Reshaping the Democratic State: Swedish Experiences in a Comparative Perspective

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Introduction

Sweden has apparently been no exception. Like most other Western-style democracies – and probably most other countries as well – she has made a quite persistent effort to reform her public administration in the last twenty years or so. Like in virtually all other OECD member countries, reform talk in Sweden has also contained a fair share of the “New Public Management” lingo. But this is very far from the whole story; it is not even, I shall argue, the most consequential and interesting one. In this paper I will generally try to position Sweden within the ‘administrative reform movement’ in the OECD countries. In the process I will take issue with the reform story as told by the dominant voices of that ‘movement’, arguing that instead of a singular pattern of adaptation there have been and there are several different reform trajectories, largely predicated on historically determined patterns of state–society relations and democratic cultures in the various countries. Finally, I will argue that this overall empirical interpretation ought to have important implications for our mode of theorizing. Among the new institutionalist approaches available, what is often termed historical institutionalism should be privileged in the comparative study of administrative reform.

Administrative Reform Stories

In the international discourse concerning recent administrative reform developments there are several quite distinct interpretations. Among these there are three stories which, I suggest, merit particular attention. Although their subject matter – a plethora of reform measures, big and small, during nearly two decades in some twenty-odd countries – is extremely complex and varied, these stories are arguably quite simple in terms of their basic features and they may be rather quickly told – although of course not to the full satisfaction of the respective story-tellers themselves. Let us start with the dominant story and then proceed to the two major rival accounts.
The PUMA Story

There is then, I suggest, a clearly dominant overall interpretation of the recent ‘administrative reform movement’. There is also a dominant story-teller: the public management programme (PUMA) within the OECD. During the last decade or so this R&D program in the area of administrative reform has been very successful in stimulating interest and debate among both member governments and wider audiences and in formulating and propagating a particular mode of thinking about administrative reform. The story, as told by PUMA and its inspirators and followers, contains three major elements. First, as most stories go, there is a basic developmental sequence that could be briefly illustrated as follows (cf Lane 1995):

1970s: Crisis of the Welfare State
1980s: A Transitional State
1990s: Arrival of the Management State

The factors combining into the welfare state crisis were chiefly these: Too much public spending overall and on welfare and associated programs in particular; too rigid public organizations focused on input factors and rule application instead of cost awareness and performance; and, finally, radical changes in environmental conditions, particluraly the arrival of truly global markets in many hitherto protected areas of the economy. The necessary adaptations were handled during the 1980s through a set of basically adequate, but still piecemeal and partial measures. In this transitional phase governments sought to control public spending, and they launched various reforms of budgetary and management processes. Their strategies could be summed up by the catchphrase ‘let managers manage’. There was a strong emphasis on the decentralization of decision-making power, on a new leadership in public organizations and on a new service and customer orientation at the production level.

But, the story continues, these measures were not sufficiently radical and comprehensive. It was not enough to let managers manage through the delegation of power and through persuasive campaigns about the importance of satisfied clients and customers of public services. In order to genuinely transform the very entrenched welfare state and its rigid organizations into a full-fledged manage-

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1 Cf OECD 1987, 1990, 1993 a and b; and 1995; also Holmes & Shand 1995; for scholars telling at least a similar story, cf e.g. Schwartz 1994a and b, and Lane 1995.
2 This reform adage was probably coined in Canada during the early 1960s; see Savoie 1994, p. 63.
ment state, governments had to ‘make managers manage’. Through forceful reforms pursued by powerful, autonomous actors at the center of government and aimed at radically changing the structure of incentives of managers and their organizations, the public sector could be greatly improved in terms of efficiency and effectiveness. The basic normative ideal was the market and the measures taken should include outright privatization, and where that was not feasible, the creation of markets or market-like conditions as an operative context for (almost) all public organizations.

As a second major element, the PUMA story (as many or most stories do) also identifies heroes and villains, or leaders and laggards in the march to the land of plenty. The heroes are in general the Anglo-Saxons, but in particular New Zealand, followed quite closely by the United Kingdom. New Zealand was already in the mid-1980s pioneering developments toward the management state. Ten years later it could still justifiably be portrayed as the most obvious success story. Its status as an undisputed hero was no doubt basically due to the nature of its reforms and their explicit founding in public choice thinking in general and principal-agent theory in particular (Boston et al 1991; Boston 1995), but it was also predicated on its ensuing economic success – by far the most cherished end value in the PUMA story – which was seen as largely or even entirely an accomplishment of its radical public sector reforms. What about the villains and the laggards of the story? It follows quite naturally from the basic character and logic of this kind of account, that laggards are portrayed as being in a sorry state of non-modernity, as putting up an ill-informed and essentially meaningless last struggle of resistance – not as travelling down an alternate route leading to a different destination. But there is still hope for the laggards. If they only make a serious effort to reform themselves in line with the leaders, they may very well catch up.

The PUMA interpretation inevitably has to recognize the great variety of administrative reform measures in the member countries, but there is a strong tendency or even bias – and this is the third major element of the story – to interpret developments in terms of convergence, and a corresponding inclination against identifying and discussing signs of divergence. It would of course be quite dysfunctional in analyses that are essentially (intendedly or not) ideological tracts, to point to different trajectories. The true accomplishment in the ideology-producing mode of story-telling is to fully convince the reader/listener that there is only one road open to the promised land.
The plus ça change story

The PUMA interpretation clearly claims to be based on the kind of 'realism' which undergirds both public choice and market thinking. People, both individually and in groups, normally act in a very self-centered fashion. One line of criticism against the welfare state paradigm is consequently levelled at its 'idealist', or the notion that people spontaneously or subsequent to appropriate socialisation and persuasion will act in a solidaristic fashion. Since this is deemed utterly unrealistic and since the institutional solutions based on such notions have proved to be highly detrimental to other values such as individual liberty and economic flexibility and growth, processes and organizations in the public sector must be altered to conform with 'market realism'. Altering the 'structure of incentives' for all actors concerned -- politicians, bureaucrats, special interest groups and citizens (or, rather, customers) so that they all become subject to 'market discipline' will do the job and is the key to the successful reform of the public sector in this new era of global competition.

A second account of administrative reform developments, here called the plus ça change story, is, by contrast, based on a different brand of 'realism', basically questioning the presence and feasibility of instrumental rationality in all human action, both individual and collective. Here administrative reforms are preferably viewed as symbolic responses to environmental expectations. To the extent that public sector organizations change at all, they do so because they want to 'appear modern'. In general there are few or no causal relations between modern reform talk on the one hand and genuine modernization effects on the other. In recent years (this story goes) there has clearly been a strong trend towards convergence, not least due to the effective spread of ideas by international bodies such as the OECD, the World Bank, and the International Monetary Fund. But then again, this is basically a convergence of the way policy makers (as well as some or most academics) talk about reform. The relationship between this new and widespread way of talking about administrative reform and actual change in public sector practice is tenuous at best.

This story also contains a developmental sequence, but of a different kind than that of the PUMA account. It may be characterized as a generalizing and cyclical construction rather than a historicist one. First, changing environments and

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3 For prominent story-tellers (and of course scholars), cf e.g. Brunsson 1985; March & Olsen 1989; and Brunsson & Olsen 1993.
events create a demand for 'reform'. Then, public organizations produce 'reform talk' in order to survive and prosper, striving hard to adjust to changing expectations of what it means to be 'modern' in the new environment. But their behavior is best characterized as hypocrisy since little actual change follow or is attempted in the core practices of organizations, particularly in response to various 'planned change' efforts by central authorities. Finally, as environments change and new events occur, a new cycle of reform (containing no doubt, and again, much talk and little genuine change) begins.

There are few or no heroes and villains or leaders and laggards in this story. No wonder, perhaps, since it is basically a story about the futility of rationally conceived change. No doubt, however, a place of pride is allotted those who share the insights about this basic futility or 'realism' concerning 'planned change' with the story-tellers themselves. If anybody at all, then, the 'non-reformers' of this world are the 'heroes' of this sceptics' tale of administrative reform.

The structured pluralism story

There now exists a limited but significant scholarly literature dealing empirically and comparatively with recent national administrative reforms. With some exceptions, these comparative studies emphasize the considerable variation that may be observed among nations with respect to reform ideas and strategies, contents and impacts. Thus Johan P. Olsen and Guy Peters (1996) conclude from the eight-nation comparative study they have conducted:

The studies presented in this book show that this reform ideology ['new public management'] was not, in fact, universally accepted and that there was no general wave of public sector reforms. Across the eight countries studied, there were significant variations in the discontent with the public sector and in the perceived need for radical, administrative reform. (...) Ideas about generic management, private business and competitive markets as exemplary models for running public bureaucracies, were not adopted with the same ease in the eight countries. In some countries the rejection of the private sector exemplar of good management was outright.

Similar observations concerning variety abound in other recent comparative

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4 Cf e.g. Herman Schwartz's comparative study (1994a and b) of Australia, Denmark, New Zealand and Sweden.
studies.\textsuperscript{5} As often as not, these observations contain a criticism of the OECD/PUMA interpretation of developments for its unjustified stress on similarity and convergence. And very frequently, the analysis is developed further to include observations on causal factors behind this variable pattern, typically stressing the importance of historical and structural determinants. While the analysis may then stop at the point where nations and their reform experiences are characterized as essentially unique, many authors also find that there are limits to the variation observed. Thus Frieder Naschold, in his comparison of eleven OECD member nations writes about a 'limited plurality of development patterns' or 'regulatory regimes' (Naschold 1995, p II):

Contrary to the official view taken by the OECD as an organisation, there is no evidence of a linear homogeneous trend in public sector development. (...) Indeed, as far as future developments are concerned, convergence seems less likely than centrifugal development trends within regulatory models. (...) Moreover, contrary to the assumptions made by the OECD, the plurality of regulatory regimes makes it impossible to derive and justify an immanent ranking of these regimes or to presuppose that one specific regime (particularly the Anglo-Saxon model) is necessarily more efficient than others.

Naschold himself identifies four such patterns or 'regulatory regimes'. Others commonly identify three basic (and from many other contexts well-known) models – an Anglo-Saxon model, a Nordic (European) model, and a Continental (European) model – while typically leaving other Western-style democracies unclassified.

Our third account of administrative reform developments – here termed the 'structured pluralism' story differs in important respects from both the PUMA account and the plus ça change interpretation. Most importantly, it emphasizes in both empirical and normative terms that there are several reform trajectories, several promised lands if you wish. While the PUMA model's account of the developmental sequence may fit some countries (Anglo-Saxon in general, and New Zealand and the UK in particular), it is of only limited or no validity with respect to the reform trajectory of most nations. In normative terms, progress must clearly be measured against multiple values; no single yardstick or league table will do. Our view on heroes and villains, and leaders and laggards must also be very different if we adhere to the structured pluralism account.

Compared to the sequential logic of the _plus ça change_ story, the structured pluralism interpretation of administrative reform differs significantly since it finds plentiful evidence of effective causal relations between national reform strategies and genuine change. There is to be sure very far from a perfect match between intent and outcome, and unintended impacts are legion in administrative reform (as elsewhere) but dominant value sets, specific policy inheritances, and institutional arrangements (including and perhaps particularly entrenched configurations of power) specific to individual nations or to classes of political systems are obviously reflected in those genuine changes that are (at least partially and imperfectly) brought about by administrative reform. The empirical evidence is now, according to the structured pluralism story, simply too rich and convincing for us to believe in the general claims of the _plus ça change_ story. And since this evidence clearly points to the existence of several quite distinct reform trajectories, we should not listen too attentively to the PUMA story-tellers either.6

**Administrative Reform in Sweden**

In this section of the paper I will first, in a necessarily very compressed fashion, chronicle Swedish administrative reform developments during the last twenty years. Then I will discuss Swedish experiences in a comparative perspective, also commenting on Sweden's 'story' in relation to the three generalizing reform accounts outlined above. Finally, I will provide an admittedly sketchy attempt to explain Sweden's administrative reform experiences with particular reference to some basic features of her institutional and policy heritage. This last exercise should be viewed as a modest effort to illustrate the particular validity and fruitfulness of the structured pluralism view on the world of administrative reform – an argument which I stress further in the final section of the paper on the most appropriate mode of theorizing in the comparative study of administrative reform.

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6 Cf e.g. Naschold 1995, pp 210ff.
Twenty years of administrative reform in Sweden

There is a quite understandable tendency to view one's own time as a period of great and exciting events, a period of transition from l'ancien régime to a new era. In the field of administrative reform in Sweden the last fifteen or twenty years are sometimes portrayed as something radically new and different. Commonly packaged under the label förvaltningspolitik (literally 'administration policy'; sometimes also förnyelsepolitik, meaning 'renewal policy'), administrative reforms are presented as something largely or wholly invented by the present generation of reformers and attentive audiences. Historically, this is of course absurd. Every century, beginning at least in the 1500s,\(^7\) has seen a period of significant administrative reform efforts in Sweden. What is both true and interesting, however, about our era is that the nature of administrative reform changed in important respects from roughly the late 1970s and onwards.

As I have written elsewhere (Premfors 1991), the vast effort at constructing the 'Swedish model' of a welfare state, had implied a 'policy-led' reform process. As program was added to program and new organizations were created alongside existing ones at a historically unique scale and pace, there was little room for reflection on specifically administrative issues; such issues were simply secondary to the major 'task structure' of policy development. They were in no way totally absent however. For example, in the early 1960s much more comprehensive efforts than hitherto were made to institutionalize effectiveness and efficiency considerations in central government by inter alia reforming the key agencies in that area (Premfors 1982). And local and regional government reform was since long a recurrent item on the reformers' agenda (see below). In sum, while administrative reform was neither a new nor a marginal phenomenon in Sweden up until the late 1970s, it was different than what was to be. From the late 1970s, administrative reform changed from being 'policy-led' to what we may (for want of a better term) characterize as 'organization-led'. This paradigmatic shift implied both that the public sector was now increasingly viewed as a set of organizations in deep trouble and that the increasingly necessary administrative reform and improvement would have to imply significant changes in the way these organizations qua organizations were designed and run. From being one necessary and largely unproblematic element in the solution of public policy problems, the public sector

\(^7\) And then particularly in the 1540s when King Gustavus Wasa brought in a Prussian reformer to beef up his financial administration; thereby also illustrating that international borrowing of reform ideas is not a very new phenomenon either...
(viewed as a set of organizations) in a relatively short span of time had turned into a — and according to some: the — major public policy problem in Sweden.

This rather dramatic discursive change involved both the 'power' and the 'money' aspects of the public sector. The public bureaucracy was increasingly seen as both oppressive and/or too autonomous and too expensive and/or wasteful. In terms of the developing reform agenda, the power aspect was emphasized first. In 1976 the social democrats were ousted from power for the first time in more than four decades. One important explanation of this was a widely shared view at the time that the social democratic leadership had increasingly formed a symbiosis of sorts with the country's bureaucratic elites. The incoming non-socialist coalition government did their best to profit from this mood of the country and among the early measures taken many concerned the problem area of public administration. For example, the new government appointed two major ad hoc commissions, one dealing with the problem of red tape in government and the other concerned with more structural issues of central government control of the bureaucracy. The non-socialist governments — there were three of them during the years 1976-1982 — were also very active in the area of local government reform, stepping up the pace and widening the scope of the by now quite persistent efforts at decentralization.

Although actions taken during the period 1976 to 1979 could well be seen as precursors of the more comprehensive attempt at administrative reform that would follow, it took the final arrival in Sweden of a strong sense of economic and fiscal crisis to bring that kind of major effort about. This arguably occurred in 1980 when a consensus of sorts began to form around the position that the exploding budget deficit (reaching a peak of 13 percent of GDP in 1982) was the major public policy problem in Swedish politics (Premfors 1984).

The social democrats returned to power following their successful showing in the general elections of September 1982. Their success was no doubt predicated on the conviction of many voters that they were after all more competent at governing the country, and particularly at combatting rising unemployment. They did not win — I can think of no instance anywhere where this has clearly been the case — due to the attractiveness of their proposals for administrative reform. But the fact is that they regained power with a broad strategy on that issue in their public policy baggage. Key to this strategy was the creation of a new cabinet position and a new ministry (Civildepartementet) exclusively concerned with public sector reform. The strategy was not exactly as of yet an elaborate action program. It would
take the new minister, Bo Holmberg, and his staff about three years to develop such a program, and the effort was surrounded throughout by much controversy. Considering the ideological profile of the minister, the nature of the conflicts were of a rather expected kind. Elsewhere I have analyzed the struggle concerning the evolving reform program as one among three rather distinct factions within the Swedish labor movement (Premfors 1991): the ‘decentralists’ headed by the minister of public administration reform himself and supported in particular by many local government politicians; the ‘traditionalists’ led by some cabinet members running ‘spending ministries’ as well as public sector union officials; and, finally, the ‘economizers’ with the then minister of finance in charge and with only scattered support among social democrats outside his ministry (but vehemently supported by most of the non-socialist opposition and by private business circles).

When the comprehensive public sector reform program eventually appeared, this also marked in practice the end of the hegemony of explicitly ‘decentralist’ reform talk and (some) action. The minister was by now strongly criticized for engaging in ‘too much talk and too little action’. And in 1988 the ‘traditionalists’ and the ‘economizers’ banded together, and saw to it that Bo Holmberg never returned to his position as chief reformer after the general elections of 1988. The administrative reform policy of the period 1982 to 1988 had of course been a series of efforts to modify the ‘power’ and the ‘money’ problems of the public sector. The problem for Bo Holmberg was that he very early came to be viewed as too much oriented towards the ‘power’ problems – democratic participation and decentralization – to the neglect of the overall need for a forceful strategy to curb public expenditure and to make public organizations more productive and efficient. The key themes of this first period of comprehensive administrative reform were, rather, ‘a new public service culture’ and ‘user influence’ or even ‘user democracy’. Political and administrative decentralization of a radical nature but within the context of a public sector essentially unchanged in scope, structure and commitments was the overall conception of reform propagated at the time. It far from satisfied the ‘economizers’ and it at least worried the ‘traditionalists’ due to its perceived threat against their most cherished value of ever-increasing equality of conditions among the Swedish people.

Hindsight makes it possible for us to know that the social democrats stayed in power in 1988 very much despite the evolving mood of the country. Opinion polls show that both the party leadership and ‘their’ public sector quickly
lost favor with the voters during the course of 1989. The Swedish people moved to the right (as traditionally conceived) in an unprecedented fashion, and as expressed both in terms of party sympathies and in their declining support of public sector institutions. This together with early signs of a resurging economic crisis combined to give the 'economizers' the upper hand in public sector reform discussions. Although Civildepartementet was not dismantled, it was reorganized and reoriented in important respects. And public sector reform was from about 1988 either explicitly conducted by or, at least, run in the spirit of the Ministry of financial affairs. The major efforts were from now on increasingly aimed at restructuring central government and at implementing a full-fledged system of 'management by results'. Significantly, the social democratic government also greatly modified its views on privatization. As clearly expressed in its Budget bill of 1990, it had now abandoned its principled resistance to privatization as a reform measure, and it was henceforth considered to be a legitimate option if practiced on a limited scale and for 'pragmatic' reasons. Most importantly, this position implied that in all key areas of the welfare state – child care, primary and secondary education, personal social services, health care and care of the elderly – where services are actually largely managed and almost in toto produced by local and regional government organizations, private providers were now accorded a greater role – albeit as a 'complementary' element. The appropriate mix of public and private would in principle be a matter of local (and in health care of regional) government decisions. With regard to the central administrative level, the social democratic government launched what it called the 'Administration program' in late 1990. The program implied a number of rationalization measures and reorganizations in central government. All in all it would imply a ten-percent cut in administrative activities over three years.

Of course nothing accomplished in the area of administrative reform could stop the strong currents prevalent in the Swedish electorate at the time. In September of 1991 a majority firmly voted in favor of a non-socialist government. For the first time since 1930 Sweden got a conservative Prime Minister. Quite expectedly public sector reform policy was significantly radicalized as a consequence. In fact, the program launched in this area by the new government was manifestly neo-liberal in philosophy and intent. It contained a big dose of privatization, both in terms of sales of a large number of state-owned enterprises (more than thirty according to the early plans), and radical ideas about 'market testing' as the
fundamental principle in all deliberations about the public sector. The reform talk could have been borrowed from New Zealand and the United Kingdom – and it largely was. Although the Civildepartementet was not dismantled, it was even more marginalized in the field of administrative reforms than it had been during the 1988-1991 period. Instead reform ideas and actions were planned within a new special unit in the Ministry of financial affairs. If there had been some doubts before, there was now no gainsaying that public sector reform was in the view of the reform zealots mainly or wholly about economy and efficiency.

However, this time around as well, there was a gap between reform talk and reform measures actually decided and implemented. Due to the full onslaught of the deepest economic crisis in Sweden since the 1930s, and the decision by the the four-party coalition government to manage this by making a series of deals with the social democratic opposition, significant parts of the privatization and ‘marketization’ scheme were halted or at least postponed. However, important structural reforms were implemented during the period 1991-1994 – apart from the sale of some state enterprises, a number of public authorities (mostly but not only in the hybrid form of affärsverk, or ‘commercial authorities’) were transformed into public corporations; and a plethora of organizational reforms were implemented based on such concepts as ‘streamlining’ and ‘buyer/seller separation’.

However, the thankless and unstable Swedish voters soon deserted this government as well. Already in 1992 they began to rally behind the parties of the left, and in opinion polls they started to express increasing support of and confidence in public sector institutions and activities. Their flirtation with full-fledged neo-liberalism turned out to be of the passing kind. It was difficult not to interpret the resounding victory of the left in the general elections of September 1994 as anything but a vote of confidence in the Swedish welfare state, or at a minimum, as a protest against any radical tampering with it.

The return of a social democratic (minority) government in 1994 could in the area of administrative reform best be described as a return to the ideas and the pursuits of the 1988-1991 period. The pace of privatization and generally of ‘marketization’ in the public sector has been slowed down significantly but has not come to a full stop. The reform talk is decidedly different. Although there is almost as much talk about economy and efficiency, the ideological fervor in support of markets is rarely if ever present. But there should be no doubt that the upper hand that the ‘economizers’ gained within the party in about 1988, they still largely keep
rather firmly. My prediction is that little or nothing will change in this regard as long as Sweden's very serious economic problems persist. But meanwhile, as we shall see, real changes are at work which implies that the true 'winners' in the struggle over public sector reform in Sweden may well be – the 'decentralists'.

A comparative interpretation

At first glance Swedish experiences with administrative reform during the last twenty years seem to fit the PUMA story amazingly well. For example, there is little doubt that the transformation in the late 1970s of public sector reform from a quite patchy and 'policy-led' activity into a reasonably comprehensive and 'organization-led' model was a direct response to the economic and fiscal crisis of the Swedish welfare state – in turn no doubt largely due to global economic developments at the time. And although quite comprehensive compared to parallel efforts in many other countries, the Swedish reforms of the 1980s may well be judged as insufficiently radical. And then, again much in line with the PUMA story, the early 1990s saw a marked radicalization of public sector reform in Sweden. This time around reforms were based on the alleged insight provided by the leaders in the field, that 'market discipline' had to be pervasive throughout virtually all of the public sector if lasting gains in terms of economy and efficiency should be secured.

No doubt the PUMA story-tellers are quite happy with developments in Sweden (OECD 1995). Especially considering her doubtful past – the epitomy of the Social Democratic Welfare State – she is judged to fare quite well in the league table of member nations. On average, Sweden seems to be somewhere in or slightly above the middle. On some counts, particularly as regards personnel policy and 'executive agencies' developments, she may even be close to the top.

But the PUMA story no doubt fits much less well in other respects when applied to Swedish reform experiences. As regards the story's developmental sequencies as outlined earlier, the post-1994 period is of course problematic. As we have seen, reform developments in Sweden in recent years may most adequately be described as a return to the late 1980s, that is as retrograding in terms of the neo-liberal ideals of the PUMA management state. This feature of the Swedish reform story should also serve to remind us that politics, including party politics, matters in the area of administrative reform as well. The oft-repeated observation among PUMA story adherents to the effect that 'everybody is doing it – including
the socialists’ is arguably only half true at most. Their predisposition to eagerly collect evidence in favor of convergence and generally disregard data on differences encompasses the tendency to view ‘socialists’ or ‘labor’ as a singular phenomenon. If there is anything we know for sure from comparative studies of political movements, parties etc., it is that they, despite commonalities like names and canonical texts, come in all sizes and shapes – that they are evidently shaped by their specific traditions and cultural contexts. The observation that ‘even some socialists are doing it’, is never in the PUMA discourse followed by the observation that ‘some (or even most) conservatives are not doing it’ – which is at least equally true.

Much more importantly, the PUMA story as well as the plus ça change account of administrative reform, each in its own way entices us into neglecting the most important set of developments of all in the Swedish setting – and, I suspect, in that of many other countries as well (cf below). Both stories, despite their many differences tend to focus and thrive on innovative reform talk – PUMA adherents in order to register all signs of success, the plus ça change interpreters in view of reconstructing ambitious reform talk so as to be able to reveal hypocrisy, i.e. the always glaring gap between intent and outcome. What both generally risk missing are the more low-key and slowly evolving discourses and real changes. In our case this is the transformation of the Swedish state into what may be characterized as ‘a federation of welfare communes’.

Here I can only provide a brief outline and some scattered illustrations of the full argument. First, if the public sector is viewed as a large and complex ‘bundle of commitments’ between government and citizens of a country, then this ‘bundle’ is actually bigger today than it was in the mid-1970s in Sweden. It obviously stopped growing through new ‘commitments’ during the 1980s, but there is no strong evidence of any rollback in the overall scope of ‘commitments’ over the last twenty years. For example, no important welfare state ‘commitment’ has been dismantled. Privatization has occurred, as we saw earlier, but it has only marginally affected the core activities of governments at the various levels in Sweden. State-owned enterprises have been sold, yes, but since Sweden has, compared to many other European countries, always had a very small sector of state-owned enterprises, this has not added up to any dramatic change. All in all, the state’s income from the sales of publicly owned enterprises during the 1990s make up only a fraction of the state budget deficits in those years. In regional and local govern-
ment, private providers have, as was also observed above, been allowed in to a greater extent than before. But again, in most instances their share is quite marginal, and their services are mostly financed (indirectly or directly) through public subsidies.

Second, the Swedish welfare state reached its peak through a rapid growth during the 1960s and 1970s of local and regional (mostly health care) government activities. If we look at the development of public consumption, the following picture (Table 1) emerges:

Table 1: Public consumption. Percent of GNP.

<table>
<thead>
<tr>
<th>Year</th>
<th>Local/regional</th>
<th>State</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>8</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>1970</td>
<td>13</td>
<td>8</td>
<td>21</td>
</tr>
<tr>
<td>1980</td>
<td>20</td>
<td>9</td>
<td>29</td>
</tr>
<tr>
<td>1990</td>
<td>20</td>
<td>8</td>
<td>28</td>
</tr>
</tbody>
</table>

Slightly different distributions may be illustrated by, for example, including transfer payments — but the key observation will not be altered: the Swedish welfare state largely consists of more than 300 local and regional units, governing and administering themselves to a very large extent.

Third, the autonomy of local and regional governments has increased dramatically. A closer look at this development will reveal significant controversies, periods of change by fits and starts, and even some instances of recentralization — but all in all it is a consistent and radical decentralization that has occurred. It has certainly been a ‘willed’ development. After considerable hesitation to begin with, the social democrats turned around during the end of the 1970s. This implied the formation of a formidable political coalition behind the goal of decentralization of political and administrative decision-making power. The most consequential resistance has not been put up by any political party but rather by a number of powerful state agencies often acting in concert with special interest groups. But arguably such blocking efforts have become quite rare and ineffective in recent years. In almost all areas a substantial “within-state” decentralization has occurred in parallel with the transfer of decision-making power to local governments. The pervasiveness of the forces at work may be illustrated by very recent developments in the area of labor market policy. This is not just any public policy area in Sweden. Arguably the whole edifice of the Swedish Social Democratic Welfare State has
been built around the idea of full employment accomplished chiefly through an ‘active labor market policy’ (Rothstein 1985). The central agency in this area, the Labor Market Board (‘AMS’), has been immensely powerful, its Director-General a cabinet member in all but name, etc. And now (July 1996) the Swedish parliament, the Riksdag, has decided that AMS should be cut in half and that the 288 local governments of Sweden should take over much of the responsibility for the formulation and implementation of labor market policy.

Finally, my conclusion is not that there is no truth whatsoever in the PUMA and the plus ça change stories when checked against Swedish experiences. Some considerable ‘marketization’ trends may be observed in Sweden, and even if the welfare state has not been rolled back significantly, there is considerable drama already in the fact that it has largely stopped growing. It is also very true that we easily find a considerable gap between intent and genuine change in the Swedish experiences of reforming her public sector. The most glaring such gap I find between the sophisticated reform talk concerned with the strengthening of central control through ‘management by objectives’ or ‘management by results’ and the very limited impact of such processes – since these instruments are arguably founded on the obsolete idea that a few hundred people at the center can in any meaningful sense govern the actions of hundreds of thousands of other people working in thousands of largely autonomous public organizations, thoroughly embedded in local and regional environments all over Sweden. However, some mistake this new societal configuration for a ‘market’ – which it is not by any reasonable definition. And others keep repeating gloomily that since we never get what we want we probably did not want it in the first place. I suggest that this is wrong on both counts.

*Explaining Swedish reform developments*

Why has this radical decentralization occurred in Sweden during the last twenty years? Again, I shall be able to provide no more than a bare outline of a rather complex argument. First of all, it has been a highly desired development on the part on many consequential actors for well over thirty years. Elsewhere I have written about this in terms of two major challenges to the ‘Swedish model’ (see Premfors 1991). The first serious challenge of the late 1960s and the 1970s was clearly one from the left. While it implied a radicalization of the redistributive element of the
'model', it was equally adamant in its critique of its highly centralist features. Demands for decentralization and even 'direct democracy' were increasingly voiced in all walks of life in Sweden, including the public sector. The initial reaction of the defenders of the 'model' was one of little understanding and sympathy for the critique, but in the course of the 1970s a slow but profound reorientation occurred. Successively, decentralization became a cure of most ills, a means to most ends, and – often enough – an end in itself. Interestingly, this process was very much assisted by the second profound challenge to the 'Swedish model', effective from about 1980 onwards, and this time from the right. This challenge obviously aimed at more radical changes, at rolling back the state or, rather, the public sector as a whole and make room for 'civil society' in general and free markets in particular. The point I want to make here, is that this rightist challenge, although aiming much further, typically also gave support to a sustained decentralization of politics and public administration.

Second, this discursive dominance of the concept of decentralization in Swedish politics from the 1970s onwards cannot by itself, however, explain why a real and radical decentralization has been the dominant feature of public sector developments since then. We need to understand why this element of reform has been 'historically efficient' and to this end we must inevitably turn to some prominent and lasting features of constitutional and administrative history in Sweden. My argument here is that Sweden, contrary to what many believe, has not in any simple sense been a centralist society. To be sure, it has had since the 17th century a fairly strong central government, run by Kings (and the odd Queen) and eventually by democratically elected leaders, but also by a powerful class of civil servants; to a very large extent Sweden has been a Beamtenstaat, or ämbetsmannastat. This civil servant class has since at least the 1720s been able to uphold a considerable autonomy through the structural feature which is commonly called the 'dualism' of Sweden's politico-administrative system – or in modern reform talk, an 'executive agencies' model. In addition, Sweden has since long combined an elaborate and strong central apparatus with an equally developed local government level. The relative absence of a strong feudalism helped sustaining this tradition of local self-rule even through the periods of absolutism that belatedly but eventually also became part of Sweden's history. From the 1860s a strong local self-government level has been a constituent feature of the Swedish system; in that respect she has few or no rivals.
A powerful and effective central government, retaining many of its characteristics of ämbetsmannastat, and a very consequential local government level – but, I am sure, also other features of Swedish society such as its modest size, its geographical position and its homogeneous and widespread population, and its slow and piecemeal processes of industrialization and democratization – worked against any sustained development towards entrenched liberalism and a nightwatchman’s state during the 19th century in Sweden. Quite early in the 20th century Sweden was well on its way towards building a welfare state. The strength of the labor movement and the relative weakness of the political parties on the right as well as a consensus-oriented capitalist class, paved the way for this development and took it way beyond that of most other countries; virtually only the other Nordic countries may be said to have followed suit, no doubt because similar conditions prevailed and the same or similar forces were at work.

The building of a Social Democratic Welfare State necessitated a considerable centralization of political and administrative decision-making. But the historical legacies sketched above as well as a number of features of the ‘building process’ itself, contained the seeds of destruction of this centralized model of development. The sheer size and complexity of the huge welfare commitment required considerable delegation and decentralization of operative and production tasks. By amalgamating local governments in a giant reform effort which reduced their number from about 2500 to 275 in 25 years, these were made fit for the dramatic growth they experienced in the 1960s and 1970s. This period also saw a great expansion in the number, size and tasks of central administrative agencies.

To make, then, a very long and complex story short, my admittedly very sketchy argument is that the institutional heritage (strong and autonomous local governments and central agencies) in combination with several features of the process of building the welfare state, and the discursive developments in the 1970s and 1980s, all have created a dynamic of radical decentralization – which, I suggest, has been the dominant feature of public sector reform in Sweden during the last twenty years.

Are Swedish experiences unique to that country, or may we observe a similar trajectory of public sector reform elsewhere? I suggest that there are considerable similarities among all four major Nordic countries, and also that the Netherlands displays a largely parallel development. Among these countries we may arguably construct a hierarchy of leaders and laggards. Without doubt, in my
view, Denmark should then be singled out as the leader. There, political and administrative decentralization has gone furthest in recent years – *inter alia* because of her reforms aiming at creating systems of ‘user democracy’ – and Denmark now serves as an example within the Nordic discourse on public sector reform in this respect. In the Netherlands, the historical-institutional heritage has encouraged reform processes to be aimed at a much more significant involvement of ‘civil society’ organizations in local decision-making and service production (cf Kickert 1995). Finally, Norway and Finland may be viewed as lagging somewhat behind Denmark, the Netherlands and Sweden, but there should be little doubt that the same or similar processes are at work there as well.

In sum, the chief characteristic of this Nordic trajectory is a (more or less) radical decentralization of politics and administration, but within a still very large public sector and an unchanged or only modestly reduced welfare commitment between government and citizens. Reform talk has for sure contained ideas of ‘marketization’ and privatization, but the impact has been small, passing or almost negligible. Ideas of welfare and local democracy have survived and flourished even in hard economic times.

**Coda: A Note on Theorizing**

Finally, I will suggest that our choice among the three reform stories discussed earlier has important implications for the way in which we ought to theorize the comparative study of administrative reform.

In the late 1970s a ‘movement’ started across many of the social sciences. Its common concern was a strong plea for ‘the rediscovery of institutions’. Since then we often refer to this ‘movement’ as ‘new institutionalism’ or ‘neo-institutionalism’. At a closer look, it is obvious that this new institutionalism is composed of a small family of quite different approaches which seem to have little more in common than the postulated general importance, perseverance and explanatory power of a societal phenomenon labelled ‘institutions’. Apart from this – which is, however, an important commonality – the usual and wide rifts between various social science ideals and approaches concerning issues of ontology, rationality concepts etc., seem to be reproduced within the family of ‘new institutionalisms’.

Figure 1 represents an effort to summarize briefly some salient features
of the three most prevalent varieties of new institutionalism. Needless to say, they are simplified to the point of distortion.8

Figure 1: Three new institutionalisms

<table>
<thead>
<tr>
<th>Sociological institutionalism</th>
<th>Historical institutionalism</th>
<th>Rational choice institutionalism</th>
</tr>
</thead>
<tbody>
<tr>
<td>'Institution'</td>
<td>Formal and informal</td>
<td>Formal and informal</td>
</tr>
<tr>
<td>of a taken-for-granted</td>
<td>structures – not rules and</td>
<td>rules and procedures</td>
</tr>
<tr>
<td>quality</td>
<td>classes or norms</td>
<td></td>
</tr>
<tr>
<td>Ontology</td>
<td>Constructivism (weak)</td>
<td>Realism</td>
</tr>
<tr>
<td>Rationality</td>
<td>Appropriateness</td>
<td>Instrumentalism</td>
</tr>
<tr>
<td>Key Study Objects</td>
<td>Organizational fields</td>
<td>Public policies and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>power constellations</td>
</tr>
<tr>
<td>Exemplary authors</td>
<td>Hall; Pierson; Rothstein</td>
<td>Public choice outcomes</td>
</tr>
<tr>
<td></td>
<td>Skocpol; Skowronek;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Steinmo; Thelen; Weir</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Brunsson; DiMaggio; March;</td>
<td>Levi; Hedström</td>
</tr>
<tr>
<td></td>
<td>Meyer; Olsen; Powell; Scott</td>
<td>North; Shepsle</td>
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<tr>
<td></td>
<td></td>
<td>Weingast; Williamson</td>
</tr>
</tbody>
</table>

My argument – more a note than an argued and elaborate case here – is that there is an obvious fit between the three reform stories identified earlier in the paper and the three new institutionalisms as outlined in Figure 1 above. The matching pairs are (probably to nobody’s surprise) the following:

- the **PUMA** story – rational choice institutionalism
- the **plus ça change** story – sociological institutionalism
- the structured pluralism story – historical institutionalism

If you accept, as I do, the structured pluralism story as the most valid empirical account of recent administrative reform developments in Western-style democracies, there are several good reasons to adopt historical institutionalism as the basic approach in future research. First, in contrast with rational choice institutionalism (but in common with the sociological variant), it starts from a dynamic view on goals and objectives, and it encompasses the fundamental insight that goals may well be

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8 For overviews and discussions, see Hall & Taylor 1996; Koelbe 1995; Rothstein 1996; and Scott 1995.
and often are shaped by institutions. The study of administrative reform clearly has to make room for such complex processes – not even Mrs. Thatcher knew where she would go in the beginning⁹ – and rational choice thinking, where goals are regarded as essentially exogenous and only strategies or means are shaped by institutional factors, will not do the job.

Second, in contrast with both the rational choice and the sociological approaches which share a universalizing ambition, historical institutionalism aims at no more than middle-range theorizing. This is largely because it postulates that history matters, and matters greatly. While sociological institutionalism essentially is and must be, rational choice institutionalism may not always be a-historical (cf D. North!) – but still its universalizing character, I would argue, tends to make it insensitive to the complexities of real history. In practice it almost always turns out far too whiggish for my taste.

Finally, it seems appropriate to end on a note of ‘structured pluralism’ with respect to our common endeavour. All three reform stories told earlier contain important arguments and insights, and all three new institutionalisms have proved to be fruitful in empirical research.¹⁰ I have in this paper argued, as well as I can, for the matching pair of structured pluralism–historical institutionalism as the most promising strategy in future comparative research on the public sector reforms that are now reshaping many democratic states – but honest people may well disagree.

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⁹ For evidence to that effect, see Fry 1995; also O’Toole & Jordan 1995.
¹⁰ There are of course also good arguments in favour of trying to reconcile the various institutionalisms – cf e.g. Sorne Nørgaard 1995 – although in the end I do not agree.
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