several different philosophers and political movements, e.g. Aristotle, Rousseau, Jacobinism and Socialism (Held 1987). The private citizen, on the other hand, takes no part in political, collective matters. The family/the private sphere should be protected from politics. The state should only offer the framework of the private. The citizens should enjoy themselves in business, love, art and literature. Individuals are morally self-sufficient and entitled to determine the use of their property as they choose. The public is best served when

individuals are able to express their self-interest (Nozick 1974, 26 ff.). In this perspective local authorities should function as aggregative institutions, working much like economic institutions, treating individual preferences, wishes and demands as being autonomous (March & Olsen 1989, 123).

Indeed, there has been a marked difference between the socialist and the non-socialist parties regarding how to conceptualize citizenship, but in making policy recommendations as regards current communal politics in Sweden they have nevertheless come close to each other. Our main conclusion is that behind the actual reforms and experiments, both at the local and the national levels, the dominating view of which role the individual should play in politics has shifted from that of the politically active citizen to that of the individual consumer.

## Towards an Era of Local Collective Action?

To promote a sense of belonging to a community is a value traditionally raised as an argument in favour of local self-government and democracy, especially in the French and the American contexts (Goldsmith 1992b). Although nowadays not taking a prominent place in the Swedish debate, it has occasionally been recognized as being of some importance and often together with the argument of democratic training. Thus, in 1978 a Ministry Report stated:

> The heterogeneous interests of society at large are assumed to diminish when the decisional territory is limited to local areas with a greater sense of community (Ministry Report Kn 1978, number 5, 9).

Close to this argument is the one of "democratic training". In the document referred to, which is a programme for the development of local democracy, is also argued:

> Besides giving many people the opportunity to participate directly in communal politics, thereby also training and educating them for handling public services, the commune will contribute towards people becoming co-responsible and active in the process leading to decisions concerning important parts of local-level social services (Ministry Report Kn 1978, number 5, 8).

As shown by Ekman in her study on the Alfta commune in the county of Gävleborg:

> Local consciousness may be generated and expressed in a variety of contexts, briefly; in local history, including knowledge about territory and genealogy; in everyday life, in terms of local ideology as well as in daily practice; in rituals of revitalization of community, such as the summer carnivals; and in the political mobilization against external threats. Belonging is then expressed in many different situations and contexts, as well as differently by different groups of people in the local community (Ekman 1991, as quoted from the Abstract).

However, the idea of belonging, together with the communitarian values

linked to this idea, is not often taken into account in planning processes and administrative changes:

> In the context of communal mergers the issue of local democracy becomes especially visible because the amalgamation reduced political representation in Sweden, and also had implications for identity and feelings of belonging, at least in rural areas (Ekman 1991,174).

Although communitarian values have rarely been used as arguments in favour of the local government "renewal" during the 1980s, let us briefly mention a few such cases.

First, the growing cooperative movement within public child care can be used as an example. The number of parents' cooperatives has increased from 104 in 1985, to 430 in 1991. Every seventh child within public child care is in a parents' cooperative. This and other examples of the cooperative movement at the local level illustrate a growing interest in collective participation on the output-side of the system, distinguished both from local party politics and from individual consumerism. It also exemplifies the willingness to participate in local matters of a common nature, also expressing a belonging to a community.

Secondly, since 1980 nine new communes have been established, by separation from larger communes (Gustafsson 1988, 47 ff.). In about half of these the initiatives have been taken by local action groups, outside the communal institutions. In the other cases initiatives have been taken by local elites within the communal bodies.

Thirdly, there have been continuous demands for a system with directly elected representatives to the sub-communal councils, instead of sub-communal councillors appointed indirectly on the basis of the political composition of the overall communal council, which is normally the case. Mostly, these demands have been raised by representatives of the Left Party and the Centre Party.

On the other hand, the declining local government interest in creating sub-communal units, coupled with the cancelling of such units in some instances, might be interpreted as a failure at (re)creating a sense of local belonging linked to lower territorial units. Indeed, one should not expect local consciousness and belonging to be created by decree, as it is rather stored in the neighbourhood through people's experiences, individual and common, of these fixed places and the physical and social environment, the home area (*hembygd*) (Ekman 1991, 93).

Neither does the contemporary view of citizens as individual consumers support local collective action. Local collective consciousness and action are more likely to develop from the bottom, starting with protests against central state decisions or other external threats (Lidskog 1994) or by developing self-reliance strategies based on common local needs (Carlsson 1992).

# Conclusion

The pattern of local government reorganization emerging in Sweden at the beginning of the 1990s follows the path laid out in the foregoing decade. However, the central state cut-back strategy now has become more explicit. It is no longer just a matter of keeping communal expenditure at the same level, but one of reducing it. By using the central grant system to accomplish this objective and by threatening to introduce a permanent prohibition of tax increase, the central government has pushed the communes into a corner from which they cannot escape.

Decentralizing a number of responsibilities to the communes without giving them a corresponding increase in financial resources, and simultaneously eliminating a number of regulations, the central state during the 1980s created a favourable climate for communal innovation. During the first years of the 1990s we can, however, witness new forms of regulations, often in the name of increased freedom of choice for the communal service consumers. In many cases the communes showed that it was possible to carry out the same amount of services at lower costs, although with questionable results in terms of quality. Today it is quite obvious that the qualitative aspects are pushed into the background, e.g. in the communal child care and in many schools, where a smaller staff has to take care of larger groups of children. Thus, although the communes were quick at developing anticipatory counter-strategies, the fiscal crisis of the state has now caught up with them. They no longer have any financial reserves of their own to mobilize.

Within the organizational structure of the communes there has been a continuing drift of influence and power from the political to the administrative sphere. When times are good and the economy is expanding, politicians compete for conspicuous ways of satisfying citizens' demands and even set out to create new ones, but when times are bad and the economy is stagnant they more or less become the captives of the economic administrators and consultants, who give the politicians advice on how to save money in the most efficient way. In many communes boards and committees have been amalgamated, reducing the number of elected representatives, thus reinforcing even more the central position of the chief administrators.

Even before the advent of the non-socialist government, various forms of privatization were used by the communes as instruments for reducing citizen demands upon local government. The borderline between the private and the public became more and more diffuse, producing a rich variety of para-governmental networks where policies were implemented, or rather created. Increasingly citizens were being addressed by public policy-makers not as political animals but as individual consumers. Today it seems that many agents of the public sector renewal process are hoping for a democracy

without politics – a kind of natural coordination of individual choice-making. However, an increasing number of new state regulations point in quite an opposite direction. There are also many indications that citizens at the local level do not in general perceive themselves only as consumers. They tend to organize in a collective way in order to defend their community. Additionally, according to some recent surveys the number of proponents of privatization of public services among the Swedish population is decreasing (Nilsson 1992; *Kommun Aktuellt*, number 5, 1994).

At the beginning of this article we argued that public sector growth in general, including communal growth, has run its course. Several reforms and changes from the mid-1980s can be seen as means for reducing public expenditures. The changing view of the citizen, from political citizen to consumer, fits well into the picture of cut-back strategies, rolling back the state and reducing the role of politicians at the local level. The ideas of service management imported from the private sector could also be regarded as an indicator of uncertainty among local leaders. Local political and administrative leaders in Sweden have no tradition of combining cut-back strategies and local participatory democracy. The local branches of the political parties and the elected politicians in the communes have great difficulty in building trustful relations with the citizens while reducing social and other services. Decentralization, re-regulation, depoliticization and privatization may all be interpreted as various means to increase the legitimacy of the public sector (Montin 1993a).

Thus, we can observe trends towards both consumerism and local collective actions within civil society. An interesting question for further research is whether these contradictory tendencies will increase or decrease the legitimacy of the traditional institutions of local representative democracy among the citizens.

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without politics – a kind of natural coordination of individual choice-making. However, an increasing number of new state regulations point in quite an opposite direction. There are also many indications that citizens at the local level do not in general perceive themselves only as consumers. They tend to organize in a collective way in order to defend their community. Additionally, according to some recent surveys the number of proponents of privatization of public services among the Swedish population is decreasing (Nilsson 1992; *Kommun Aktuellt*, number 5, 1994).

At the beginning of this article we argued that public sector growth in general, including communal growth, has run its course. Several reforms and changes from the mid-1980s can be seen as means for reducing public expenditures. The changing view of the citizen, from political citizen to consumer, fits well into the picture of cut-back strategies, rolling back the state and reducing the role of politicians at the local level. The ideas of service management imported from the private sector could also be regarded as an indicator of uncertainty among local leaders. Local political and administrative leaders in Sweden have no tradition of combining cut-back strategies and local participatory democracy. The local branches of the political parties and the elected politicians in the communes have great difficulty in building trustful relations with the citizens while reducing social and other services. Decentralization, re-regulation, depoliticization and privatization may all be interpreted as various means to increase the legitimacy of the public sector (Montin 1993a).

Thus, we can observe trends towards both consumerism and local collective actions within civil society. An interesting question for further research is whether these contradictory tendencies will increase or decrease the legitimacy of the traditional institutions of local representative democracy among the citizens.

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