

## **Recentralization and the Crisis of Political Parties in Sweden**

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### *1. Introduction*

This article aims to overview recent changes in relationship between the central and local governments in Sweden, and to discuss meaning of such changes in connection with the so-called "crisis of political parties".

This task is a part of a research project to find out what kind of changes have been brought about to the institutional structure of Swedish state by and in the crisis and realignment of the welfare state since the 1980's<sup>1</sup>. Therefore, the descriptions and analyses of relationship between the central and local governments in Sweden in this article are not purported to compare that with relationships between central and local governments and their reforms in other countries.

In discussing meaning of changes in relationship between the central-local governments, the author thinks it important to look at them in the context of the "crisis of political parties". It is because functions of political parties are supposed to greatly affect relationship between the central and local governments. It is also presumed that the central-local government relationship is an important element of the milieu for the organization and functions of political parties.

At present, however, my understanding of functions of political parties is based on assumptions without sufficient supporting data. In that sense, all this article offers is a working hypothesis.

### *2. Construction of the welfare state and amalgamations of municipalities*

There were two major rounds of amalgamations of municipalities in Sweden after World War II. As a result of the two rounds of amalgamations, the number of municipalities declined from about 2,500 to about 280. The first round of amalgamations was conducted in 1952, and the second was carried out from 1962 to 1974. These amalgamations were decided and implemented basically in a "top-down" manner under the initiative of the central government.

These amalgamations of municipalities, especially the second round, were part of endeavors to build the welfare state by the Swedish Social Democratic Party (SAP), which had been in power since 1932.

Mishra defines the modern welfare state as the state that institutionalizes prevention of and relief from poverty and maintenance of a minimum standard of

living that all the people deserve, through full employment policies, income maintenance policies, and publicly-provided social services (education, medicine, housing, culture, child-care, elderly-care, etc.), as duties of the government<sup>2</sup>. There are other different definitions, but for the sake of discussion, let us adopt this definition. In the post-war Sweden, full employment and income maintenance policies were institutionalized in the 1950's. These measures were implemented mainly by the administrative agencies of the central government. On the other hand, many measures related to provisions of various social services started to be realized for the most part in the late-1950's. Those measures were to be implemented by municipalities. Notably, the idea of publicly providing such social services had already existed before that. Many municipalities before the amalgamations, however, were considered not to have sufficient financial and human resources to discharge the duties that were to be newly imposed. The amalgamations of municipalities were designed as a measure to solve this problem<sup>3</sup>.

Therefore, in that regard, as Urban Strandberg maintains, from the viewpoint of the SAP government, the municipalities were characterized as apparatus for implementing the policies decided on at the central government level<sup>4</sup>.

Implementation<sup>5</sup> of policies decided by the political decision-making bodies at the central government level, i.e., the Parliament and the Cabinet, has to be undertaken by other organizations, groups, or people. This means that there is more than one possible body for assigning the implementation tasks to. As to the aforementioned social services, they could have been commissioned to the administrative agencies of the central government. In reality, however, they were to be implemented by municipalities. It is understood that they chose to do so to ensure that achievement of the aims of policies would be supported by those politicians of the SAP who are active in municipalities. In other words, instead of leaving the implementation of those policies to the bureaucratic organizations, they wanted to make sure to realize the objectives of the policies by engaging the politicians who share the political goals or missions to implement the policies<sup>6</sup>. At the same time, it seems that they considered it important to monitor effects of the policies through SAP local politicians who had direct contact with residents in the field and feed back the findings to the policy-making process at the central government level<sup>7</sup>. Moreover, to have municipalities implement a policy means to insert a political decision-making process at the municipality level in the process of policy-implementation. As a result, this formula gave a high regard to consensus-building among different interests in a municipality (we do not know to what extent it was intentionally done, though)<sup>8</sup>.

However, the responsibilities to implement various social services were not commissioned to the municipalities in a wholesale manner. Implementation of services by municipalities was thoroughly regulated not only by central-government legislations and decrees, but also by regulations and monitoring through the administrative channel, i.e. administrative agencies of the central government. In this sense, under the implementation strategy of the SAP, the expertise provided by the experts of the administrative agencies of the central government was also highly regarded.

Accordingly one can say that in this structure of policy implementation through which the government provides various social services, there have been two different

principles concerning how to exercise discretion on the part of municipalities when they actually implement a policy of the central government.

Chart 1 is a diagram which shows schematically the central-local government relationship that was structured in this way.

### 3. *Decentralization in the 1980's*

In Sweden, from the late 1960's to the 70's, there was growing criticism against the centralist nature of the welfare state. Partly because of that, various institutional reforms were planned and executed to alter the central-local government relationship in the direction of decentralization from the late 1970's onward.

First the non-socialist bloc parties took action in this regard. Under the government of the non-socialist bloc from 1976 to 1982, the Local Self-government Act was revised (1977), many specific government subsidies to local governments were abolished, a government advisory commission to check the central government control over municipalities (Statskontrollkommittén) was established (1977), the Special Local Organs Act was enacted (took effect in 1980), and a new Social Service Act was established (1980). In this way, the reforms to ease the central government's grips on municipalities progressed.

On the other hand, the SAP, at the national leadership level, had considered it important to secure nationwide equality through control over local governments from the central government until the early 1970's. After it returned to power in 1982, however, the SAP also took measures to loosen the central government control over municipalities. Such measures include: an experiment of "Free Communes" which started 1984, the 'grundskolan' (primary and junior high school) education reform in 1985, the Planning and Construction Act of 1987, the New Local Self-government Act of 1991, the replacement of most specific central government subsidies to local governments by a general grant scheme (implemented in 1993).

In order to grasp the characteristics of the reforms concerning the central-local government relationship under the SAP government from the 1980's to the early-1990's, it is necessary to note that they were a part of the programme to reform the entire public sector<sup>9</sup>. The reform aimed at defending and preserving the provision of basic social services by the public sector. At that time, there were demands for privatization of various social services, the "bureaucracy" was criticized both from right and left, and the people were getting sympathetic to such challenges to and attacks on the existing structure of the public sector and the governing organs. In response to those pressures, a series of measures were taken. For instance, the central government regulations over municipalities were eased, more efficiency was sought by adopting management by objectives (MBO), various regulations were simplified, information disclosure was advanced and improved, it was made easier for a citizen to have access to the public organs, measures to nurture the spirit of good services in the public administrative organs were taken, more freedom of choice was guaranteed, and active involvement of citizens in affairs of the government was promoted<sup>10</sup>.

The author would like to point out the following in regard to the reform plan.

First, the basic concept of the reform was to secure popular support for the provision of social services by the public sector by providing "better" government

services to the people, who are regarded as “consumers” of such services.

Secondly, the “decentralization” proposed at that time was deregulation on the premise that the existing formula that implementation of policies decided at the central government level were commissioned to municipalities was maintained. In other words, there was no intension of altering the basic nature of governing system into a “bottom-up” type where policy-making started with local residents or municipalities.

Thirdly, the “MBO”, which is a method of administrative management, was introduced as an important element of the reform. It was intended that the MBO should be applied not only to relationship between the Cabinet and the government agencies, but also to the one between national organs and municipalities. Under the MBO, when implementing adopted policies, implementing bodies are given broad discretion regarding the organization, personnel, procedures, and method for implementation. Control over policy-implementing activities is done through follow-ups and evaluations. The MBO aims at achieving policy objectives more effectively by these measures. The introduction of the MBO means a partial change of the implementation strategy. As far as the central-local government relationship is concerned, it can be said even that the MBO may give higher priority to the administrative control by the central government than consensus-building among different interests at the municipality level. Therefore, it should be noted that in this respect, loosening the detailed regulations on municipalities by the central government was not meant to immediately ease the central government control over municipalities.

Fourthly, in spite of that, as can be seen in initiatives of the experiment of free-commune and the process of its implementation<sup>11</sup>, the concept of reform, to some extent, implied to partly respond the demands for decentralization from within and outside the SAP, including local politicians. Some of those who demanded decentralization regarded it as a precondition for encouraging as many people as possible to actively participate in politics<sup>12</sup>. In that case, more active popular participation in politics was regarded as an essential condition to anchor policy decisions at different levels of government in the ordinary citizen’s consciousness through activated public democratic debates. Therefore, to the extent that such demands were incorporated in the reform programme, loosening regulations imposed on municipalities by the central government meant a move to delegate the initiative of policy-making to the municipality level.

#### *4. Re-centralization in the 1990’s*

As discussed so far, easing regulations imposed on municipalities by the central government in the 1980’s can not be characterized unequivocally. But many people considered it as advancement of decentralization. For example, various reforms of political and administrative organizations of municipalities were attempted in the 1990’s. It was made possible by the New Local Self-government Act, which granted municipalities broader discretion regarding how to organize their political and administrative organs. Meanwhile, the abolishment of earmarked subsidies and introduction of a general grant scheme is said to be generally welcomed by the municipalities<sup>13</sup>. In the 1990’s, however, a noticeable number of changes in policy or institution were made that could be seen as aiming at strengthening the central

government control over municipalities<sup>14</sup>. Among these changes are: A new “Entitlement Legislations (rättighetslagar)”, raising the stipulated standards of on-going projects, provision of new specific subsidies, and restrictions on taxations by municipalities.

An example of the “Entitlement Legislations” in the 1990’s was the “Law Concerning Support and Services to Persons with Specific Functional Disabilities” (LSS, 1993: 387). The law has a provision stipulating rights of persons with functional disabilities who meet certain conditions to get certain public supports. These supports are to be provided by municipalities. Therefore, from the perspective of municipalities, it means greater responsibilities commissioned by the central government<sup>15</sup>.

An example of raising the stipulated standards of on-going projects is a new provision in the revised “School Education Act” of 1995. The provision stipulates that a municipality must “without delay” provide nursery services to all children who has no parent staying at home during the daytime. This measure, however, did not come with any government subsidy to cover increased costs to discharge the responsibility. Therefore, it was taken as an intervention by the central government in the process of appropriating financial resources of municipalities<sup>16</sup>.

In the late-1990’s, specific subsidies increased. Many of them aimed at improving the quality of services in specific areas such as elderly cares.

The government intervention in taxations by municipalities had already existed before the 1990’s. According to Blom-Hansen, the central government had not tried to limit the taxation of municipalities before the 1970’s. As the size of budget of municipalities grew bigger, however, policy-makers of the central government started to realize in the 1970’s the necessity for nationwide control of the budget size of municipalities to secure macro economic stability. Then, measures for that purpose were taken<sup>17</sup>. Yet, measures in the 1970’s were to curb the rise of taxation level of municipalities by their voluntary efforts through negotiations between the central government and municipalities. In the 1980’s, some strong-arm measures were taken. In 1985, the taxations on business corporations by municipalities were abolished. In 1989, municipalities lost their share of the real estate tax. On the other hand, however, all motions by members of Parliament to call for legislation to prevent tax increases by municipalities were rejected in the 1980’s<sup>18</sup>. In that sense, the freedom of municipalities concerning securing revenues by levying local taxes was ensured. In the 1990’s, however, after an economic crisis in 1990, measures started to be taken to curb tax revenues of municipalities in more forceful ways. For example, legislative measures were taken in 1991 and 1992, stipulating a freeze on tax increases by municipalities (prop. 1990/1991: 117).

In 1997, a provision was introduced to the Local Self-government Act to oblige municipalities to keep a balanced budget, adding a legal constraint on the fiscal management of municipalities.

In this way, on the one hand, municipalities were commissioned with new responsibilities by the central government in the 1990’s. On the other hand, the central government control over the fiscal management of municipalities was strengthened. Municipalities often criticized such measures as constraining local autonomy<sup>19</sup>. In a recent development, a protest against constraining local autonomy

was presented even by some leading municipal politicians of the SAP to the national government of the SAP through the mass media<sup>20</sup>.

##### 5. *A consideration --- "Crisis of political parties" and central-local relationship*

As mentioned at the end of the previous section, the protests against constraints on local autonomy through the central government's measures are intensifying. Such a situation can be seen as a manifestation of a dilemma that the Swedish social democracy as a political movement or as institutionalized practices is trapped. The dilemma can be formulated as follows: On the one hand, in order to secure the macro-economic stability and maintain the nationwide standard of welfare policies, the central government control over the fiscal management of municipalities and specific public service provisions must be strengthened; on the other hand, mainly for reasons to secure democratic consensus, the central government should give a certain degree of freedom of decision-making to municipalities. In the following, the author would like to relate this dilemma to a situation called "crisis of political parties".

When the "crisis of political parties" is discussed in the context of the recent Sweden, it designates a series of correlated phenomena as follows<sup>21</sup>: A considerable decrease of members of political parties and difficulties in recruiting new members; less frequent meetings at local party organization and fewer participants in such meetings; greater distance between ordinary citizens and political party activists; and professionalization of local politics. Such changes are more noticeable with such political parties as the SAP and the Center Party which have had a characteristic as a popular movement. Seen from the standpoint that one of important functions of political parties is to anchor public policies in everyday life of ordinary people through communications with them, these phenomena can be interpreted as a "crisis" situation because the existing parties are losing resources and channels for performing such a function<sup>22</sup>.

There seems to be more than one possible way to get out of this "crisis". At least, two directions are considered possible for the political parties to take. The one is to accept the development of such phenomena as given and to appeal to the voters through the mass media in order to obtain support in elections. The other is to try to anchor public policies in the citizen consciousness through direct and frequent dialogues with citizens, that is, to restore the above mentioned function of political party.

In the former case, the personality of national leaders (in terms of exposure to the mass media) will be an important element. At the same time, the people will regard it very important how much satisfaction the governing party (or parties) can offer to citizens who are consumers of services provided by public organs. This is a way to promote the so-called "spectator democracy"<sup>23</sup>. What is demanded to ordinary citizens, except for a small number of those who are politically active, will be to elect able politicians who can actually deliver public services of high quality efficiently. In this case, the aforementioned dilemma will be solved in a way to shoulder the burdens on municipalities. Municipalities will have even smaller discretion in choosing policy measures, which, in turn, will drive more people away from the political parties.

In the latter case, that is, re-activating the political party organizations and

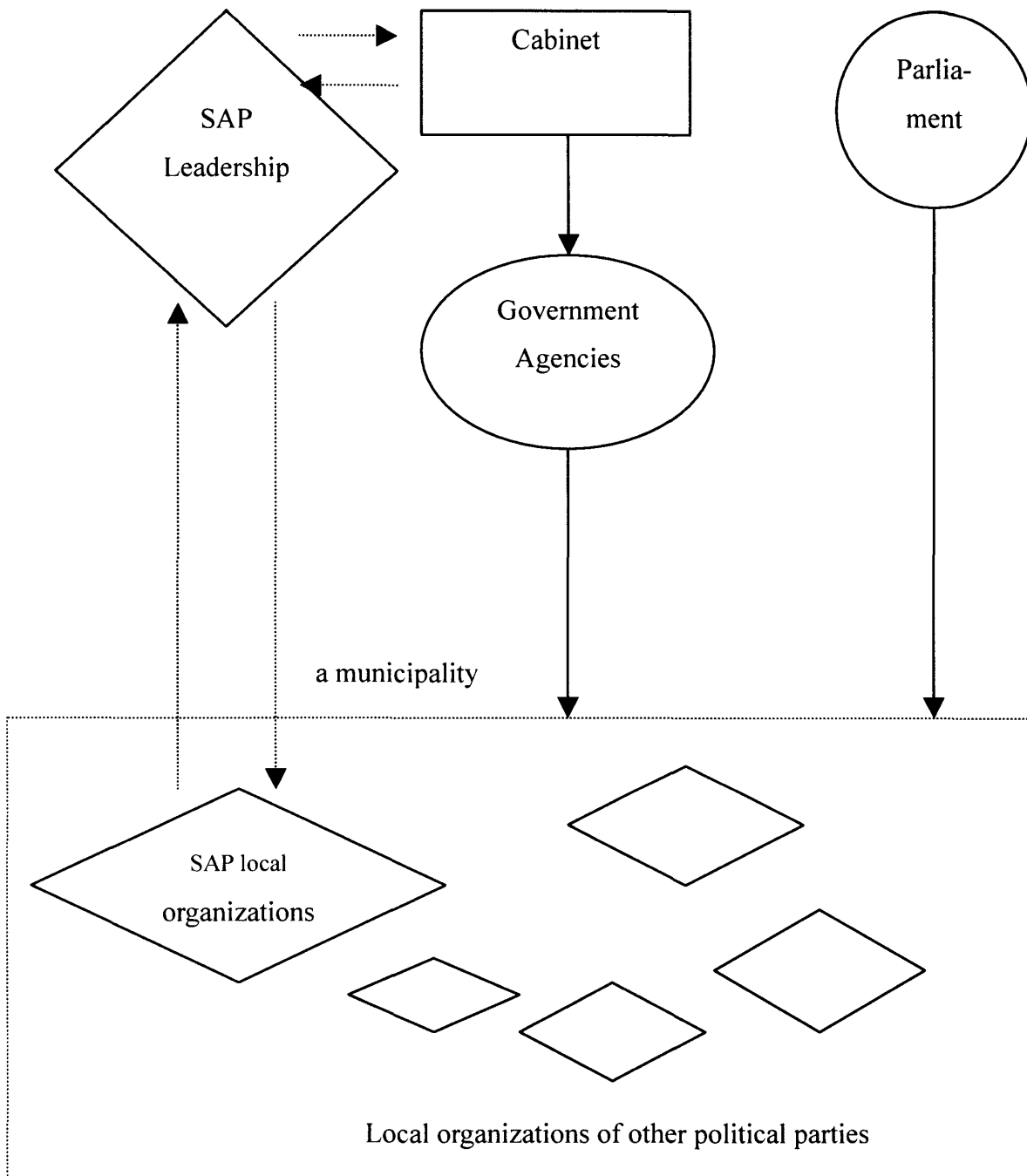
functions is to be realized, the leeway in policy-making of municipalities must be substantially expanded<sup>24</sup>. Therefore, if this path is taken, it would be more difficult for the central government to take macro economic stabilizing measures. Moreover there will possibly be great differences among different municipalities in terms of the standard of welfare policies. Therefore, in order to proceed in that direction, while upholding the objective of reducing social and economic inequalities and preventing poverty, the central-local government relations should be rebuilt from the ground up. That is to say, for that purpose, it would be necessary to transform the basic character of the governing system to a bottom-up formula not only for social policy- but also economic policy-making, where the process starts with local residents or municipalities. To discuss this issue further, though, is beyond the task of this article.

#### 6. *Concluding remark*

Having looked back the recent developments in the central-local government relationship in Sweden, we now know that a kind of decentralization progressed in the 1980's, but that the central government control was re-strengthened in the 1990's. We have to bear in mind, however, that a propensity to control the activities of municipalities to achieve policy targets of the central government has consistently existed in the SAP government and that it did not change in the 1980's. From such a perspective, what happened in the 1980's was that they just employed a different method of controlling municipal governments. If it is the case, it can be interpreted that the central government tried to re-strengthen regulations over municipalities in the 1990's in areas where the new method of control introduced in the 1980's were inadequate. Re-strengthening the central government regulations over municipalities can be an expression of an *aporia* to the Swedish social-democracy both as a political movement and institutionalized practices. That is a hypothesis this article tries to present.

※ The article is based on the author's presentation at a session of the Annual Meeting of the Japan Association for Northern European Studies held on November 22, 2003 (at the Shōnan campus of Tokai University).

Chart 1: Conceptual Diagram of Central-Local Relationship in Sweden





1 To know what problematic this research project bases on, see Akira Anami, 'Suwêden niokeru seisakukatei no seidotekiwakugumi no henyô' (in Japanese; English translation of the title is "Transformation of the Institutional Framework of Policy Process in Sweden"), *Daitô Hôgaku*, vol. 12-2, Chapter 1.

2 Ramesh Mishra, *The Welfare State in Capitalist Society, Policies of Retrenchment and Maintenance in Europe, North America and Australia*, Harvester and Wheateaf, 1990.

3 Lars Strömberg, Jörgen Westerståhl (red.), *De nya kommunerna: En sammanfattning av den kommunaldemokratiska forskningsgruppens undersökningar*, Publica, 1983. s. 17-24. In relation to this, Takaharu Ohara says "without examining ... who exercises the influence in what way on the legislation, we can not say that the second round of amalgamations was forcefully done", as to the legislation in 1969, which stipulated that amalgamations would be carried out according to the government's plan, even if it was against the will of individual municipalities. Then, he concluded that it could not be described as forceful amalgamations in general, after examining the working of different influences and other related factors (Ohara, 'Suwêden/Eikoku Wa Donoyôna Imi De Bunkenkaikaku Moderu Ka?', *Jichi Sôken*, November 2003 issue). Ohara refers in the article to the responses to "remis", relations between local parliament members and national parliament members, and the roles of the Swedish Association of Local Authorities. In this respect his argument is valuable and sounds convincing. Still, the fact remains that many small-scale municipalities had been against the amalgamation and that the amalgamation was executed against their will.

4 Urban Strandberg, *Debatten om den kommunala självstyrelsen 1962-1994*. Hedemora: Gidlunds. 1998.

5 The recognition that various decisions in the policy-implementation process greatly affect the substance of services provided and of regulations is broadly shared, at least in the area of public administration study. For example, see Akira Morita, *Kyoninka Gyôsei To Kanryôsei*, Iwanami-shoten, 1988.

6 Kjell Östberg, *Kommunerna och den svenska modellen: Socialdemokratin och kommunalpolitiken fram till Andra världskriget*, Stockholm: Brutus Östlings Bokförlag Symposion, 1996.

7 SAP, Resultat och reformer, 1964. Strandberg, s. 315.

8 Östberg.

9 Agne Gustafsson, *Kommunal självstyrelse*, Stockholm: SNS Förlag, 1999, s. 115.

10 Anders Mellbourn, *Bortom det starka samhället*, Stockholm: Carlssons, 1986. Skr 1984/85: 202.

11 SOU 1991:68

12 For example, see Axel Gisslén, Från extensiv till intensiv utveckling, *Tiden* 4/1986. Evald Malm, *Kommundemokrati i praktiken*, *Tiden* 4/1987.

13 SOU 1996:169, s. 96.

14 The designation as "the 1980's" and "the 1990's", however, is for a rough frame of reference, not intending to define exact periods.

15 It is considered that the measure was perceived as "strengthening the government control" only when combined with fiscal restrains mentioned later, rather than being perceived in such a way in its own right. There is however a perspective that such restrictions in themselves reduce the leeway of voluntary decision-making of municipalities, in the sense that adjustments to peculiarities of local conditions are made impossible. (for example, see SOU 1996:169, s. 94).

16 SOU 2001:52, s. 39.

17 Jens Blom-Hansen, Macroeconomic Control of Local Government in Scandinavia: The Formative Years, *Scandinavian Political Studies*, vol. 21 no. 2, 1998, pp. 139-141.

18 SOU 1996:129, s. 142-144.

19 Åke Bergmark, Den lokala välfärdstaten?: Decentraliseringstrender under 1990-talet, SOU 2001:52.

20 Dagens Nyheter, 2002. 11. 07.

21 Gullan Gidlund & Tommy Möller, *Demokratin trotjänare-Lokalt partiarbete förr och nu*, SOU 1999:130.

22 Jesper Bengtsson, Att öppna kanalerna till nya rörelser, i *Civilsamhället som demokratins arena*, SOU 1999: 112. Olof Petersson m. fl., *Demokrati och medborgarskap*. Demokratirådet rapport 1998. Stockholm: SNS Förlag 1998. s. 69.

23 Bo Rothstein m. fl., *Demokrati som dialog*. Demokratirådet rapport 1995. Stockholm: SNS Förlag 1995. s. 133.

24 The idea seems to be based on the following thought : First of all, to re-activate the political party in the sense mentioned above will require more people to participate in political dialogues. Such

expanded participations should be first pursued in the arena of decision-making in municipalities. It is because: first of all, in order to have more people participate in political dialogues, the political will of citizens that has been formed through such political dialogues should actually affect authoritative public decisions. Dialogues without such effect can not attract people; secondly, to have people participate in political dialogues would be easier, if the agenda is about how to address those issues that are quite close to daily life of people. Accordingly the step that should be taken first would be to have more people participate in dialogues concerning measures and projects of municipalities. However, for that purpose, municipalities must have a substantial freedom in deciding on their own policies. It is a precondition for the political will of citizens formed through political dialogues to be realised in the decisions of the municipality.